

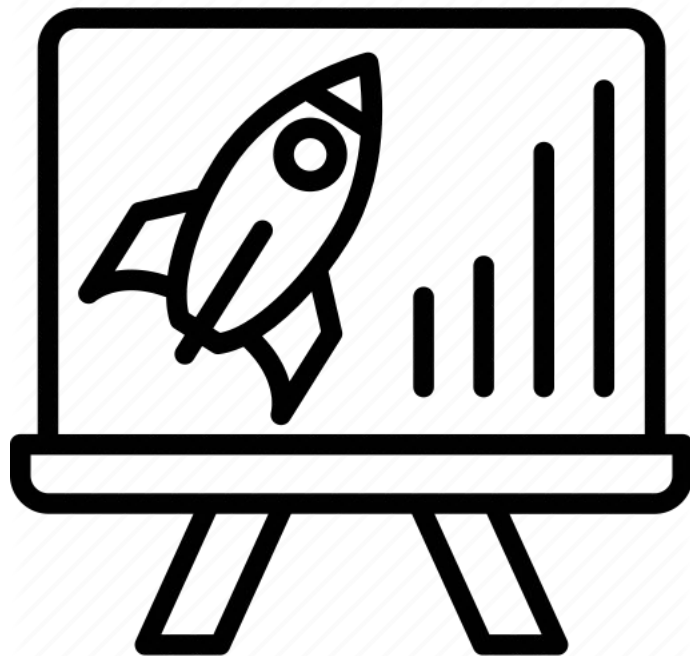
Licensing Analysis for Astro Beer Distributorship in Southwestern Oregon



MGC 461
November 9th, 2020
MSBA Online Team B
Emma Lin

Agenda

- **Introduction**
- **Short-term Analysis**
 - **Cost Benefit Analysis (lauch year)**
- **Long-term Analysis**
 - **Projection of Market Sustainability**
 - **Consumer Behavior**
- **Decision & Summary**



Product Introduction

- **Distribution originally limited to New Mexico, Texas, California, and Arizona**
- **Especially popular among Hispanic market and college students**
- **High consumer acceptance despite its premium price**

Profitable in the Launch Year

- The analysis reveals the expected value of operating income for the initial year (1999) is \$139,845

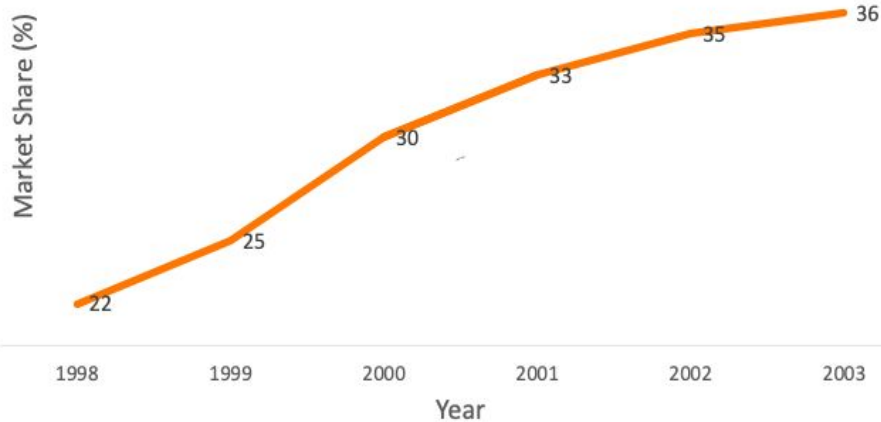
1999 Predicted Income Statement (25% Market Share)		
Sales/Revenue		\$ 3,075,800.0
Cost of Good Sold		\$ (2,306,850.0)
Gross Income(25% gorss margin)		\$ 768,950.0
Depreciation Expense		
Equipment depreciation	\$ (80,000)	
Warehouse depreciation	\$ (32,000)	
Total		\$ (112,000.0)
SG&A		\$ (517,200.0)
Miscellaneous		\$ (4,800.0)
EBIT		
Personal property taxes		\$ (20,000.0)
Beer Taxes		\$ (111,793.5)
Operating Income		\$ 3,156.5

Sensitivity Analysis for 1999		
	Estimated Probability	Operating Income
Low Sales(25% market share)	0.2	\$ 3,156.50
Medium Sales(30% market share)	0.6	\$ 134,587.80
High Sales(36% market share)	0.2	\$ 292,305.36
Expected Value		\$ 139,845.05

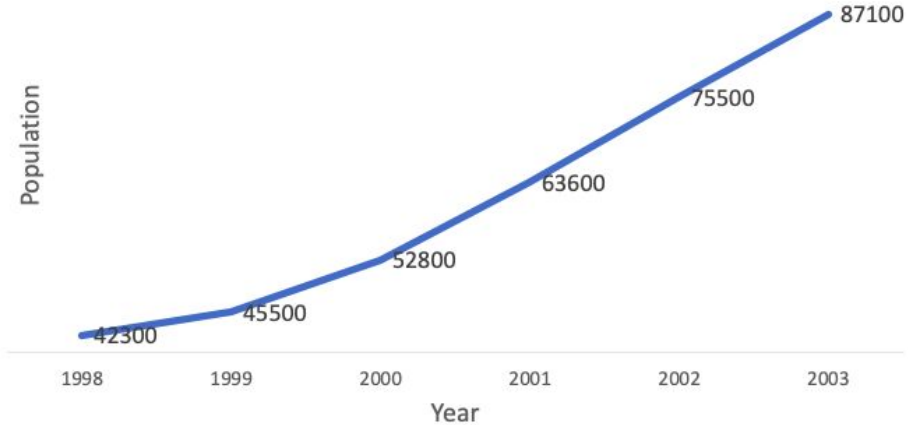
Market is Sustainable

- Astro Beer's estimated market share in total market and estimated drinking age population in Oregon Market area year-over-year(YoY) increase substantially (1998-2003).
- So Oregon's local beer consumers very likely to accept Astro Beer and the consumer base is growing.

