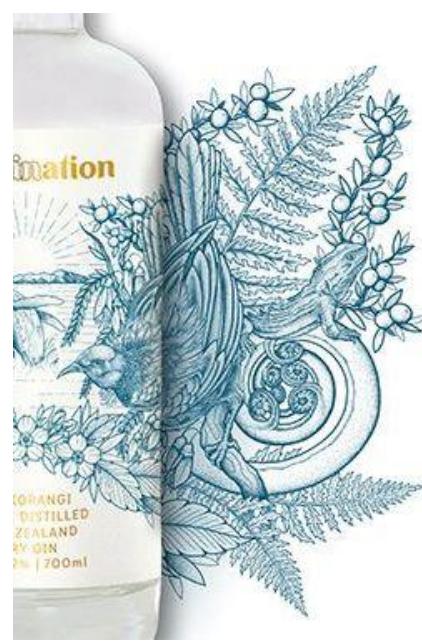




Strategic Task Force



Chris Morgan



Melissa Smith



Dawood Ali



Lydia Charteris

Agenda

- Current Global Market Analysis (Quiz Time!)
- Introduction to Imagination
- Expansion Strategy Overview
- Financial Projections and Capital Expenditure
- Decision 1: Country Selection for Initial Entry
- Decision 2: Market Entry Strategy
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- Decision 4: Subsequent Expansion Plans
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- Q&A



Gin-iusr Quiz Time: A Global Gin Journey



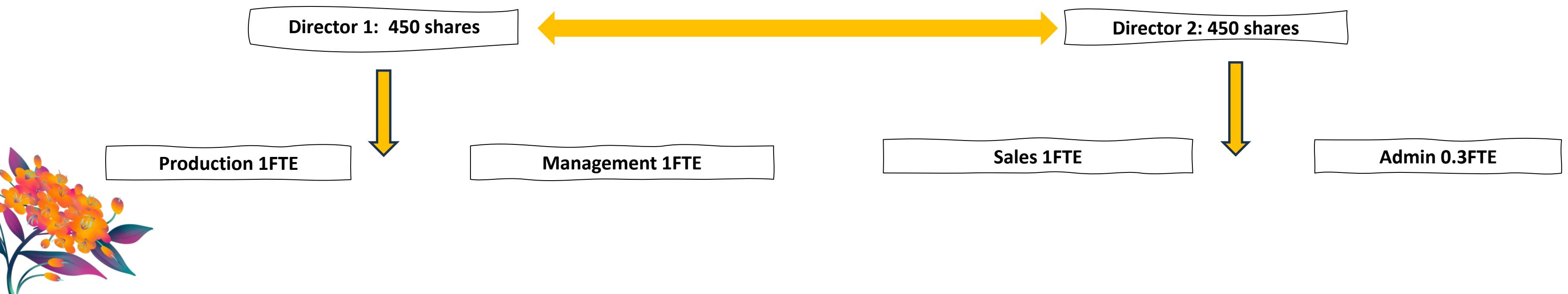
- Kahoot.it
- The winner takes the Gin



Welcome to Imagination



- Imagination is a distillery based on the Kapiti Coast, NZ, specialising in award winning premium gin spirits.
- Products RRP from \$69.99 to \$89.99
- 100% revenue is domestic through retail stores (bottle stores), hospitality, online shop and Duty Free
- Marketing via social media, trade shows and festivals.
- Produce 14,000L (or 16,000 bottles) PA at a wholesale price of \$46-\$58/700ml unit. Duty-free is \$23.80 +GST



