



Frosée

FROZEN ROSÉ



MAKE SUMMER FREEZE IN TIME

2022 National Agri-Marketing Association (NAMA) Student Marketing Competition Executive Summary

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Introduction

After months of separation, consumers are eagerly looking for ways to reconnect with their friends, families and loved ones. Frosée, by Winegard Estates, is a light and refreshing, single serve, frozen rosé wine beverage that aims to bring consumers together, all while beating the heat of the summer months. Crafted from fresh Ontario grapes and complemented with bursting flavors of various Ontario igrown fruits, Frosée is sure to become a summertime classic. Ideal for relaxing on a trendy patio, at the cottage, or catching up with friends at a backyard BBQ, this frozen beverage pairs perfectly with freezing summer memories in time.

ABOUT WINEGARD ESTATES

Winegard Estates is a family owned and operated winery that has called the Niagara region home for over 20 years. As a proud member of the community, Winegard Estates welcomes both tourists and locals on its grounds for tastings, tours, weddings, and other events. Winegard Estates offers their bottled wine selections directly from the winery, through their online store, and through the LCBO. Frosée is a new offering by the established winery to appeal to their summertime guests, improve brand recognition and appeal to new demographics.



Market Analysis

Winegard Estates faces a unique market in Ontario, Canada. With alcohol sales dominated by LCBO stores that are heavily regulated and monitored, Winegard Estates can analyze the market size and quantify the number of participants in our target markets. Specifically, Canadian wine sales have seen significant changes due to the COVID-19 pandemic, heavily influencing the Canadian market as detailed below.

KEY TRENDS, MARKET POTENTIAL AND MARKET SIZE

- In Ontario, **84%** of individuals of legal drinking age consume alcohol¹
- Winery sales increased **21.3%** in 2020, outpacing all other beverage categories. Specifically, the province of Ontario saw the largest growth in wine sales²
- Spirit coolers such as individual hard seltzers are the fastest growing beverage on the market in Canada, being the drink of choice for young Canadians³

Canadian consumers are increasingly looking for convenient, ready-to-drink alcoholic beverages. While beer remains the largest sales category for alcoholic

beverages in Canada, spirits, wines, and premixed coolers are growing in popularity following a boost in sales caused by the COVID-19 pandemic². Spirit cooler sales in Canada have risen 166.3% since 2010, seeing consistent growth through this period³. The wine market has also seen significant growth over this period with its market share growing by 29% from 2004 to 2019³. Frosée aims to capitalize on these trends by introducing a hybrid wine beverage that combines the ready-to-drink, fruity aspects of the cooler market with the established wine industry to expand on Winegard Estate's offerings.



Customer Profile

Winegard Estates has identified their target market as "Modern Socialites". These individuals place importance on the finer things in life. They are highly social, and love participating in new and exciting trends with their friends. Modern Socialites are consistently seeking authentic, unique products that complement their contemporary lifestyle. There are two distinct groups among the Modern Socialites: "It Girls" consisting of young women between the ages of 19 and 24, and "Sophisticated Sippers" in the 45 to 54 age range.

IT GIRLS

Kristin is in her fourth year at the University of Toronto and thrives on fast-paced city life. Along with her girlfriends she loves to check out the restaurants and events downtown, vacation at her parent's cottage in Muskoka, and watch The Bachelor every Monday night. She loves to shop online at her favorite boutiques and show off her style at every Instagramable location in the city. Kristin strives to feel sophisticated, classy, and timeless, and enjoys soaking up the finer things in life.



SOPHISTICATED SIPPERS

Caroline lives in Oakville, Ontario in a suburban neighborhood with her husband and two teenage daughters. She works for the local hospital foundation and enjoys her job, even with the stress of meeting lofty targets. Caroline and her husband Tom built their house so they could entertain all year round with an expansive patio, pool, and seating area in the backyard. Caroline is a natural host and loves having the neighborhood moms over for a drink after work!



