

STRATEGY TO INCREASE BURNETT'S REVENUE

July 2024



AI IN RETAIL & CONSUMER GOODS



TABLE OF CONTENTS

Points for discussion

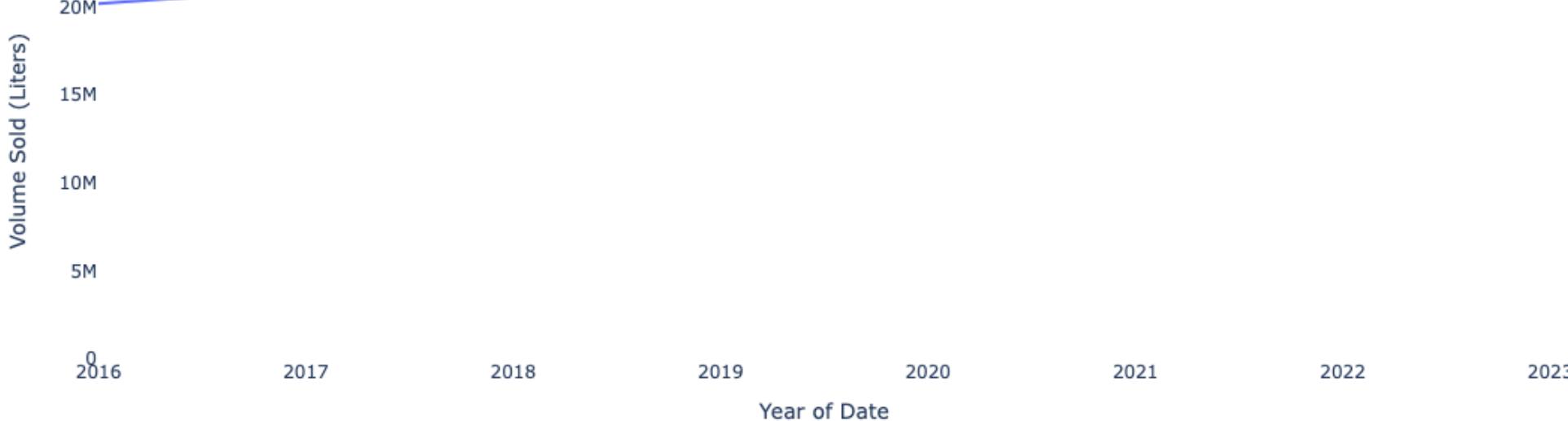
-
- 01 General Market Analysis
 - 02 Vodka Market Analysis
 - 03 Burnett's Vodka Market Share
 - 04 Competitor Analysis
 - 05 Financial Analysis
 - 06 Recommendations & Conclusion
-

01

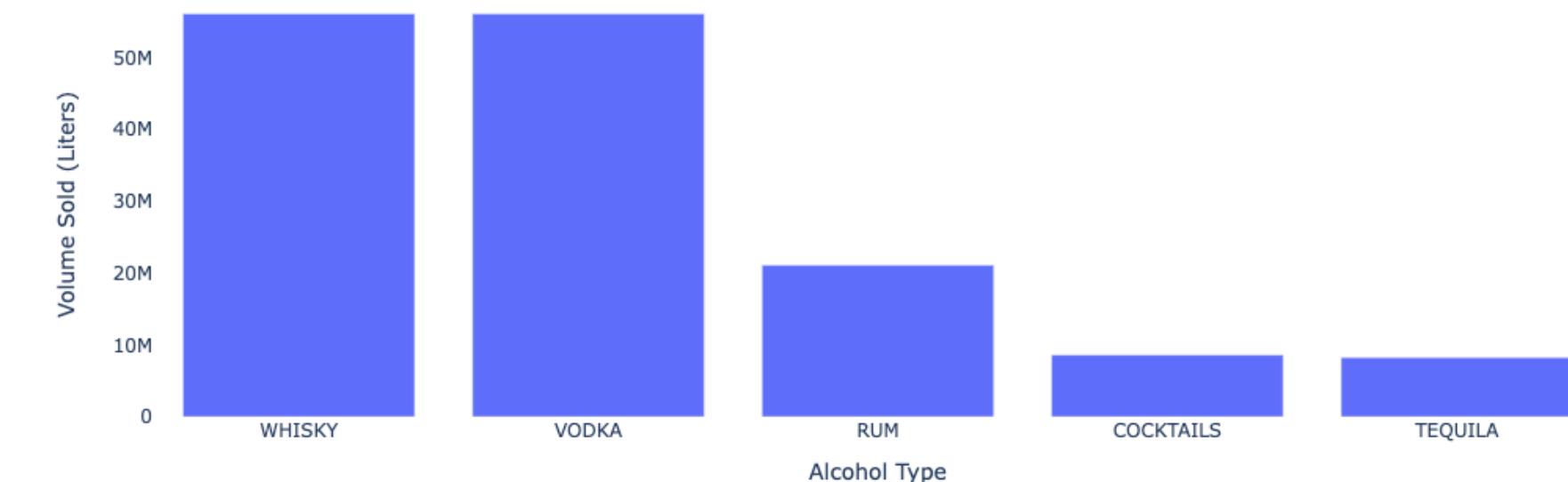
General Market Analysis

Market Overview: Iowa's Unique Consumption Patterns

Evolution of Alcohol Sales in Iowa



Top 5 Most Consumed Types of Alcohol (2016-2023)



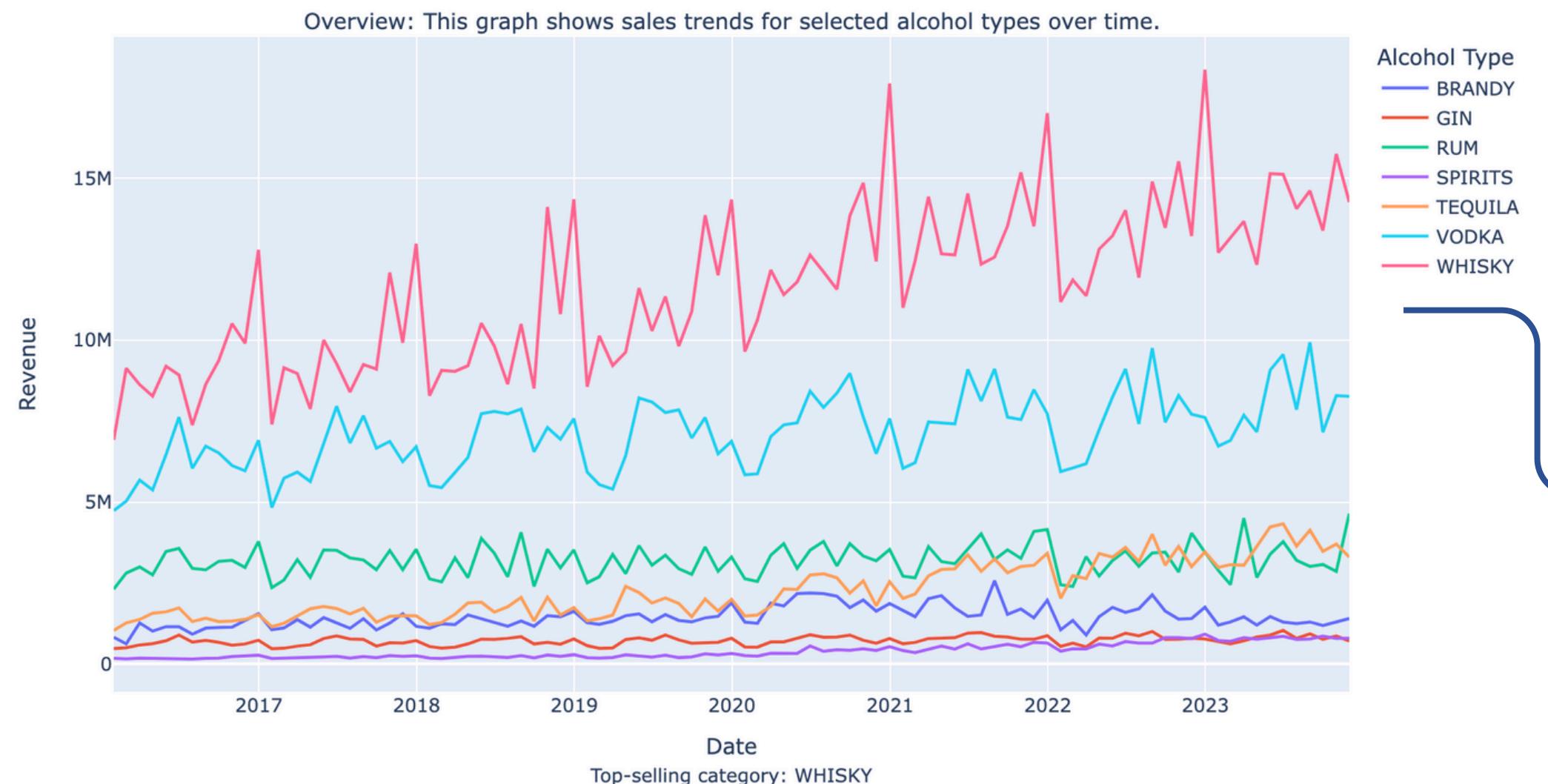
Overall, alcohol consumption has been stable over the years. However, there was a **significant increase** during Covid-19, likely driven by **changes in consumer behaviour** due to lockdowns and increased home consumption.