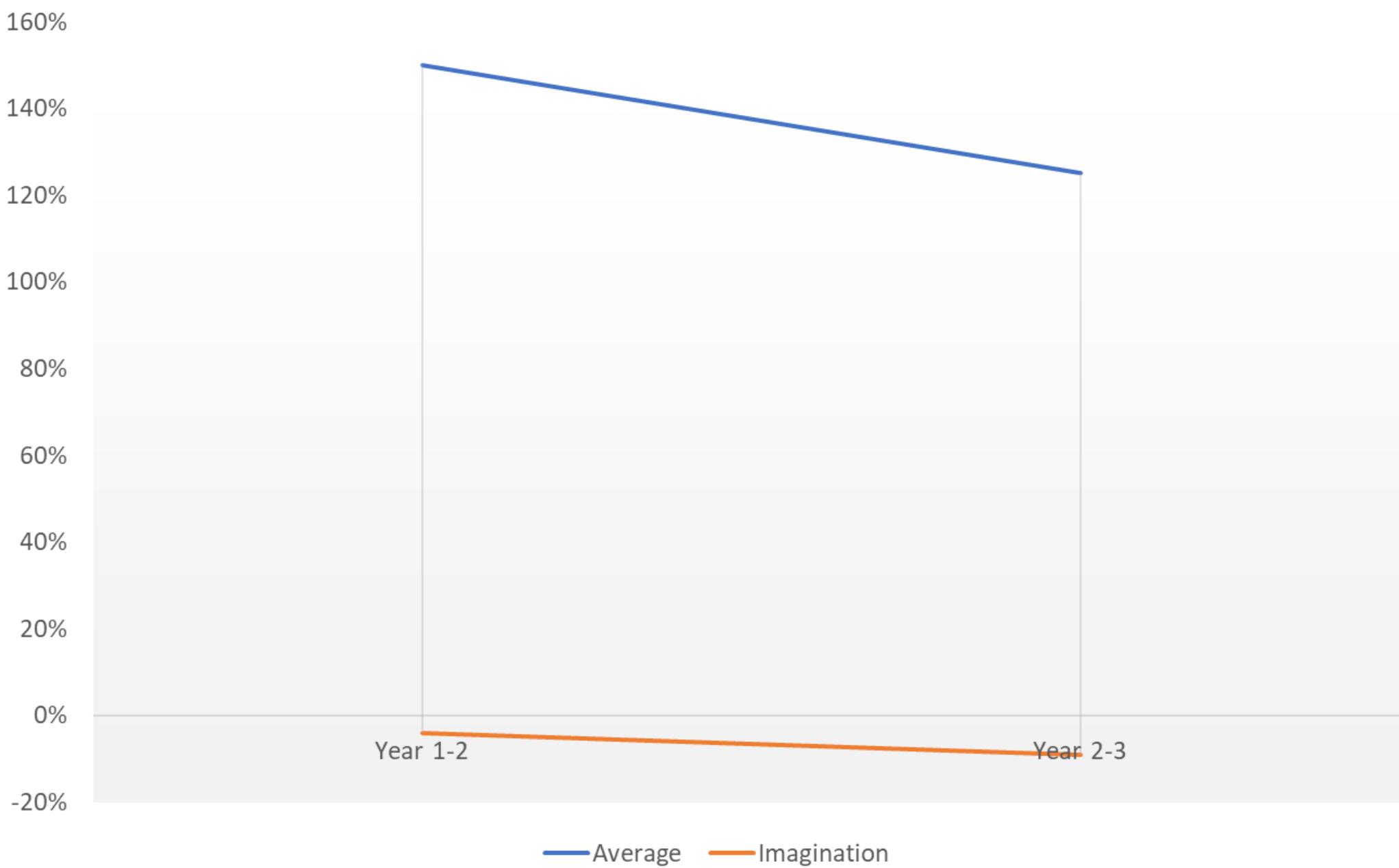
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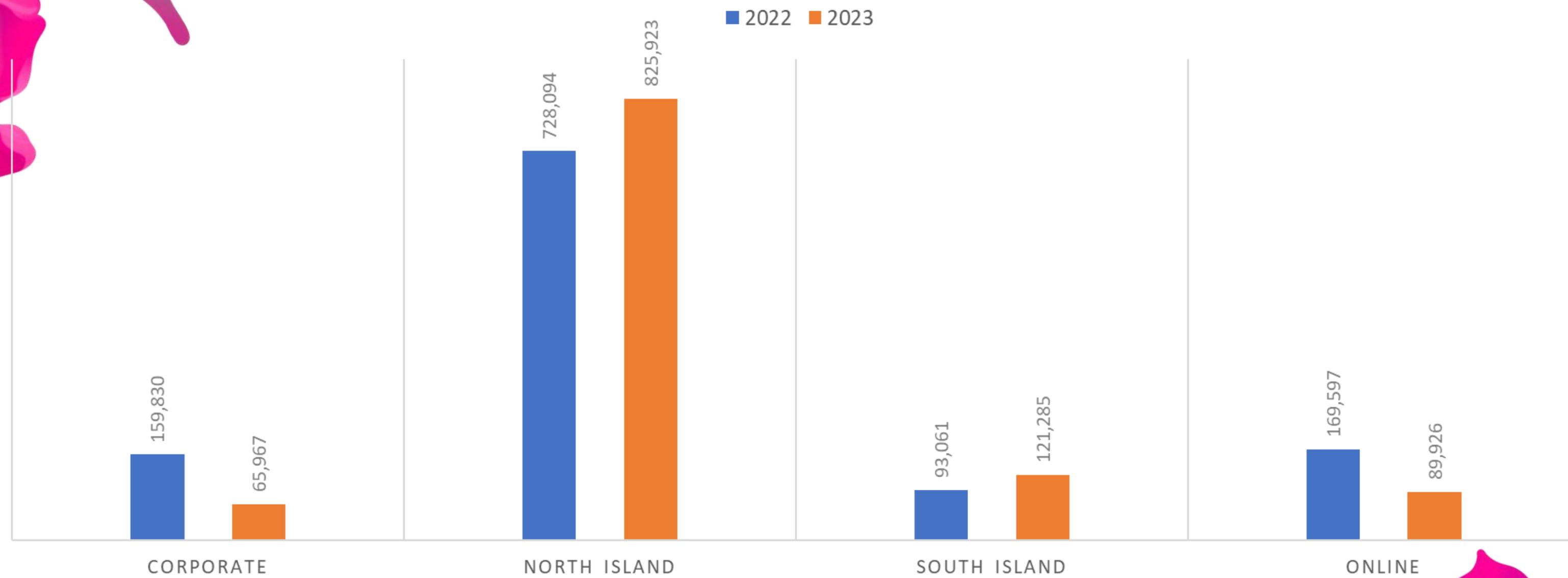
Financial Considerations

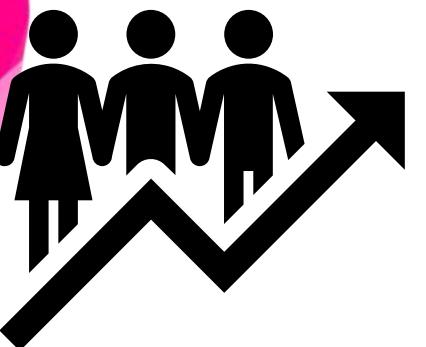
Start-up growth – Australasian Average versus Imagination



