

Derive Brewing Company Strategic Business Plan

Cost of Production: The 12 ounces of snifter beer will range in cost of production from \$.44-\$.87, offering a margin of 82.6%-91.2%. This does not include opportunity costs incurred due to longer fermentation or storage periods.

Conclusion: These snifters will be offered for exclusive beer that is poured solely from Derive's taproom. These limited released, higher ABV, and higher production cost beer will be in high demand due to the perceived scarcity that will be used to promote them. They are not intended for the novice craft beer drinker, and will be marketed as such. Limiting production and aging costs will likely make these beers some of the highest in demand. The snifter is estimated to have the 2nd highest profit margin out of all the beer produced by Derive.

16oz Pint



Description: The pint glass will be the bread and butter of Derive Brewing Company. It will ultimately be the product with the highest volume of sales. This 16 oz pint glass will be unique and will stand apart from the standard 16 oz glass typically seen at surrounding establishments. These glasses will hold Derive standard beer styles and session brews; beer intended to be enjoyed in bulk (3 to 4 beers per consumer).

Price Point: Pints will be offered for \$6 each. If this price point is determined to be too high for these session brews, the price can be lowered to as low as \$4 a piece while still maintaining suitable margins.

Volume: 16 ounces

Cost of Production: The 16 ounces of pint beer will cost an average of \$.65 to produce. This offers a profit margin of 87%.

Conclusion: Session beers will be those that are less than 5.5% ABV and have a lower production cost. They will be marketed towards those consumers looking to relax at the

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1/6 Barrel (5 g) Keg



Description: The 1/6 bbl (or 5 g) kegs will be the primary wholesale unit distributed by Derive Brewing Company, because the margins are higher than the alternative of 1/2 bbl kegs.

Price Point: For standard beer, the 1/6 barrel kegs will be sold for \$80 each. For seasonal and limited release beer, sixtels will be available when not sold through Derive's taproom for \$90-\$110 each.

Volume: 1/6 bbl, 5 gallons, 640 ounces.

Cost of Production: The average cost to produce one 1/6 barrel keg is \$26.96. This offers a profit margin of \$48.04 per keg, or 64%.

Conclusion: Sixtels will be the preferred unit of sales for beer that exceeds the sales capacity of the taproom. Accounts will be allotted 3 full kegs to maintain a consistent supply stream.

1/2 Barrel (15.5 g) Keg