Alcohol Market Analysis

Revenue Over Time

Whisky > Vodka > Rum & Tequila > Brandy & Gin > Spirits

Sales Trends for Selected Alcohol Types



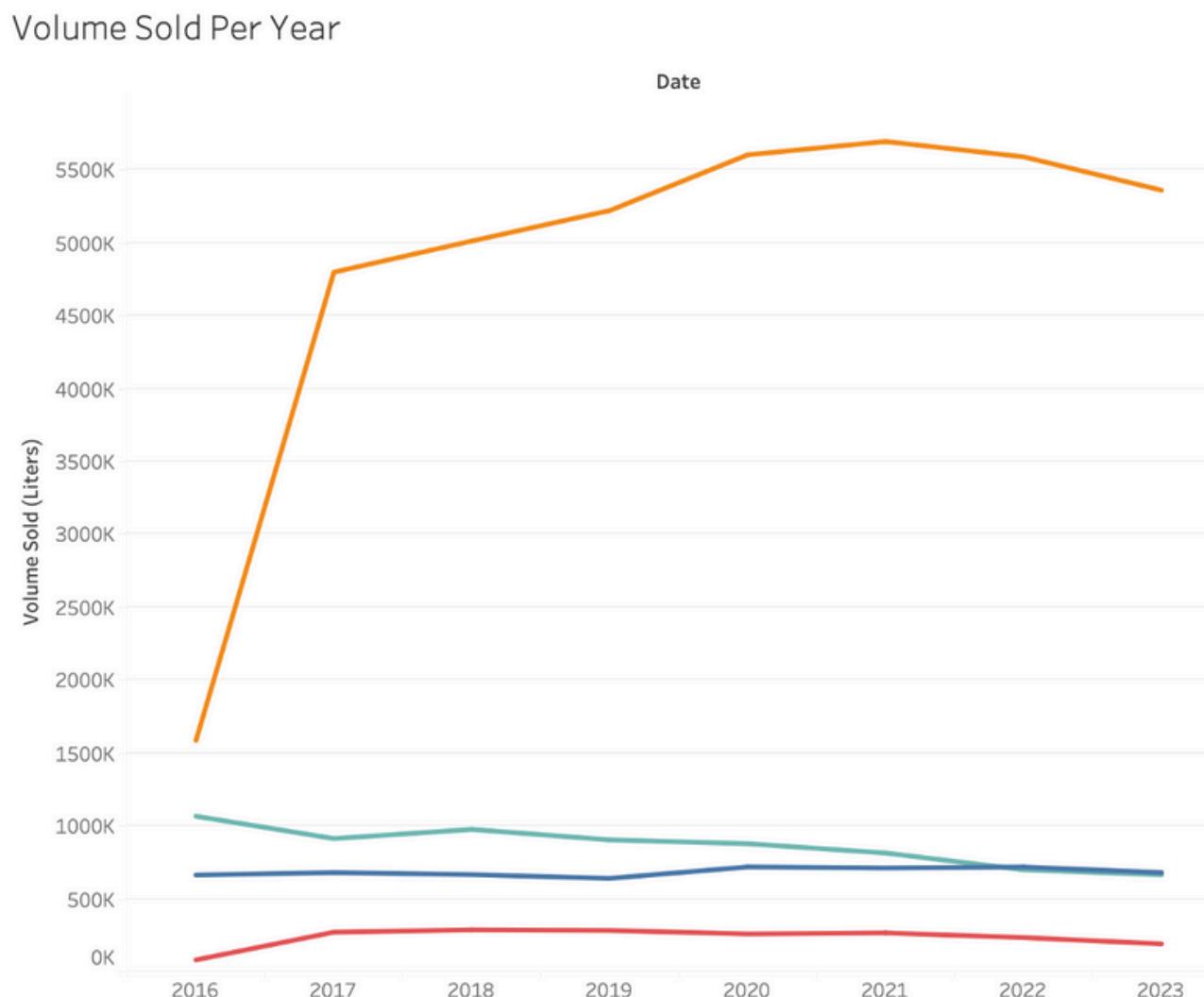
A large gap between the top 2 (Whisky and Vodka)