Financial Considerations

VARIATIONS IN REVENUE LINES

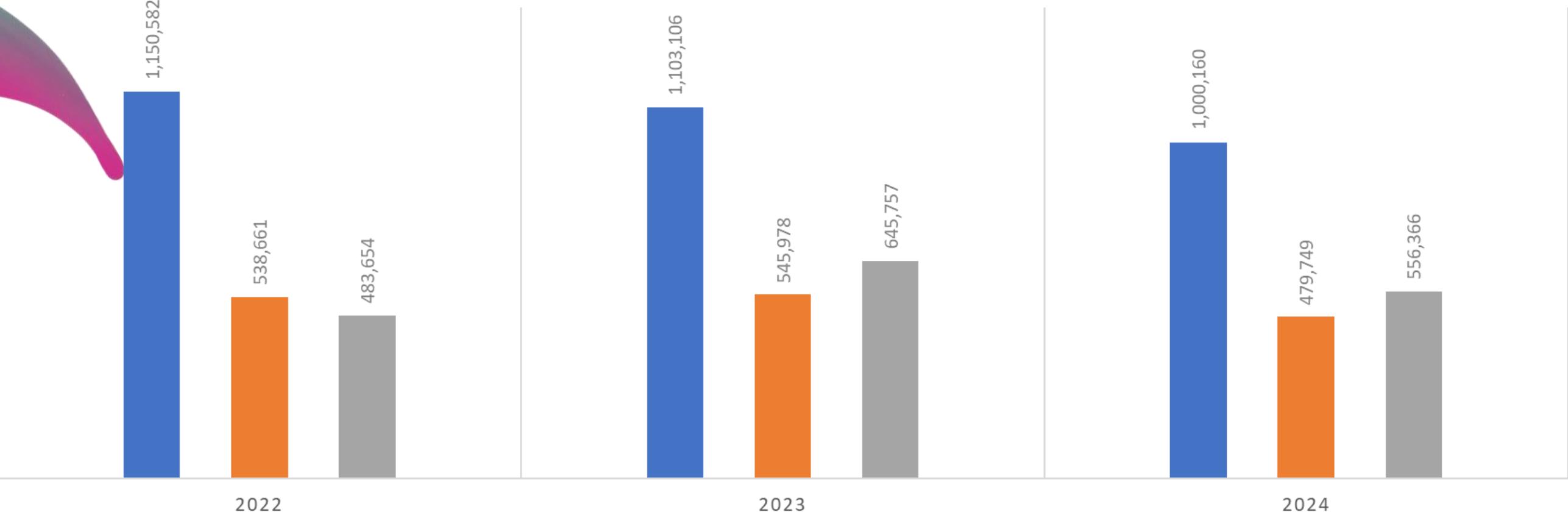




Financial Considerations

THE FIRST 3 YEARS

■ Revenue ■ COGS ■ Expenditure



COGS to Revenue Ratio	
2022	47%
2023	49%
2024	48%



Expense to Revenue Ratio	
2022	42%
2023	58%
2024	55%





Is it all doom and gloom?

What do the ratios tell us?

Lending Ratios	
Working Capital	2.06
Debt to Assets	1:3
Debt to Equity	1:1



Production trajectory



We need expansion – should it be global?

The essence of our offering is the meeting of heritage, quality, and sustainability, which elevates it above a simple option to an experience that is appreciated across the globe.

1. Growth is needed amid rising competition.
2. Scale and Scope Economies Benefits
3. Strategic Gains
4. Expanding with Few Resources
5. Monitor and Review



Criteria for selecting country

Region	Size	Ease of Business	Cultural Affinity	Trade Agreements
Asia	US \$2.6 billion in 2024	Complex	Different	CPTPP RECP ASEAN
Europe	US \$ 5.4 billion in 2018	Complex	Distant	--
USA	US \$ 1.6 billion in 2024	Difficult & Uncertain	Distant	TPP
Australia	0.81 Billion Liters in 2023 US \$ 166 Million in 2024	Easier	Closer	ANZCERTA CPTPP



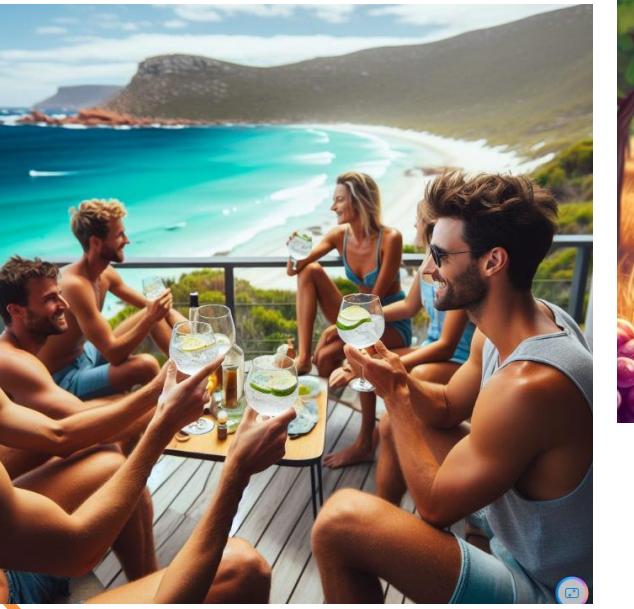
Distance	USA	Europe	Asia	Australia
Cultural	Moderate	Moderate	Major	Mild
Administrative	Mild	Mild	Moderate	Mild
Geographic	Moderate	Major	Moderate	Mild
Economic	Major	Major	Moderate	Mild



Why Australia !



Export From NZ to Australia		From Australia to NZ	
Top Products	Gold (\$379M) Wine (\$273M) Other Edible Preparations (\$220M)	Aluminium Oxide (\$258M) Wheat (\$221M) Broadcasting Equipment (\$216M)	
Total Exports	\$5.35 billion (NZD)	\$7.3 billion (NZD)	
Annual growth rate	2.43%	2.5%	



Development & Market trends

Consumer Preference

Innovations in product

Regulatory landscape

Market concentration





Options: Export VS FDI

Exporting	Foreign direct investment (FDI)
Advantages 	Advantages 
<ul style="list-style-type: none">1. it does not necessitate significant capital commitments in foreign nations.2. gradual entry into the market.3. Utilising the "Made in New Zealand" label and benefiting from local production efficiencies.4. Government Support	<ul style="list-style-type: none">1. Market Presence.2. Operational Control.3. locally produce or bottle its products.4. Local Market Insights.
Drawbacks 	Drawbacks 
<ul style="list-style-type: none">1. Trade barriers and tariffs.2. Logistics & Supply Chain Management.3. Market Proximity.4. Restricted Market Control.	<ul style="list-style-type: none">1. Increased Investment.2. Operational Complexity.3. Political and economic risks.4. Resource allocation.