Competitive Analysis

SWOT ANALYSIS

Frosée provides a unique twist on the traditional consumption of wine, drawing in a new demographic of individuals to the market. This conveniently packaged, differentiated product has a distinct advantage as it is the first frozen wine pouch being offered within the Ontario marketplace. Utilizing the success of the local wine and fruit industries, Frosée is sure to become a summertime hit.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Unique, differentiated product • Locally produced • Conveniently consumed and packaged • Diversifies Winegard Estates product portfolio and customer base 	<ul style="list-style-type: none"> • Short selling and marketing season • A new formulation of a traditional wine beverage • Marketing within the LCBO results in significant reduction to profit margins
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Growth in consumption of wine and ready-to-drink cocktails • Leverage wine tourism across the province • Expands upon the target demographic for Winegard Estates • Ability to increase margins by promoting our product directly via the winery and website 	<ul style="list-style-type: none"> • Strong competition observed within the Canadian alcoholic beverage market • Potential for frozen ready-to-drink cocktails to become a fad • Risk of oversaturation in the target market

OTHER KEY FACTORS AFFECTING THE MARKET

Frosée will be sold in Canada and must therefore abide by Canadian Food Inspection Agency labelling standards and LCBO liquor labelling standards⁷.

Overall Benefit to Producer

Frosée will provide a multi-faceted benefit to the wine and fruit producers of the Niagara region.

1. Market for lower quality vintages
2. New consumer base for wine products
3. Supplements low periods of demand for wine products
4. Increased tourism to Ontario wine destinations
5. Additional market for locally produced fruits



PRODUCT QUALITIES	CANNED WINE	FROSÉE	FROZEN COOLER
Competitive Price	✗ \$3.95/250mL	✓ \$3.95/296mL	✓ \$3.40/296mL
Frozen Formula	✗	✓	✓
Lower Sugar Content	✓	✓	✗
Wine Formula	✓	✓	✗
Sophisticated Packaging	✓	✓	✗
Ontario Produced	✗	✓	✗

Primary Research

In early 2022, Winegard Estates conducted primary research surveying over 500 individuals. Respondents were asked a variety of questions regarding their socio-economic status and preferences when purchasing and drinking various forms of alcoholic beverages.

- When purchasing ready to drink cocktails, respondents placed value on convenience and unique flavor⁴.
- **68%** of female respondents between the ages of 19 and 24 said they would be interested in purchasing a convenient, single serve, frozen wine cocktail⁴.
- **58%** of female respondents between the ages of 45 and 54, with an income of \$80,000 to \$99,999 said they would be interested in purchasing a convenient, single serve, frozen wine cocktail⁴.

Business Proposition

PRODUCT

Frosée is offered in three unique flavor options inspired by popular Ontario grown produce: strawberry, blueberry, and raspberry. Frosée will be available in a single serve, 296mL (6.63 fluid oz) pouch, featuring a conveniently resealable top and a punch out hole for a straw. Additionally, Frosée will be available in a multi-pack, allowing consumers to



purchase all three flavors at a discounted price. All Frosée packaging will be recyclable following use.

KEY PLANNING ASSUMPTIONS

- Winegard Estates will obtain adequate shelf space within LCBO establishments in a timely manner
- All required ingredients will be locally and consistently sourced
- Winegard Estates is an established business with the required infrastructure to successfully launch Frosée

OBJECTIVE

Winegard Estates' mission is to provide consumers with premium, local wine products that will enhance the wine consumption experience in Ontario. With Frosée, Winegard Estates plans to introduce a novel product that will appeal to a larger demographic and support Ontario producers, while maintaining a fresh and innovative position in the marketplace.

STRATEGY STATEMENT

The primary strategy of Frosée is to provide Ontario consumers with a unique, fresh take on wine consumption, simultaneously allowing Winegard Estates to expand on their current market offerings. While *It Girls* are most likely to reach for coolers, *Sophisticated Sippers* are frequently consuming wine. Winegard Estates aspires for Frosée to provide the preferred middle ground option for these two Modern Socialites.

Action Plan

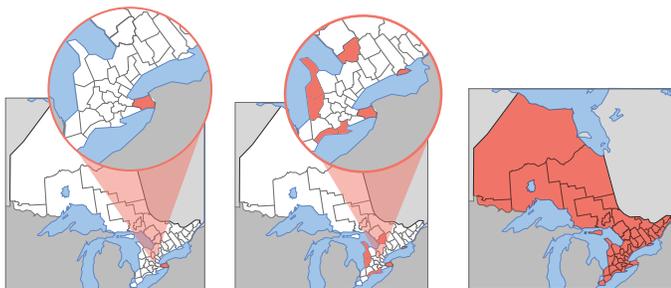
POSITIONING

Frosée is a sophisticated product that offers a premium spin on a classic beverage. It is positioned to reflect locality, luxury and convenience. Frosée will appeal to women throughout Ontario.

YEAR 1: Frosée will initially launch at Winegard Estates in Niagara, Ontario, where consumers can purchase the product exclusively from the producer. Frosée will be available for purchase at the winery and from Winegard Estates website. Promotional events will be pursued throughout the Niagara region.