02

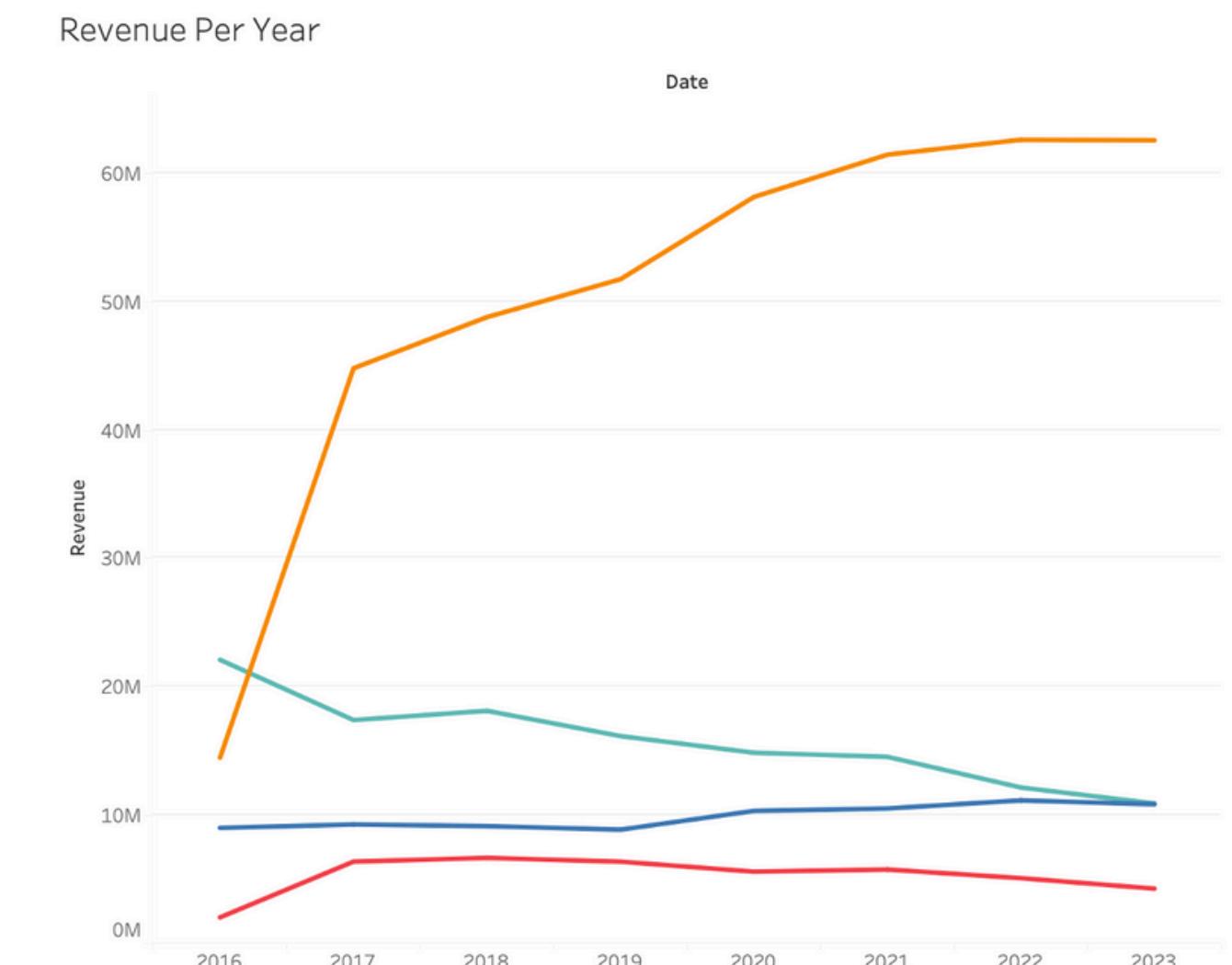
Vodka Market Analysis

Vodka Trend Analysis

Overall, **American Vodka** is the most sold vodka category, it is also the most **stable** vodka type being sold, **even during the pandemic**.



Imported Vodka has **significantly decreased** year-over-year growth in terms of revenue, whereas **American vodka** shows a **growing trend** that is slowly plateauing.

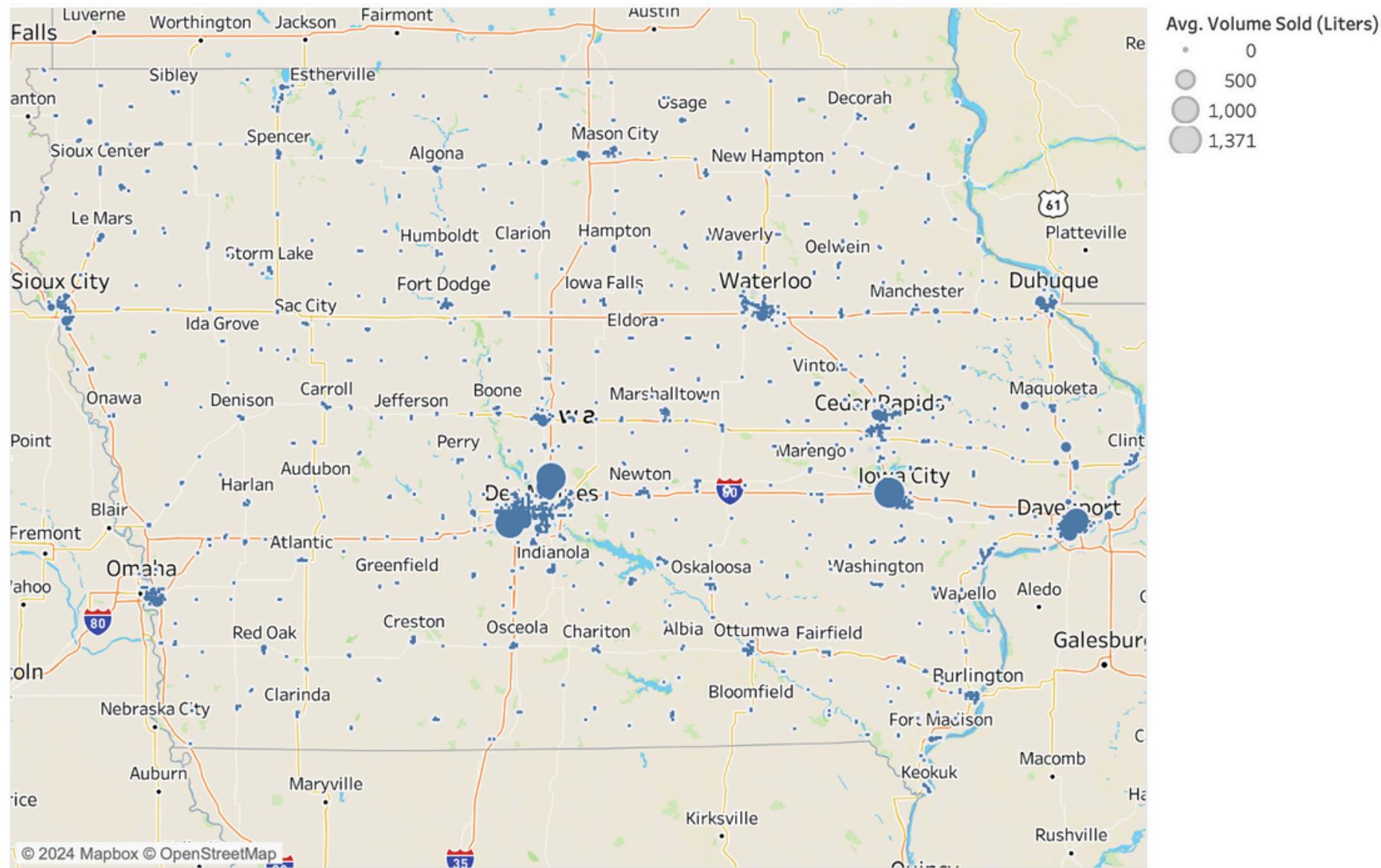


Year-over- Year Growth Revenue

Category Name	Date						
	2017	2018	2019	2020	2021	2022	2023
AMERICAN FLAVORED VODKA	3.0	-1.4	-3.0	16.4	1.8	6.0	-2.7
AMERICAN VODKA	209.2	8.9	6.0	12.4	5.7	1.9	-0.1
IMPORTED FLAVORED VODKA	211.1	4.5	-4.4	-12.2	3.0	-11.6	-15.9
IMPORTED VODKA	-21.2	4.1	-10.8	-8.0	-2.1	-16.4	-10.2