↑ Pros
↓ Cons

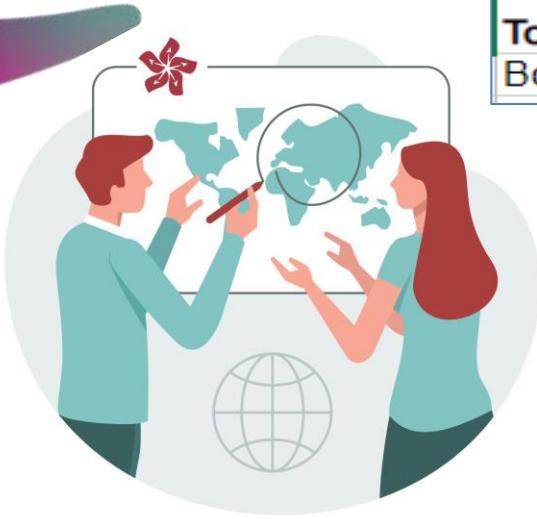


Market Entry Strategy

Success: Imagination retaining an adequate share Artisanal Gin consumers in Australia
How : " Doubling production and selling half the produced goods to Australia"



Imagination - Financial Performance	Projected		Projected		Projected		Finalised		Finalised	
	2027	2026	2025	2024	2023	2022				
Revenue										
Sales - Australia	880,000	600,000	320,000							
Sales - Corporate and Contract	90,909	86,580	82,458	59,855	65,967	159,830				