Estimated Market Share Trend Up

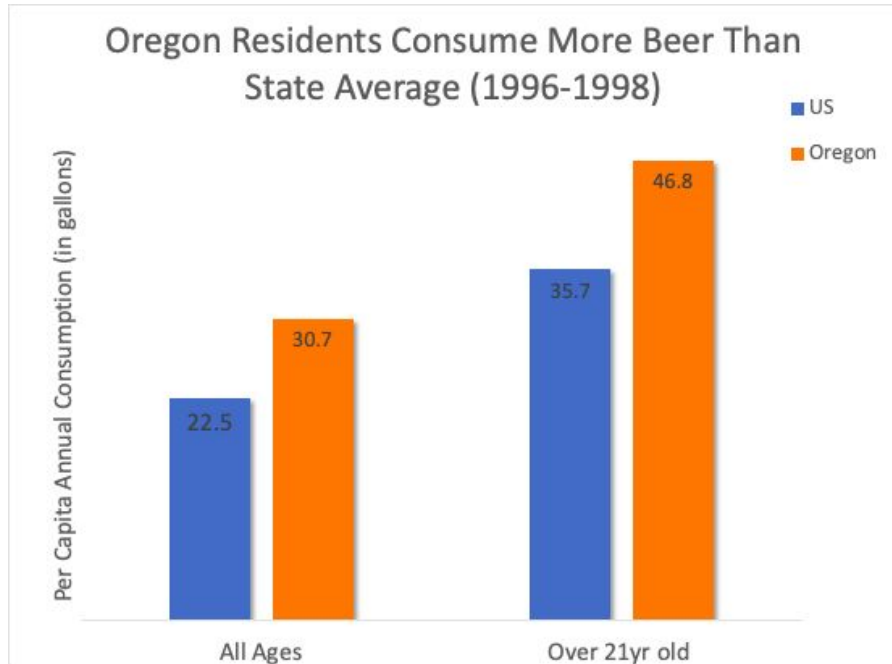


Estimated Drinking Age Population Trend Up

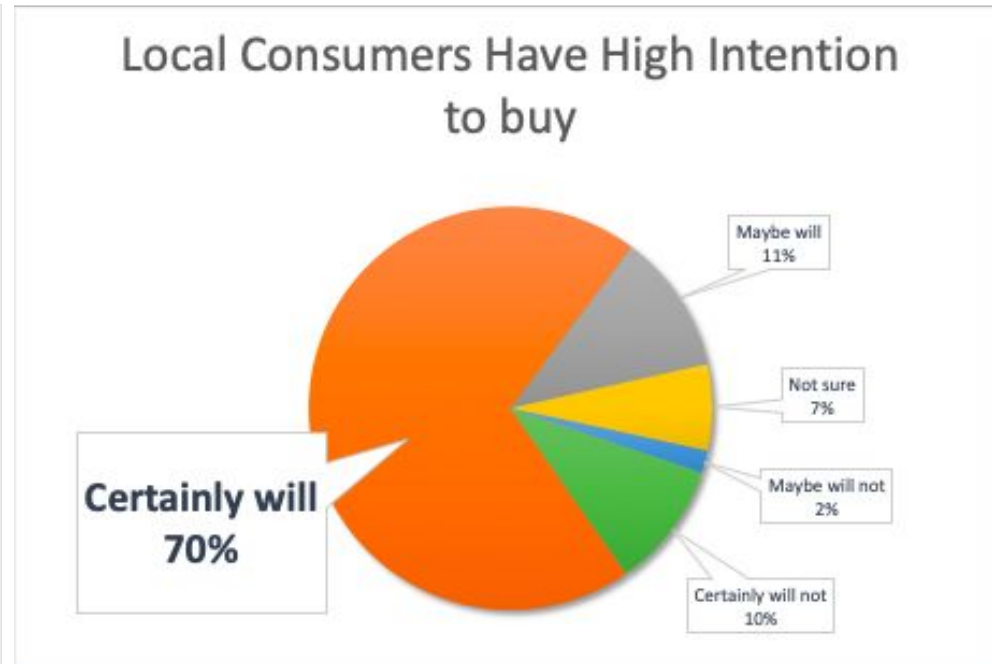


Local Consumers Will Buy

- Oregon residents consume more beer than residents in other states(11.1 gallons more among resident over 21).
- Customers in Oregon have very high intention(70%) to buy Astro Beer.



Source: National and Oregon per capita Beer Consumption for 1996, 1997 and 1998 from Lawson and Associates



Base: Respondents, n=1,000

Source: Consumer study from Lawson and Associates, 1999

Decision & Summary

Profitable in the short-term and has great potential in the long-term!



- The expected profit for the initial year is positive.
- The market is sustainable and expected to grow on an yearly basis.
- The consumer has high intention to purchase Astro Beer

Question?