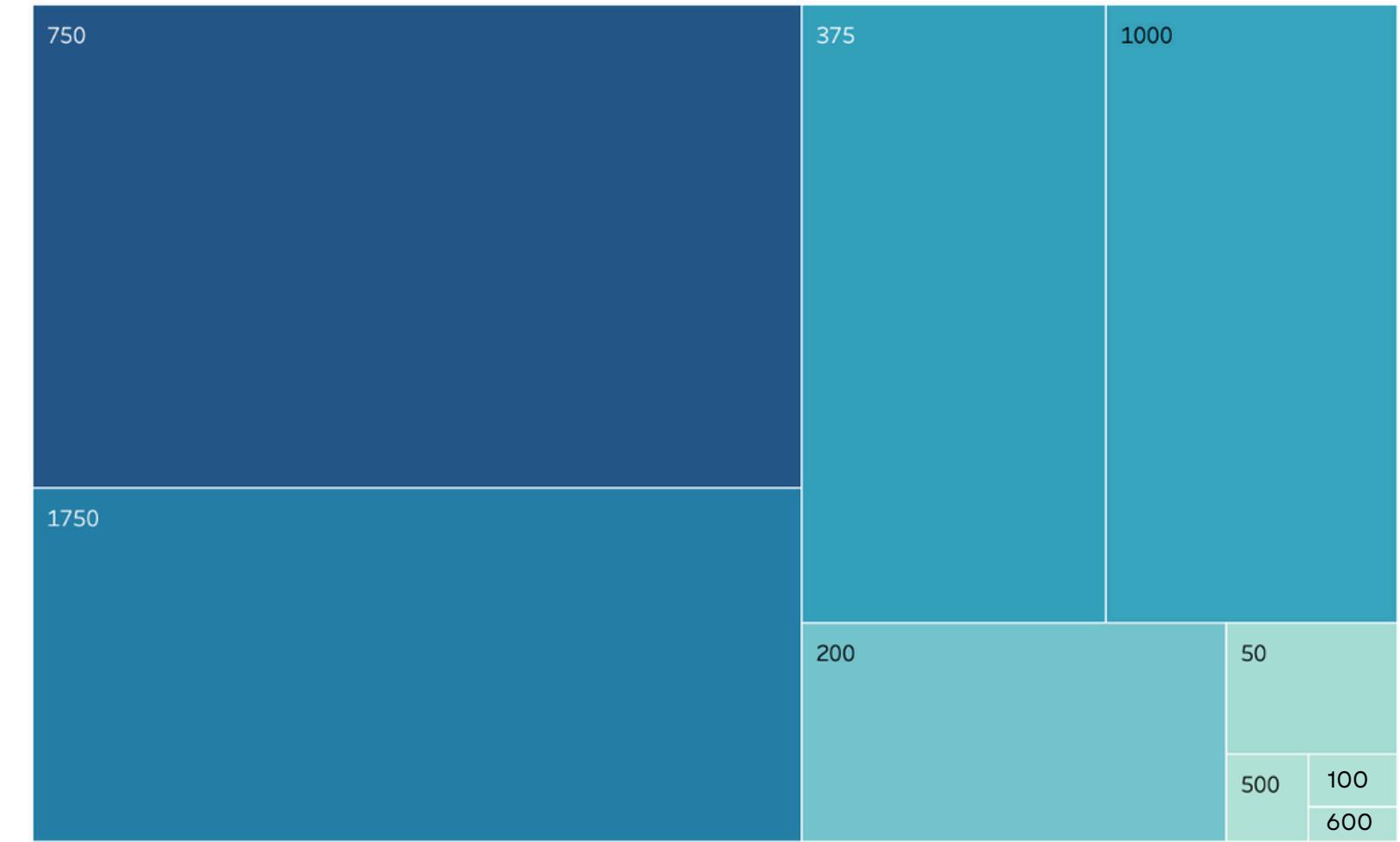
Vodka Trend Analysis

Vodka Sales all Dates per Store Location



Vodka is especially popular in large cities in Iowa, where the **population size strongly correlates with the volume of vodka sold**, primarily due to the high concentration of residents.

Most Popular Bottle Sizes



Bottles of **750ml are the most sold bottle size**, followed closely by bottles of 1750 ml. The pandemic has not affected this trend.