Sales - North Island	1,138,231	1,084,030	1,032,410	748,290	825,928	728,094				
Sales - online	123,928	118,027	112,407	81,472	89,926	169,597				
Sales - South Island	167,145	159,186	151,606	110,543	121,285	93,061				
Total Revenue	2,400,213	2,047,823	1,698,881	1,000,160	1,103,106	1,150,582				
Bottles produced	45,000	30,000	26,000	14,400	16,000	16,000				



coles

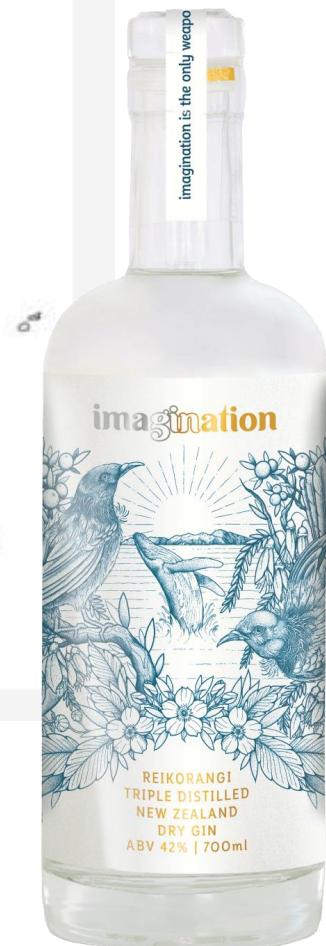
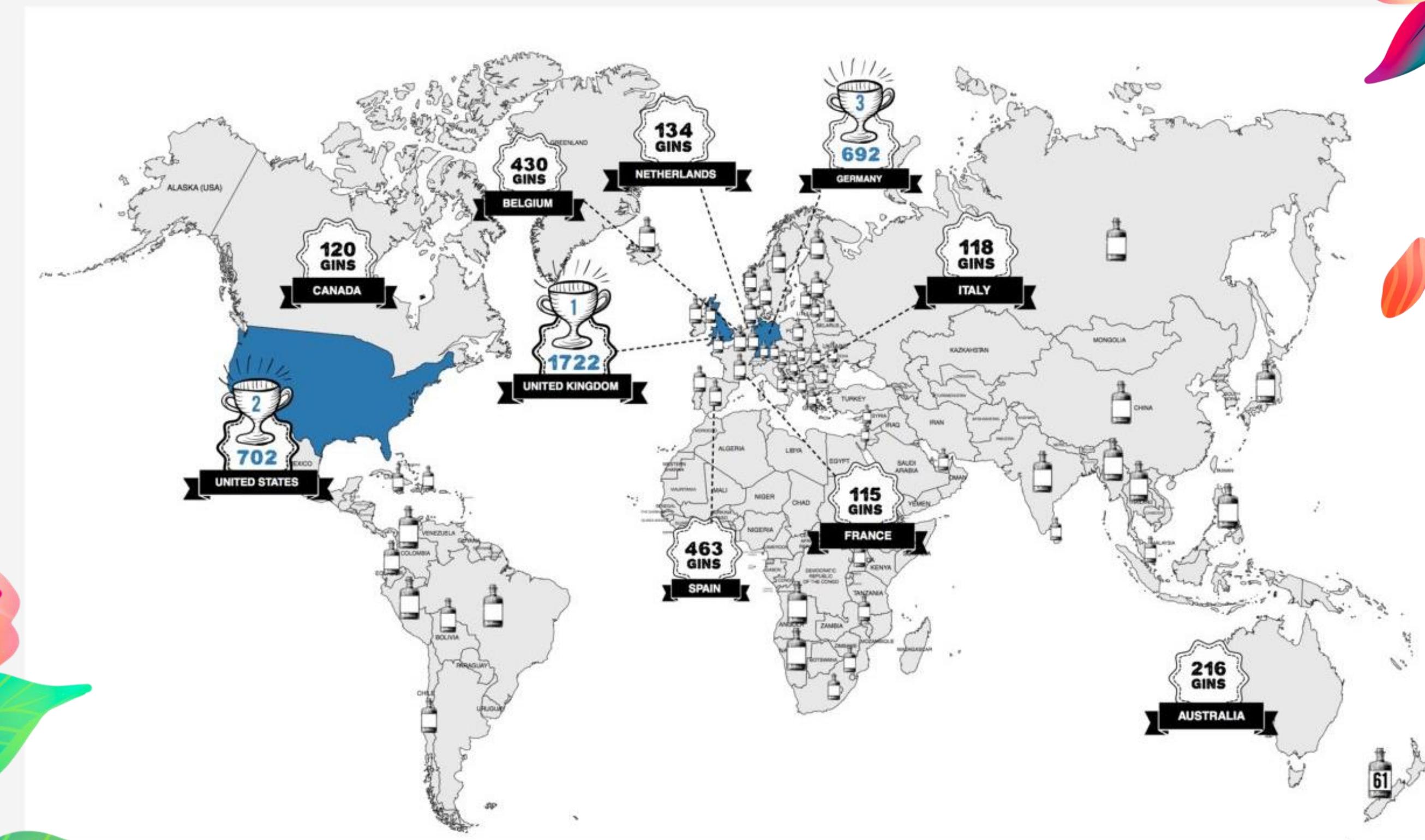
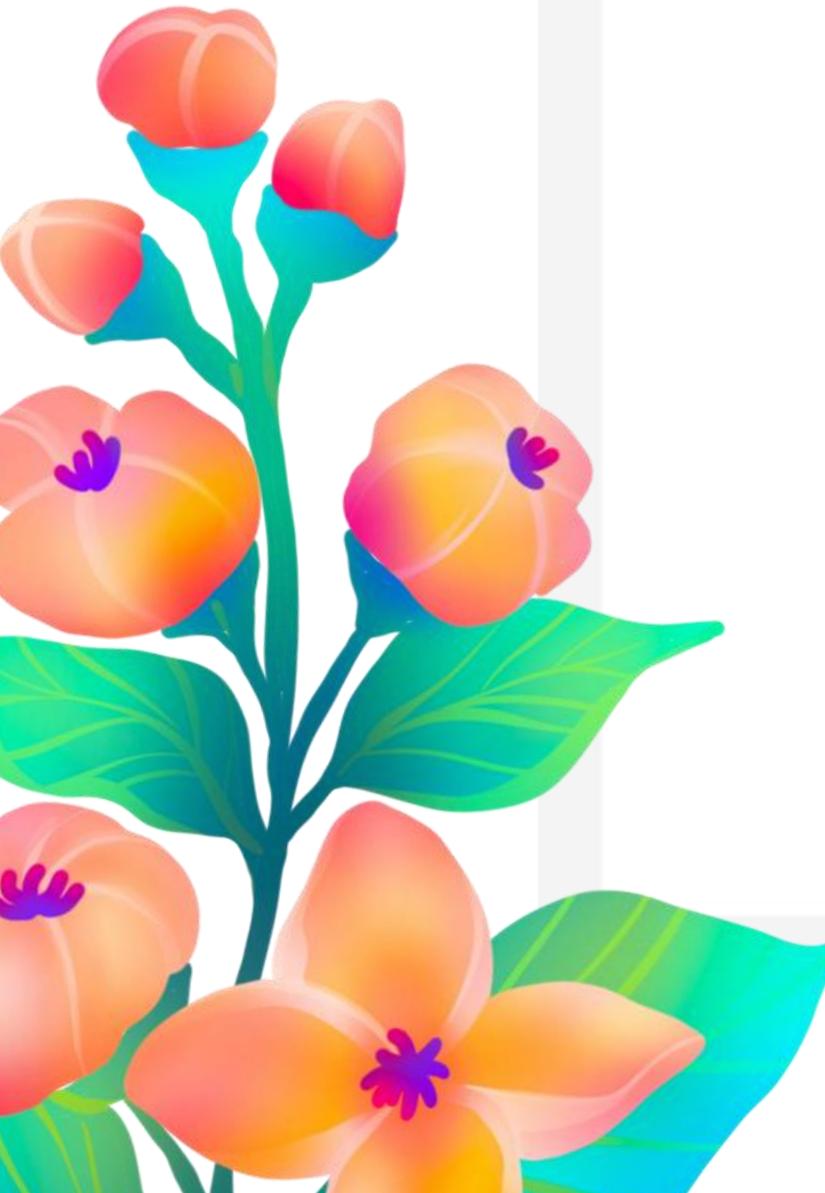