YEAR 2: Frosée will expand into LCBO locations within various wine, cottage, and beach hotspots within Ontario. Promotional events will be pursued in all these locations.

YEAR 3: Frosée will be available in LCBO locations across Ontario, with promotional events being attended province wide.



YEAR 1

YEAR 2

YEAR 3

PRICE

Frosée is competitively priced at \$3.95 CAD (\$3.13 USD), per pouch, and \$11.50 (\$9.13 USD) for the multi-pack. After COGS of \$1.34, this will result in a 65% margin for Winegard Estates for products sold direct to consumers. As a result of entering the LCBO stores, we acknowledge the 45% carrying fee on our product, making our margin for Frosée around 20% at these locations. Pricing needs to remain consistent across all sales channels, even though Winegard Estates' margin is considerably less at the LCBO.

Promotions

The goal of these initiatives is to develop relationships and establish Frosée as an inclusive and premium product. Due to the seasonality of this product, Frosée will be heavily marketed for consumption in the late spring, summer, and early fall.

1. A HEADLINE WINE

Reaching our target market through media platforms they use daily.

- Social Media Platforms such as the Winegard Estates website, Facebook, Instagram and TikTok will be used by Winegard Estates to promote the product and connect with our target audience, continually announcing offers, news, feature events, and photos to build overall consumer awareness.
- Paid promotions will target our individual audience segmentation and amplify our brand.



2. DRINKING TOGETHER

Developing outstanding relationships with reputable stakeholders that focus on growing quality partnerships

Partnerships

Winegard Estates will develop partnerships with Sydsips, a social media influencer with 40 thousand followers on Tiktoko who 'shares her life, one glass at a time.' Additionally, Frosée will be promoted by Toronto influencer Vivian Rocillo with 22 thousand followers on Instagram.



Subscription Boxes

Wine Club Canada sends their members a monthly curated assortment of wines. Frosée will be featured every year in one of their summer subscription boxes



3. POURING OUT THE PRINT

Reaching our target market through traditional print marketing methods during the spring and summer months.

Canadian Living is the number one lifestyle brand magazine. Frosée will be featured in print and on the website over the summer months.

- Chatelaine is the largest women’s brand in Canada. Frosée will have a one page ad in the May through August publications.
- Wine Country Canada is a popular Ontario winery travel guide within which Winegard Estates and Frosée will be featured.
- LCBO Food and Drink Guide is a recipe and alcohol catalogue in which Frosée will be featured in three times a year.

Point of purchase materials including signs and shelf tags will be provided to the LCBO to build brand awareness.

4. HARVESTING CONNECTIONS

Targeting wine connoisseurs through events and interactive experiences

- Winegard Estates will have its very own wine truck to attend events, venues and festivals. It can be found at established summer destinations including beaches, music festivals, corporate events.
 - The truck will attend festivals throughout the summer such as Wine Fest Toronto and Hamilton’s Food and Drink Fest
 - Frosée branded merchandise such as environmentally friendly metal straws will be used as a promotional product for Frosée
 - Sampling will be offered throughout the summer at various events, farmers markets, and festivals to generate new customers.

- The Winegard Estates President’s Club is perfect for the target market of Frosée, as lovers of the finer things can appreciate an elite rewards group. Rewards such as winery dinners and special tasting reach various levels within the club. Events will be offered to club members who



5. FRIENDS OF FROSÉE

As a part of the Giving Back initiative, two percent of annual profits will be donated.

- Raspberry Frosée supports various local homeless shelters including Southridge Shelter and The Hope Centre, making sure only our product is frozen this winter.
- Blueberry Frosée supports Water First, an organization dedicated to solving the water crisis facing many Indigenous communities around Canada.
- Strawberry Frosée supports Mothers Against Drunk Driving, an organization that fights to stop impaired driving and supports victims of this violent crime.



Financial Evaluation

Winegard Estates will produce each 296ml unit of Frosée for an average production cost of \$1.34, and each single serve unit will be sold through all marketing channels for \$3.95. Variety packs including one of each of the Frosée flavors will be sold for \$11.50.

Frosée expects a penetration of our target market in Year One of 2.5%, growing to 13.5% and 34% in Years Two and Three respectively. In Year One approximately 107,735 units of Frosée will be sold, generating a net loss of (\$175,438) after cost of goods sold and expenses are deducted. This loss will be a direct result of powerful, research supported marketing tactics which will account for 62.18% of sales in the first year, 14.97% in Year Two and 6.22% in Year Three. These tactics will create a strong foundation for Frosée's future, allowing immersed growth, market penetration, sales and company profit for Winegard Estates.

