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#### Drinkworks case summary:

- Created home bar appliance. Similar to the coffee machine -> used “pod” to make single-serving cocktails or beer with a touch of a button
- Could Drinkworks be the company’s next billion-dollar opportunity?
- US market for alcoholic beverages:
  - + \$130 billion for in-home alcoholic beverages consumption
  - + At home cocktail consumption:
    - Reasons: relaxation (63%), holidays (51%), drinking with meals (49%), spending time with friends (39%)
    - Drinking at home was more relaxing and cheaper - 58% drinking wine, 54% beer, 53% spirits (including mixed drinks, cocktails, shots, and drinks on the rocks)
    - People consumed alcohol at home more frequently than away from home, but cocktail consumption did not follow this trend
    - Unlike beer and wine, cocktails required multiple ingredients and additional preparation time, making them less ideal for at-home consumption
  - + US regulation:
    - Only adults over 21 years old could legally purchase alcohol
    - Liquor sales were banned on Sunday in many states
    - In most states, alcohol could only be purchased at licensed bars, restaurants, liquor stores, and grocery stores
  - + AB InBev and Keurig:
    - AB InBev takeover beer market with 43%
    - Keurig business was driven by home coffee-brewing devices, which made single servings of coffee by adding hot water to K-Cup pods containing ground coffee and flavouring, partnered with other companies to offer branded coffee, tea and hot cocoa
    - KDP and AB InBev launched Drinkworks as a JV (joint venture), with a substantial initial investment and AB InBev as the majority shareholder
    - The goal of the JV was to co-develop a new home appliance and pod system for chilled alcoholic beverages
- The Drinkworks Home Bar by Keurig:
  - + Was a countertop appliance that worked very similarly to Keurig coffee-makers
  - + The device included a removable water tank, a water filter, a cooling tank to chill water, and a carbon dioxide (CO<sub>2</sub>) canister to add carbonation. The water filter and CO<sub>2</sub> canister needed to be replaced on a regular basis. Chilling the water took about 10 minutes, so Drinkworks users needed to leave their devices plugged in and prepped in order to minimize wait times and have the best user experience.
  - + To make a drink, the user would insert a pod - either a non-alcoholic mixer pod or an alcoholic pod (pre-mixed cocktail, beer, or cider) - into the pod holder, and simply press a button to make a drink
  - + Devices would connect to users’ Wi-Fi and allow the device to easily download

software updates.

- + Device could last 5 or more yrs
- + Pod types:
  - 3 categories: cocktail pods with alcohol, mixer pods without alcohol, and beer/cider pods
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- Convenience could be the main value proposition that would distinguish Drinkworks from other players in the market and it would also be consistent with consumers' perception of Keurig's coffee machines
- Market size and consumer segments:
  - + Drinkworks was solving a key pain point for consumers
  - + At-home cocktail consumption was limited because most consumers were either unsure how to make a cocktail or intimidated by the idea of making it themselves. Initial research seemed to suggest that the idea of a cocktail-making device had a significant appeal among consumers.
  - + 6 target customer profiles, based primarily on alcohol consumption frequency, hosting frequency, age, and Keurig device ownership
  - + Conducting a research to understand consumers' motivation and emotional benefits from drinking cocktails at home and for buying the Drinkworks machine -> users perceived the Drinkworks device as being innovative, convenient, and upscale. "People like the experiential elements of pressing a button, dispensing, and serving, particularly when it comes to hosting and relaxing"