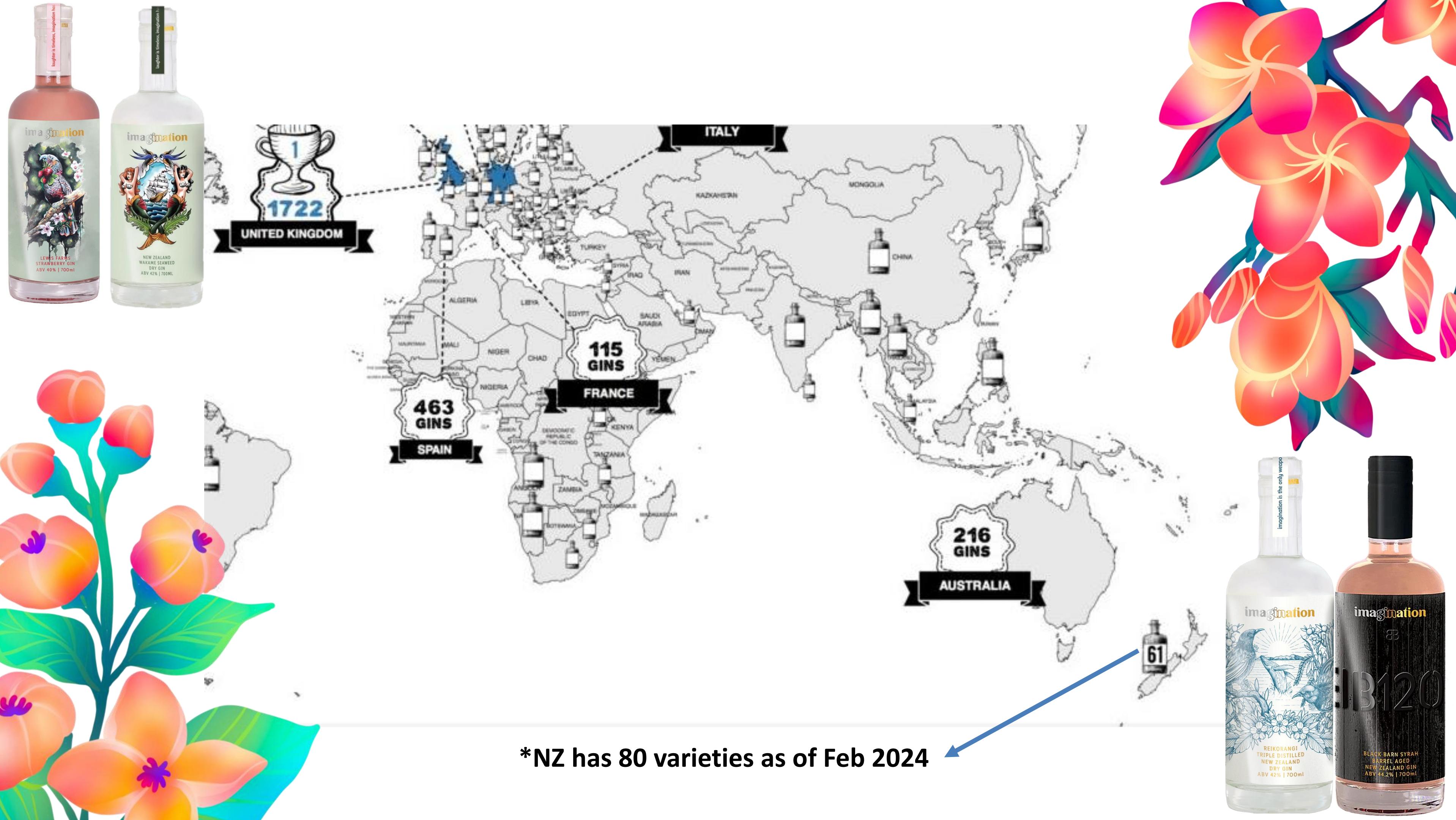
Legal & Economic considerations

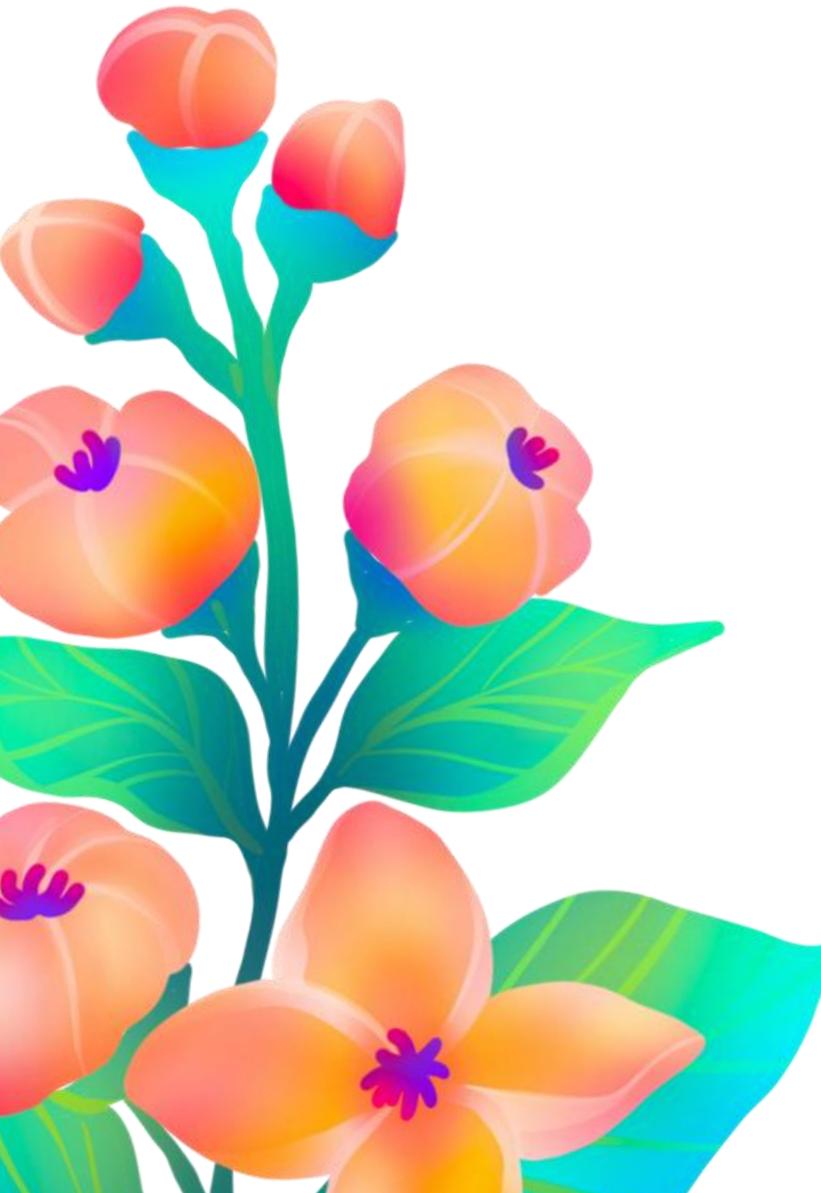
Considerations

Legal	Economic
<p>Customs and Tariffs:</p> <ul style="list-style-type: none">• Australian customs regulations for importing alcoholic beverages.• Excise duties and Goods and Services Tax (GST) applicable to alcohol imports. <p>Labelling and Packaging:</p> <ul style="list-style-type: none">• Compliance with Australian labelling requirements for alcoholic products.• Accurate information about alcohol content, health warnings, and origin. <p>Intellectual Property (IP):</p> <ul style="list-style-type: none">• Protecting brand name, logo, and other IP assets in Australia.• Trademark registration to prevent infringement. <p>Distribution Agreements:</p> <ul style="list-style-type: none">• Draft clear and comprehensive distribution agreements with Australian partners.• Specify terms related to pricing, exclusivity, and responsibilities.	<p>Market Research:</p> <ul style="list-style-type: none">• Understand the Australian Gin market, consumer preferences, and trends.• Potential competitors and market gaps. <p>Pricing Strategy:</p> <ul style="list-style-type: none">• Determine competitive pricing based on production costs, import duties, and market demand.• Consider exchange rate fluctuations. <p>Distribution Costs:</p> <ul style="list-style-type: none">• Logistics, warehousing, and transportation expenses.• Efficient distribution channels (e.g., wholesalers, retailers, online platforms). <p>Market Entry Costs:</p> <ul style="list-style-type: none">• Factor in initial setup costs, legal fees, and registration expenses.• Budget for marketing and promotional activities.

HOW DO WE
STAND OUT?







