

# Lawson & Associates Research Proposal

January 15, 1999

Mr. Miles Armstrong  
1198 West Lamar  
Portland, Oregon

Dear Miles,

It was a pleasure meeting you last week and discussing your business and research interests in Astro wholesaling. From further thought and discussion with my colleagues, the Astro opportunity appears even more attractive than when we met.

Appearances can be deceiving, as you know, and I fully agree that some formal research is needed before you make an application. Research that we recommend would proceed in two distinct stages and is described below:

## Stage One: Research Based on Secondary Data

### **Study A:** National and Oregon per capita Beer Consumption for 1996, 1997, and 1998

Description: Per capita annual consumption (in gallons) of beer for the total population and population age 21 and over is provided.

Source: Various publications

Cost: \$600

### **Study B:** Population Estimates for 1998 to 2003 for Five Oregon Counties in Market Area

Description: Annual estimates of total population and population age 21 and over is provided for the period 1998 to 2003.

Source: U.S. Bureau of Census and Sales Management Annual Survey of Buying Power

Cost: \$900

### **Study C:** Astro Market Share Estimates for 1998-2003

Description: Astro market share based on total gallons consumed in the five-county market area is estimated for each year in the period 1998 to 2003. These data will be projected from Astro's experience in California, Texas, New Mexico, and Arizona.

Source: Various publications

Cost: \$1200

### **Study D:** Estimated Liquor and Beer Licenses for the Market Area 1999-2003

Description: Projection of the number of on-premise sale operations and off-premise sale operations is provided.

Source: Oregon Department of Revenue, Liquor Division

Cost: \$600

### **Study E:** Beer Taxes Paid by Oregon **Wholesalers** for 1997 and 1998 in the Market Area

Description: Beer taxes paid by each of the five currently operating competing beer wholesalers is provided. This can be converted to gallons sold by applying the state gallonage tax rate of \$0.21 / gallon.

Source: Oregon Department of Revenue, Liquor Division

Cost: \$2400

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#### Study F: Financial Statement Summary of Wine, Liquor, and Beer Wholesalers for 1998

Description: Composite balance sheets, income statements, and relevant measures of performance provided for 152 similar wholesaling operations are provided.

Source: Robert Morris Associates annual statement studies

Cost: \$100

### Stage Two: Research Based on Primary Data

#### Study G: Consumer Study

Description: Study G involves focus-group interviews and a questionnaire to determine consumer past experience, acceptance, and intention to buy Astro beer. Three interviews would be conducted in three counties in the market area. From these data, a mail questionnaire would be developed and sent to 1000 adult residents in the market area utilizing direct questions and a semantic differential scale to measure attitudes towards Astro beer, competing beers, and an ideal beer.

Source: Lawson and Associates

Cost: \$6600

#### Study H: Retailer Study

Description: Focus-group interviews would be conducted with six potential retailers of Astro in one county in the market area to determine their past beer sales and experience and their intention to stock and sell Astro. From these data, a mail questionnaire would be developed and sent to all appropriate retailers in the market area to determine similar data.

Source: Lawson and Associates

Cost: \$3600

#### Study I: Surveyor Retail and Wholesale Beer Prices

Description: Study I involves in-store interviews with a sample of fifteen retailers in the market area to determine retail and wholesale prices for Budweiser, Hamm's, Michelob, Olympia, and a low-price beer.

Source: Lawson and Associates

Cost: \$3600

Examples of the form of final report tables are included. This should give you a better idea of the data you will receive.

As you can see, the research is extensive and, I might add, not cheap. However, the research as outlined will supply you with sufficient information to make an estimate of the feasibility of an Astro distributorship, the investment in which is substantial.

I have scheduled 9:00 AM next Friday to meet with you to discuss the proposal in detail. Time is short, but we firmly feel the study can be completed by February 20, 1999. If you need more information in the meantime, please feel free to call.

Sincerely,

Joanna Rome  
Senior Research Analyst  
[Lawsonassociates4u@gmail.com](mailto:Lawsonassociates4u@gmail.com)

Table A: National and Oregon Resident Annual Beer Consumption

Year	US		Oregon	
	Entire Population	Over 21	Entire Population	Over 21
1996				
1997				
1998				
Average				

Source: Study A

Table B: Population Estimates for Five Oregon Counties in Market Area

Entire Population						
County	1998	1999	2000	2001	2002	2003
A						
B						
C						
D						
E						
Total						

21 and over						
County	1998	1999	2000	2001	2002	2003
A						
B						
C						
D						
E						
Total						

Source: Study B

**Table C: Astro Market Share Estimates**

<b>Year</b>	<b>Market Share (%)</b>
1998	
1999	
2000	
2001	
2002	
2003	
Source: Study C	

**Table D: Liquor and Beer License Estimates for Market Area**

<b>Type of License</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
All Beverages						
Retail Beer and Wine						
Off-Premise Beer Only						
Veterans Beer & Liquor						
Fraternal						
Resort Beer and Liquor						
Source: Study D						

**Table E: Beer Taxes Paid by Beer  
Wholesalers in the Market Area, 1997-1998**

<b>Wholesaler</b>	<b>1997 Tax \$</b>	<b>1998 Tax \$</b>
A		
B		
C		
D		
E		
Total		
Source: Study E		