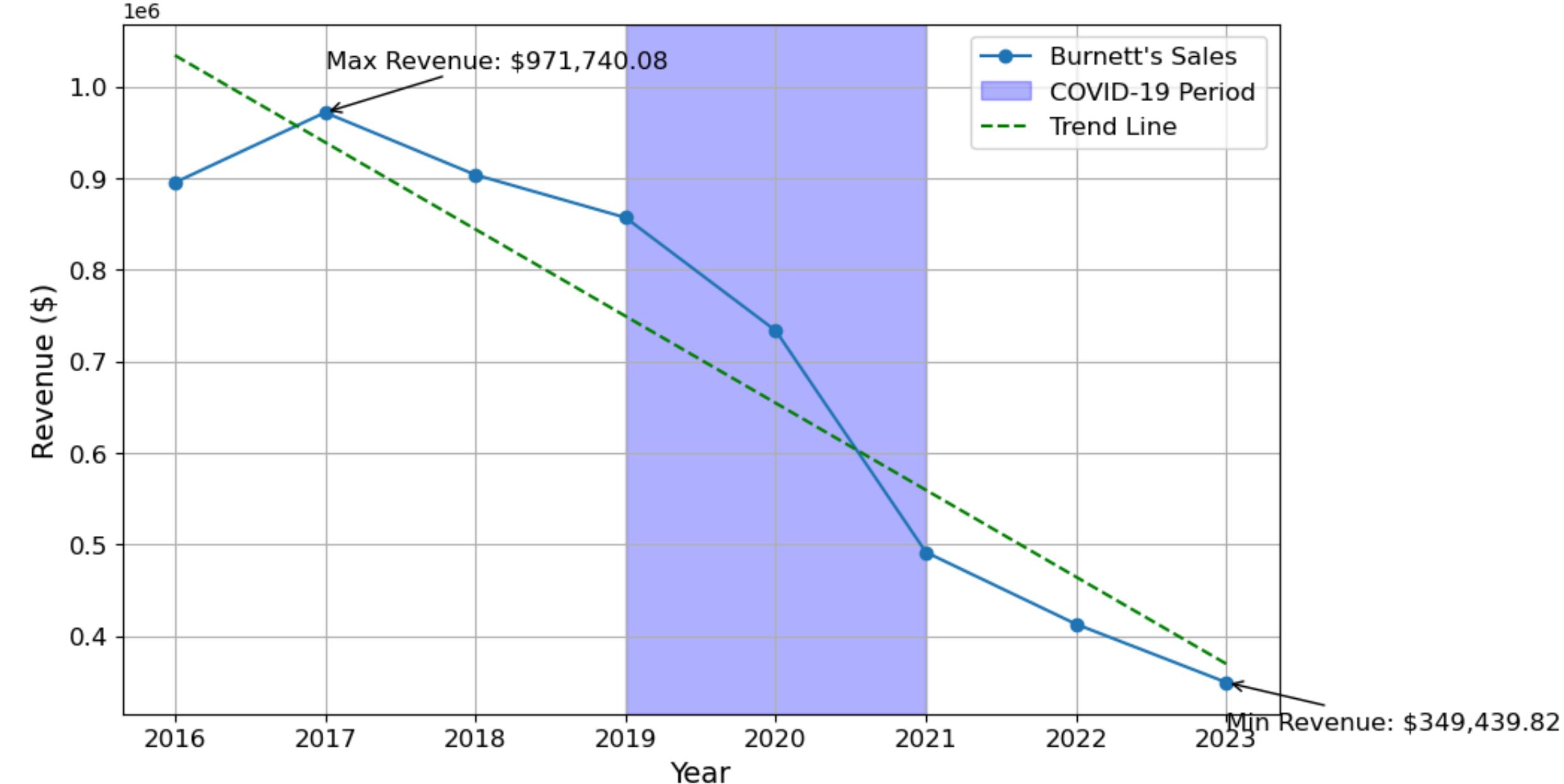
03

Burnett's Vodka Market

Burnett's Market Overview: Sales and Revenue Trends

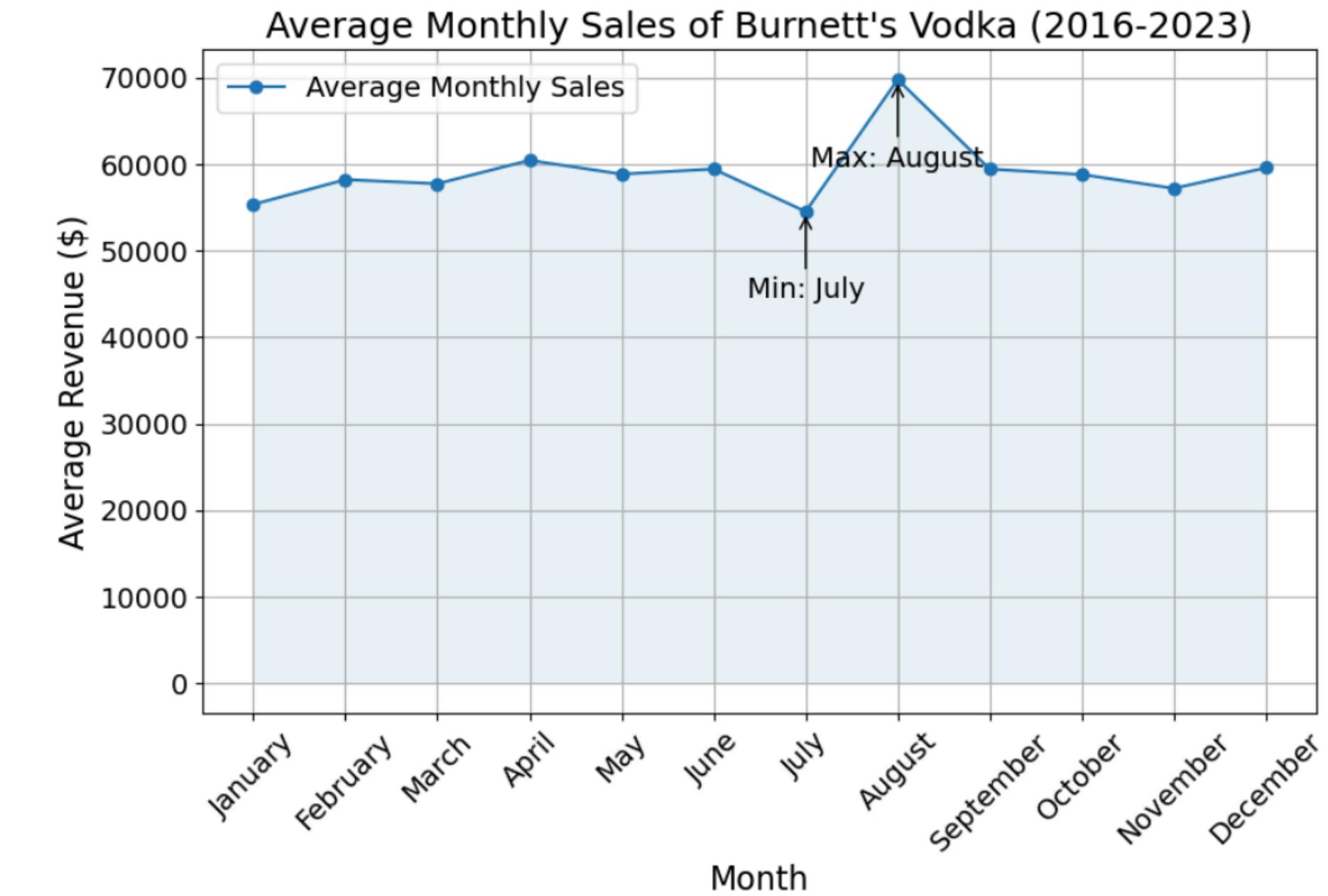
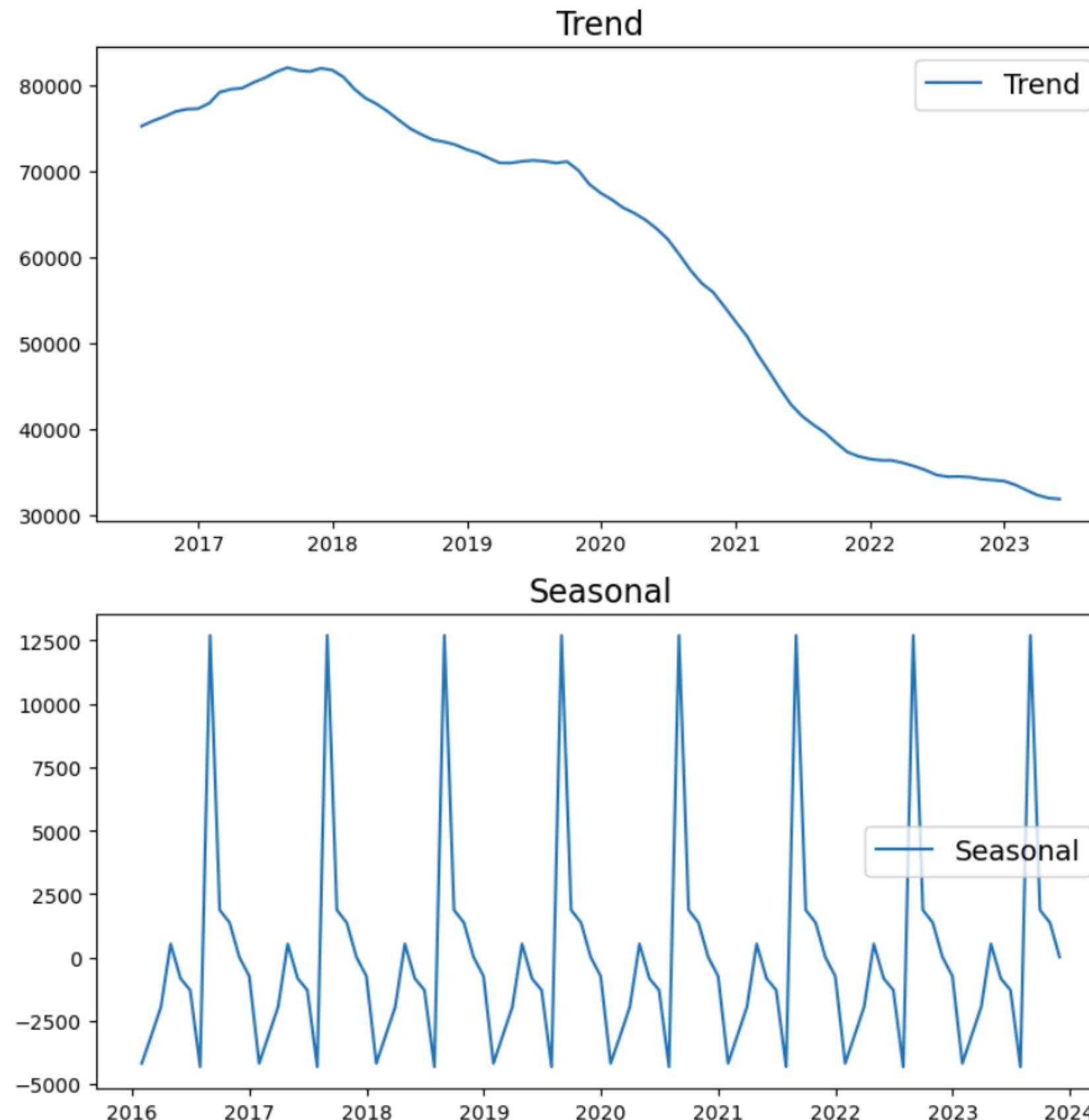
Burnett's Performance	
Total Sales (2016-2023)	\$5.6M
Average Annual Sales	\$702K
Maximum Annual Sales (2017)	\$972K
Minimum Annual Sales (2023)	\$349K

Burnett's Sales Performance (2016-2023) with Max/Min Revenue and COVID-19 Impact



Downward revenue trend over the years 2017-2023

Burnett's Seasonal Sales Patterns



- Clear monthly seasonal pattern
- Maximum Average sales in August
- Minimal Average sales in July

Burnett's Product Performance: Flavored VS Plain Vodka

Total number of flavors: 54

	Flavored Vodka	Plain Vodka
Revenue (2016-2023)	\$2.6M	\$3.0M
Average Unitary Price	\$6.71	\$9.92
Bottles Sold (% total)	384K (53.80%)	330K (46.20%)
Liters sold	361K	287K
Total Profit (2016-2023)	\$862K	\$1.0M

Total Sales (2016-2023)