Gin Consumer Market Research

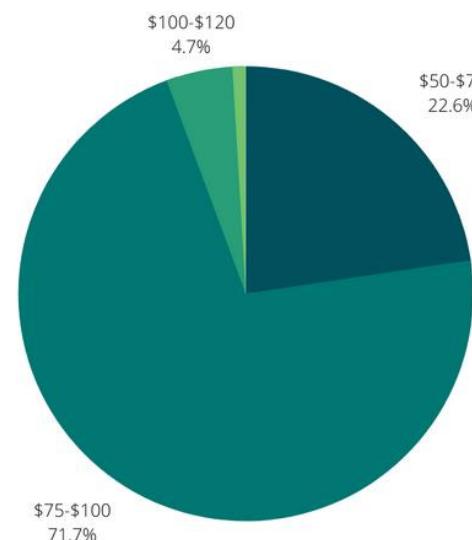


Gin Consumer Market Research

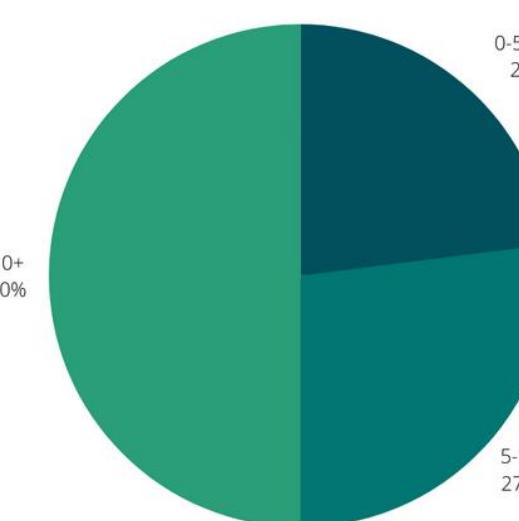
Ginvestigation 2021 Survey Results



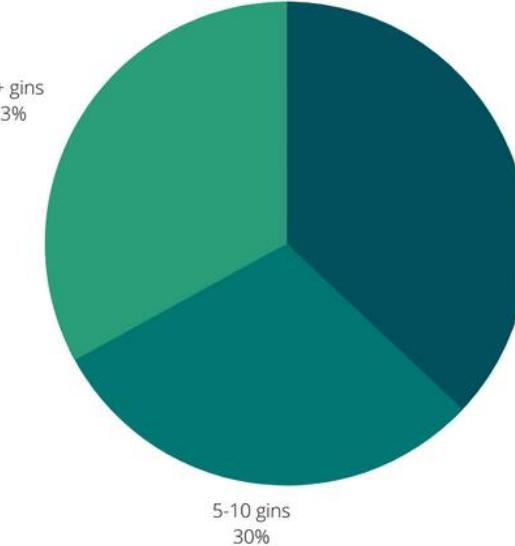
HOW MUCH ON AVERAGE DO YOU SPEND ON A BOTTLE OF GIN?



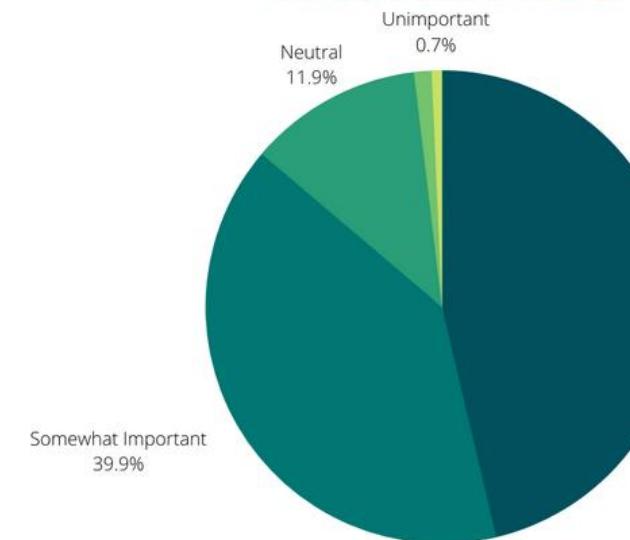
HOW MANY GINS ARE IN YOUR COLLECTION?



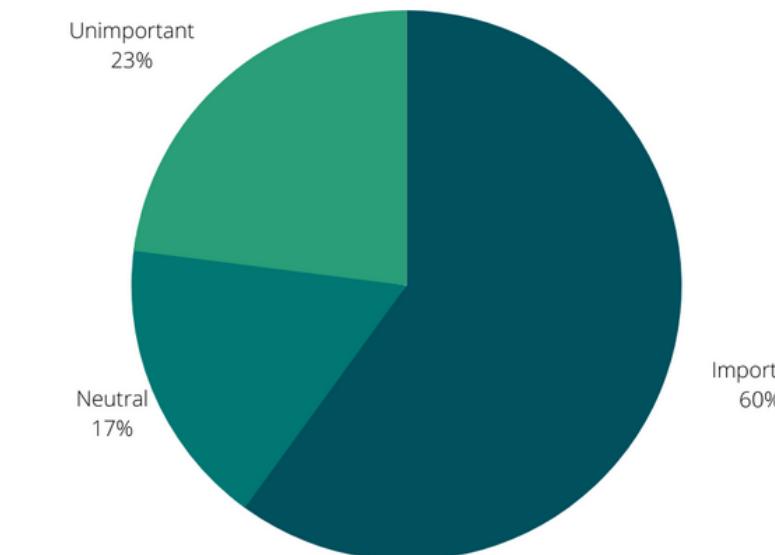
HOW MANY AUSTRALIAN GINS ARE IN YOUR COLLECTION?



HOW IMPORTANT IS IT FOR YOU TO KNOW HOW AND WHERE A GIN IS MADE?



REVIEWS/RECOMMENDATIONS



What's Important?



good-story
low-sugar

price **packaging**
advertising

juniper local
reputation

dry-gin

fruity

healthy

flavour

sweet

cocktails nice-branding
low-alcohol

awards

refreshing

new-flavours



Packaging



Only 44% of survey respondents don't think about bottle / label design when choosing their drinks



Reputation & Flavour



45% of survey respondents choose their drinks based on taste
60% of survey respondents choose their drinks based on reviews & recommendations

A decorative border of pink and purple flowers and leaves is positioned on the left and right sides of the slide, framing the central text area.