## Study F: Financial Statement Summary for 152 Wholesalers of Wine, Liquor, and Beer 1998

<u>Assets</u>	<u>%</u>		
Cash & Equivalents			
Accounts & Notes Receivable, Net			
Inventory			
All other Current			
Total Current			
Fixed Assets Net			
Intangibles Net			
All Other Non-Current			
<b>TOTAL</b>	<b>100.0%</b>		
<u>Liabilities</u>	<u>%</u>	<u>Ratios</u>	<u>%</u>
Notes Payable Short Term		Quick	
Current Maturity LT Debt Accts		Current	
& Notes Payable-Trade		Debts/Worth	
Accrued Expenses		Sales/Receivables	
All Other Current		Costs of Sales/Inventory	
Total Current		% Profit Before Taxes	
Long Term Debt		Based on Total Assets	
All Other Non-current			
<u>Net Worth</u>			
<b>Total Liabilities &amp; Net Worth</b>	<b>100.0%</b>		
<u>Income Data</u>			
Net Sales			
Cost of Sales			
Gross Profit			
Operating Expenses			
Operating Profit			
All Other Expenses Net			
Profit Before Taxes			

Source: Study F

### Various disclaimers:

1. Only companies with a chance of being included in Table F are those for whom their submitting banks have recent figures.
2. Even within this group, those chosen, and the total number chosen, were not chosen randomly or in a statistically projectable way.
3. Many companies in Table F have varied product lines. Bankers have categorized them by primary product line and some impurity results. Thus, figures should not automatically be considered as representative.

**Table G: Consumer Questionnaire Results**

		Yes	No
Consumed Astro in the Past:		%	%
<b><u>Attitudes Toward Astro</u></b>	<b><u>%</u></b>		
Strongly Like			
Like			
Indifferent/No Opinion			
Dislike			
Strongly Dislike			
<b>Total</b>	<b>100.0</b>		
<b><u>Weekly Beer Consumption</u></b>	<b><u>%</u></b>		
Less than 1 can			
1-2 cans			
3-4 cans			
5-6 cans			
7-8 cans			
9 + cans			
<b>Total</b>	<b>100.0</b>		
<b><u>Intention to Buy Astro</u></b>	<b><u>%</u></b>		
Certainly will			
Maybe will			
Not sure			
Maybe will not			
Certainly will not			
<b>Total</b>	<b>100.0</b>		
<b><u>Usually Buy Beer at:</u></b>	<b><u>%</u></b>		
Liquor Stores			
Taverns and Bars			
Supermarkets			
Corner Grocery			
<b>Total</b>	<b>100.0</b>		
<b><u>Features Considered Important When Buying Beer</u></b>	<b><u>%</u></b>		
Taste			
Brand Name			
Price			
Store Location			
Advertising			
Carbonation			
Other			
<b>Total</b>	<b>100.0</b>		

**Semantic Differential Scale**

	<b><u>Extremely</u></b>	<b><u>Very</u></b>	<b><u>Some- what</u></b>	<b><u>Some- what</u></b>	<b><u>Very</u></b>	<b><u>Extremely</u></b>	
Masculine							Feminine
Healthful							Unhealthful
Cheap							Expensive
Strong							Weak
Old-fashioned							New
Upper Class							Lower Class
Good Taste							Bad Taste

Source: Study G

Profiles would be provided for Astro, three competing beers, and an ideal beer.

**Table H: Retailer Questionnaire Results**

<b><u>Brands of Beer Carried</u></b>	<b><u>%</u></b>	<b><u>1998 Beer Sales</u></b>	<b><u>%</u></b>
Olympia		Olympia	
Budweiser		Budweiser	
Rainer		Rainer	
Hamms		Hamms	
Brand E		Brand E	
Brand F		Brand F	
Brand G		Brand G	
		Others	
		<b>Total</b>	<b>100.0</b>

**Semantic Differential Scale**

	<b><u>Extremely</u></b>	<b><u>Very</u></b>	<b><u>Some- what</u></b>	<b><u>Some- what</u></b>	<b><u>Very</u></b>	<b><u>Extremely</u></b>	
Masculine							Feminine
Healthful							Unhealthful
Cheap							Expensive
Strong							Weak
Old-fashioned							New
Upper Class							Lower Class
Good Taste							Bad Taste

<b><u>Intention to Sell Astro</u></b>	<b><u>%</u></b>
Certainly will	
Maybe will	
Not sure	
Maybe will not	
Certainly will not	
<b>Total</b>	<b>100.0</b>

Source: Study H

Profiles would be provided for Astro, three competing beers, and an ideal beer.

**Table I: Retail and Wholesale Prices for Selected Beers in the Market Area**

<b>Beer</b>	<b>Wholesale<sup>a</sup> 6-pack \$</b>	<b>Retail<sup>b</sup> 6-pack \$</b>
Budweiser		
Hamms		
Michelob		
Olympia		
Low Price Special		

Source: Study I

<sup>a</sup>Price that the wholesaler sold to retailers.

<sup>b</sup>Price that the retailer sold to consumers.