Best-selling

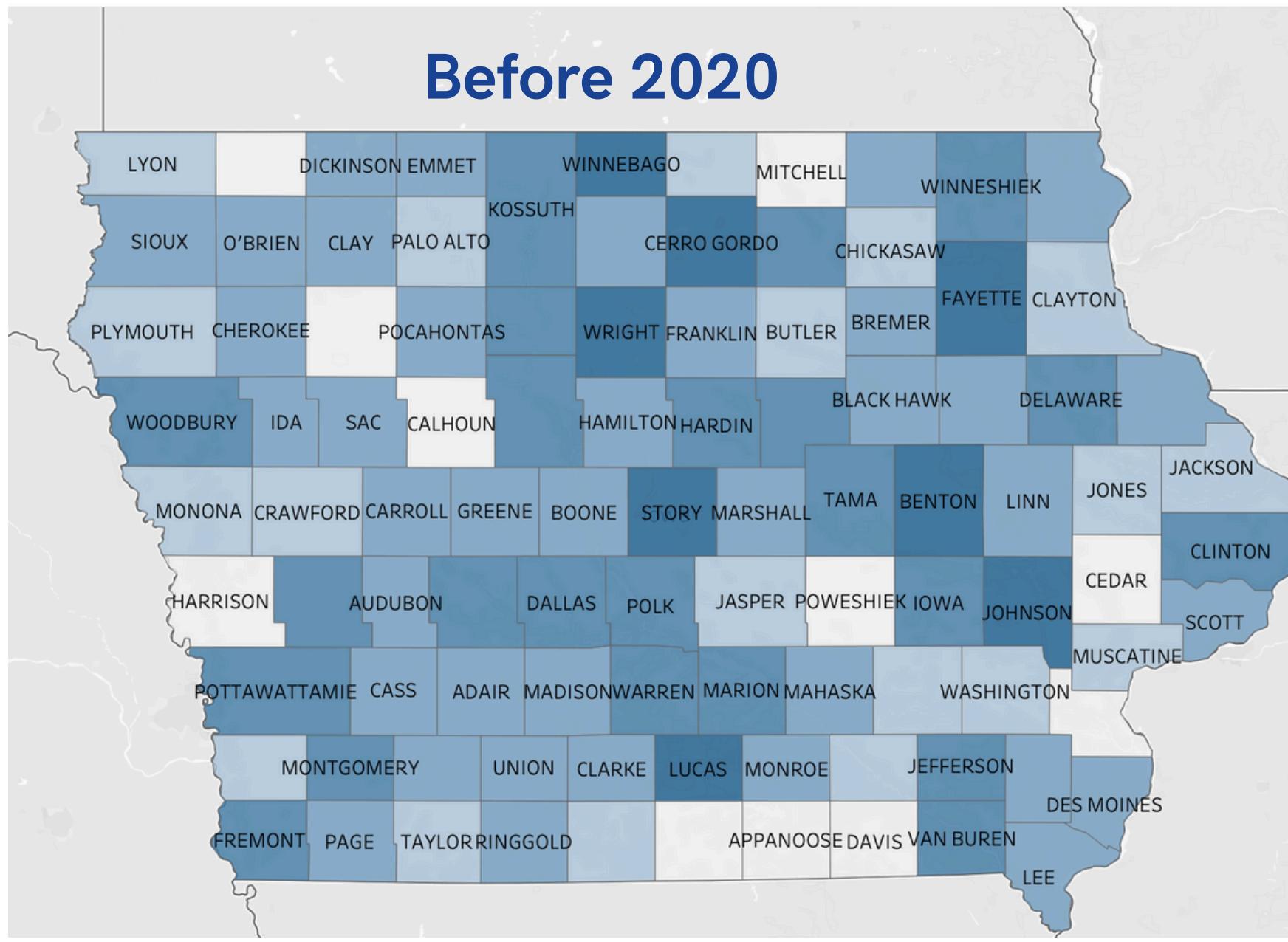


Worst-selling

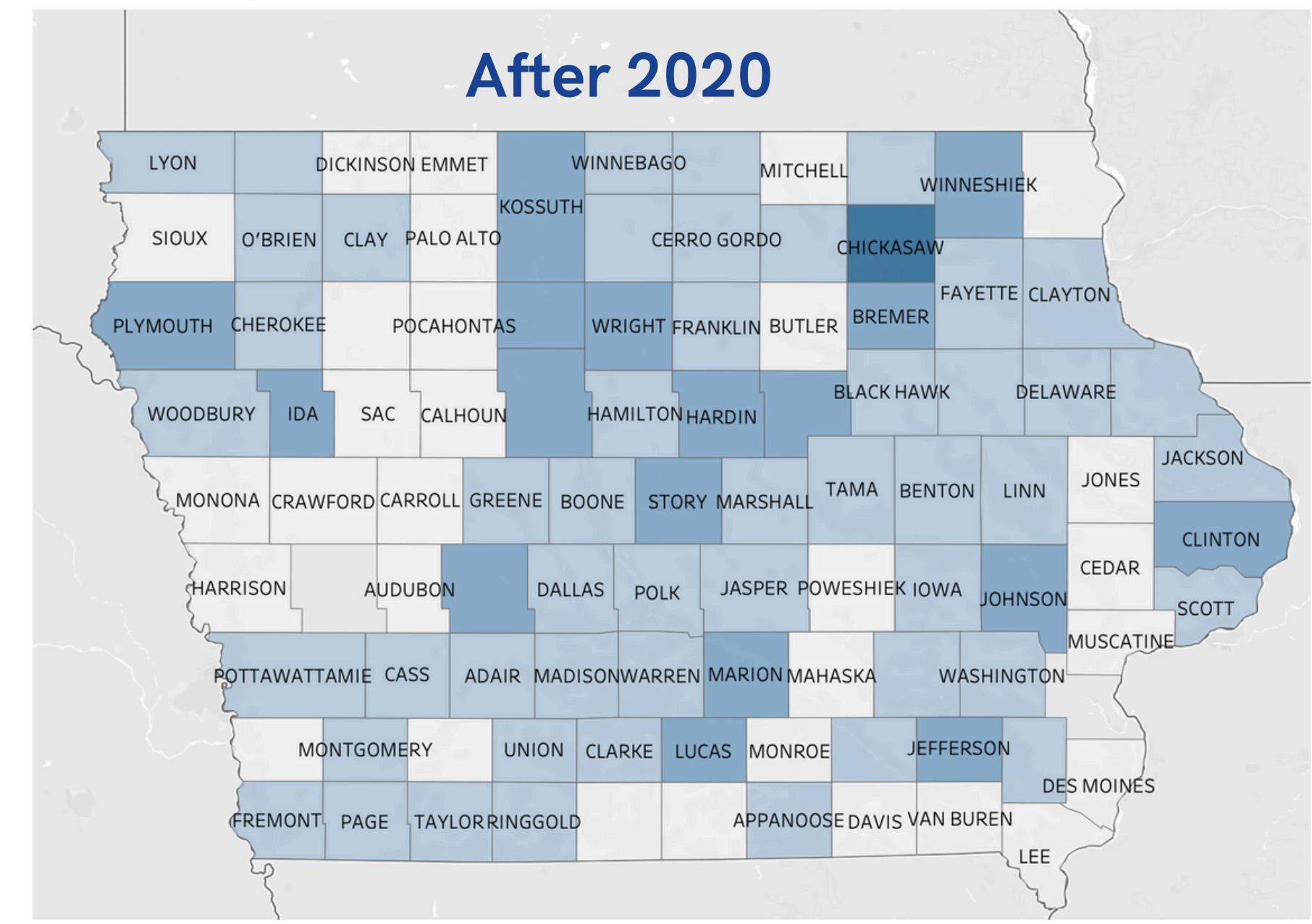


Burnett's Post-Pandemic Performance: Average Volume sold

Pre-Covid Map of Iowa



Post-Covid Map of Iowa



Clear decrease in Burnett's average Volumes sold
after the pandemic across the State