Decision 1: Product Selection for Expansion

Decision 1: Product Selection for Expansion



Decision 1: Product Selection for Expansion



Reikorangi Triple Distilled Dry

Juniper and coriander are complemented by the leafy earthiness of Manuka to create the heart of this gin. Whole New Zealand oranges and lemons add a refreshing citrus aroma and cinnamon and licorice leaves a sweet lingering spice finish.



Decision 1: Product Selection for Expansion



Black Barn Syrah Barrel Aged

A vibrant fruit nose with a hint of toffee and cinnamon. The initial sweet spice on the palate gives way to a soft piney oakbody and a lingering spice finish.



Decision 1: Product Selection for Expansion



Wakame Seaweed Dry Gin

The initial aroma is juniper forward, fresh and sweet. On the palate you first get the refreshing feel of the citrus before fading to reveal the juniper. A noticeable sweetness then appears giving way to a sweet salt finish.



Subsequent Expansion Plans



Risk Assessment & Mitigation

1. Regulatory Compliance:

Risk	Adhering to Australian regulations, labelling requirements, and health standards can be complex.
Mitigation	<ul style="list-style-type: none">Conduct thorough research on Australian alcohol regulations.Work with legal experts to ensure compliance with labelling, safety, and quality standards.

2. Tariffs and Duties:

Risk	Import duties and excise taxes can impact pricing and profitability.
Mitigation	<ul style="list-style-type: none">Understand Australian tariff rates and plan for associated costs.Factor these expenses into your pricing strategy.Seek benefits from ANZ Trade agreements

3. Market Competition:

Risk	The Australian Gin market is competitive, with established local and international brands.
Mitigation	<ul style="list-style-type: none">Differentiate your product through unique flavours, branding, or storytelling.Focus on quality and authenticity to stand out.

4. Currency Fluctuations:

Risk	Exchange rate fluctuations can impact pricing and profits.
Mitigation	<ul style="list-style-type: none">Hedge against currency risks where possible.Monitor exchange rates and adjust pricing accordingly.

5. Health and Safety Concerns:

Risk	Alcohol-related health issues and responsible drinking campaigns may affect consumer behaviour.
Mitigation	<ul style="list-style-type: none">Promote responsible consumption.Highlight the quality and craftsmanship of your artisanal Gin.

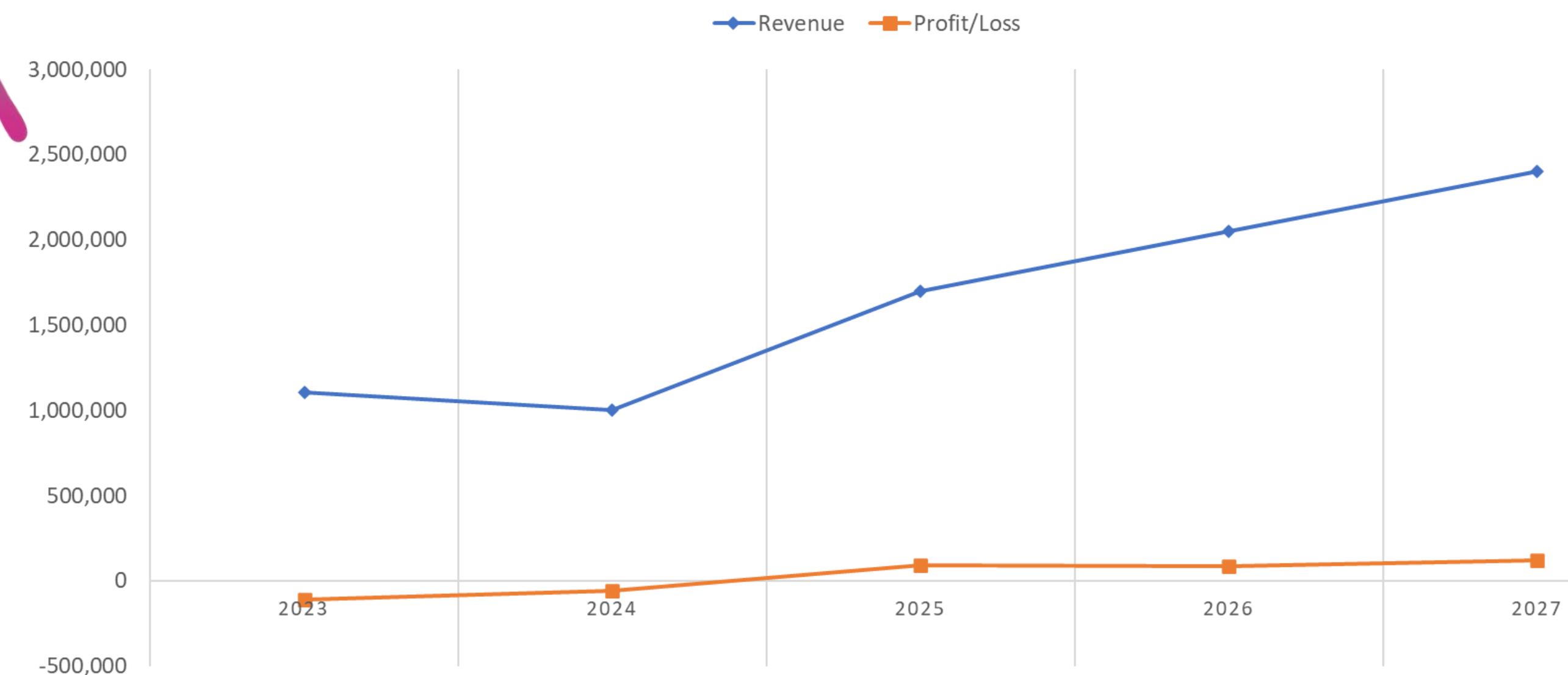
6. Market Research and Trends:

Risk	Ignoring consumer preferences and market trends.
Mitigation	<ul style="list-style-type: none">Stay informed about Australian Gin trends.Adapt your product based on consumer feedback.





Projecting forward





Thank You
Any
Questions?

imaginationgin.nz