Frosée will generate sales revenue of \$3,376,797 in Year Two for a profit margin of 11%, increasing to \$15,023,796 in Year Three achieving an 16% profit margin.

INCOME STATEMENT	YEAR 1	YEAR 2	YEAR 3
3-Packs Sold	8,978	71,770	319,316
Price per 3-Packs	11.5	11.5	11.5
Packets Sold	80,801	645,934	2,873,840
Price / Packet	\$3.95	\$3.95	\$3.95
Sales Revenue (\$)	\$422,409	\$3,376,797	\$15,023,796
Cost of Goods Sold (\$ per packet)	1.34	1.34	1.34
Total Costs of Goods Sold	\$144,724	\$1,156,939	\$5,147,367
Gross Margin (\$)	\$277,686	\$2,219,858	\$9,876,430
Gross Margin (%)	65.74%	65.74%	65.74%
Expenses (\$):			
Vendor Fees (LCBO)	\$0	\$919,164	\$6,134,216
Operating Expenses	\$166,950	\$136,420	\$287,750
Shipping Expenses	\$22,445	\$112,426	\$338,396
Marketing Expenses	\$262,649	\$505,563	\$935,164
Donations	\$0	\$12,019	\$49,925
Total Expenses	\$452,044	\$1,685,592	\$7,745,450
EBIT (\$)	(\$174,358)	\$534,267	\$2,130,979
Interest Expense	\$1,047	\$900	\$749
EBT	(\$175,406)	\$533,366	\$2,130,231
Income Tax Expense		\$149,343	\$596,465
Net Income (Profit)	(\$175,406)	\$384,024	\$1,533,766
Profit Margin %	-42%	11%	10%
Marketing Expense as % of Sales	62.18%	14.97%	6.22%

Conclusion

Through Frosée, Winegard Estates is well positioned to take advantage of the growing popularity of ready-to-drink cocktails and the rapidly expanding Ontario wine and grape industry. Frosée will provide the unique new twist on wine consumption that consumers are seeking, while being a profitable diversification opportunity for Winegard Estates

MARKETING EXPENSES (WITH INFLATION) .

	YEAR 1	YEAR 2	YEAR 3
Headline Wine	19,000	21,220	51,440
Drinking Together	20,000	30,000	40,000
Pouring Out the Print	62,348	124,696	187,044
Harvesting Connections	74,801	180,947	503,579
Marketing Team	86,500	148,700	153,100
Total	262,649	505,563	935,164

*All values in Canadian Dollars

Monitoring and Measuring

The Frosée line of products represents a large portion of Winegard Estates' marketing budget throughout the summer months and must be closely monitored to keep Frosée on the right track. To align with Frosée's action plan and benefit to producer, the following goals relating to online sales, winery visits, brand recognition, event interactions, and regional penetration have been developed to ensure an adequate and consistent return on marketing investment for Winegard Estates.

MEASUREMENT	IF GOAL IS EXCEEDED	IF GOAL IS NOT MET
GOAL: Online product sales consistent with targets		
Based on sales from Winegard Estates online website. The online sales goal is: Year 1: 26,934 Units (pouches) Year 2: 129,187 Units Year 3: 383,179 Units	Continue to push online orders while entering LCBO stores with incentives for giveaways such as our reusable metal straws and branded merchandise.	Reassess promotions offered on the website and direct winery and event visitors to the site with incentives such as reusable metal straws and branded merchandise.
GOAL: Repeat winery visits and incremental growth		
Number of repeat winery visits and new winery visits to Winegard estates and examining this growth YoY Year 1: 25,000 Visits Year 2: 60,000 Visits Year 3: 100,000 Visits	Continue to encourage the visitation of Winegard Estates through Wine Club rewards, and expand to include promotions at wineries in the area	Invest in promotional campaigns including giveaways, winery tours, and tasting nights, as well as further invest in event promotions
GOAL: 15% brand recognition within target market		
A survey will be conducted by a 3rd party of our target demographic to determine brand recognition.	Increase paid sponsor posts and continue to share Frosée with influencers on a paid and gift basis	Reassess the value of each influencer to evaluate reach and impact. Move in a different direction if this is not met.
GOAL: Interact with at least 25% of attendees at every promotional event.		
Evaluated based on interactions from event attendees.	Further invest in current events and festivals by expanding the booth or paying for a premium location.	Evaluate the effectiveness of events in each region and focus on attending, with larger presence, areas where Winegard had seen success

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