Burnett's Yearly Performance Comparison: Best VS Worst Year

	Best Year 2017	Worst Year 2023
Revenue (\$)	972K	349K
Bottles Sold	124K	44K
Volume Sold (Liters)	111K	42K
County with Most Sales	Polk	Polk
County with Least Sales	Fremont	Decatur
Store number with most sales (names)	3926, 'LIQUOR DOWNTOWN / IOWA CITY in JOHNSON county	2501, 'HY-VEE #2 (1018) / AMES in STORY county
Number of unique stores selling Burnett's	663	439

Burnett's Vodka Market Conclusions

- Downward revenue trend over the years 2017-2023
- Clear monthly seasonal pattern
- Maximum Average sales in August
- Minimal Average sales in July

- Plain vodka contributed more to the revenue between the years 2016-2023 given that the unitary price of plain vodka was higher than the flavored. But flavored vodka sold more bottles.
- Best selling flavor: Raspberry
- Worst selling flavor: Pink Lemonade

- Clear decrease in Burnett's Revenue after the pandemic across the State
- POLK is the county with most sales in the best and worst year
- 62% decrease in Volume sold from 2017 to 2023.
- Decrease in the Number of stores selling Burnett's from 2017 to 2023

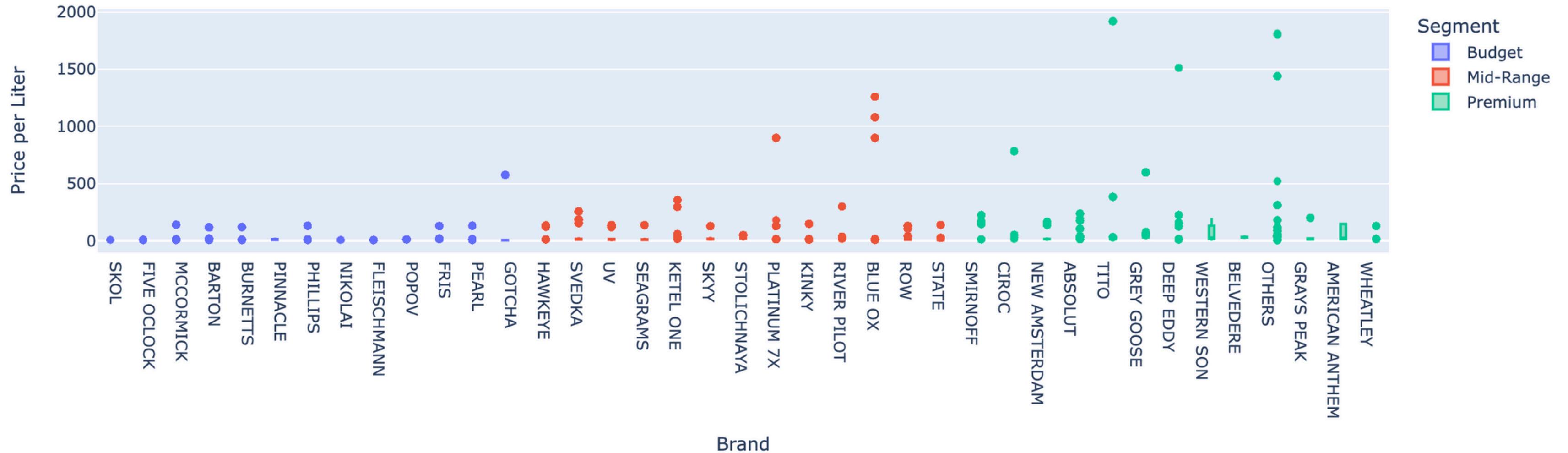
04

Competitor Analysis

Market Segmentation: Overall



Market Segmentation: Price per Liter Distribution



Premium

→ Targeting premium market focused on exclusivity & superior quality

Mid-Range

→ Consumers seeking quality at a reasonable price and better quality

Budget

→ Lower median prices with less variation, targeting budget-conscious consumers

Competitor Landscape: Leading Market Players

Stronger demand for American Vodka over American Flavored Vodka

American Vodka Market



American Flavoured Vodka Market



Tito's : Highest American Vodka Market Share

40% of the American Vodka Market



Smirnoff: Highest American Flavored Market Share

28% of the American Flavored Vodka Market



UV : Highest American Vodka Growth Rate

10% of Growth Rate in the Market



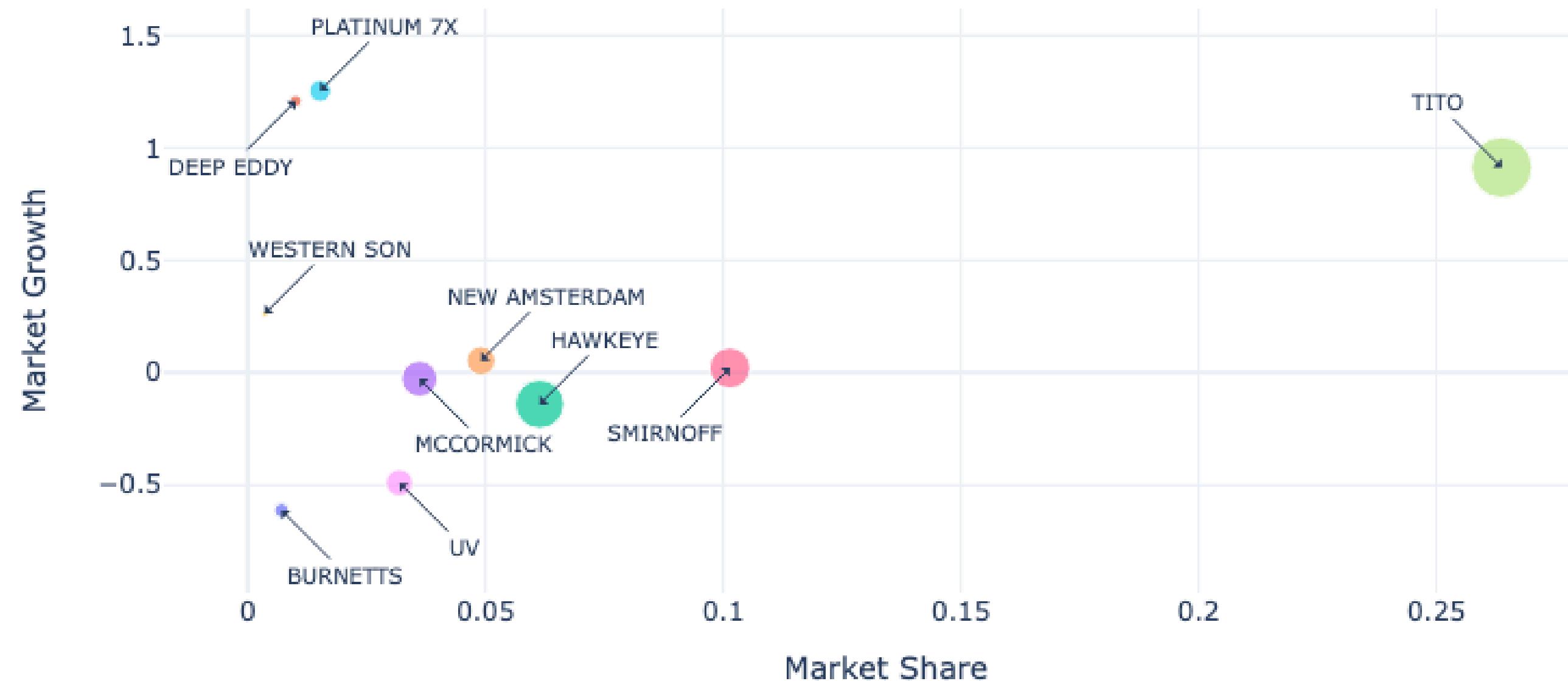
North 40: Highest American Flavored Market Growth

26% of Growth Rate in the Flavored Vodka Market

Competitor Landscape: Who Exactly is Our Direct Competitor?

UV, Hawkeye, Mccormick, New Amsterdam, Smirnoff, Deep Eddy, Western Son, Platinum 7X

Brands were selected because they either **share substantial market segments** with BURNETTS or have **similar revenue dynamics**, making them the primary competitors in the vodka market.



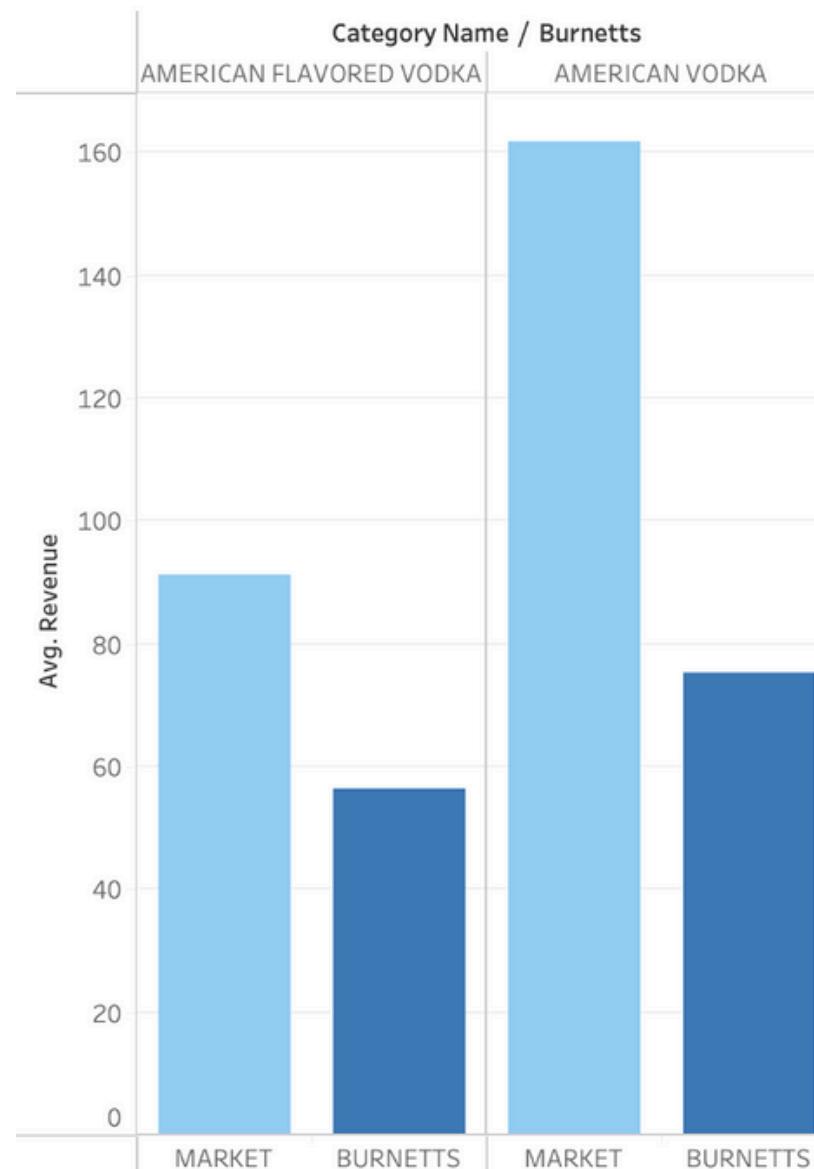
05

Financial Review

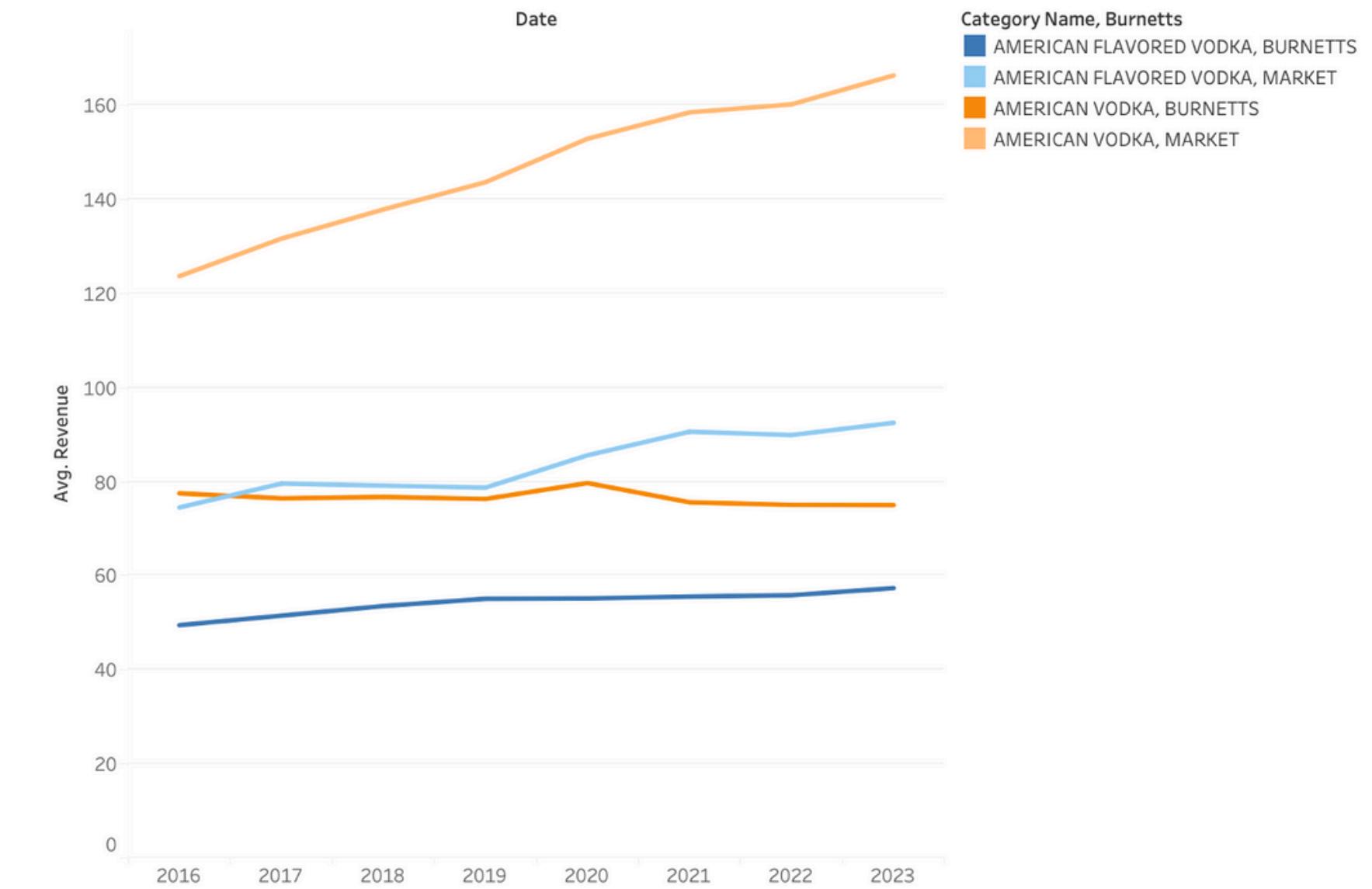
Financial Review: Revenue Comparison

Since 2021, Burnett's average revenue (per day) has **consistently been lower than the market average** over the same period.

Average Revenue Market vs Burnetts Since 2021



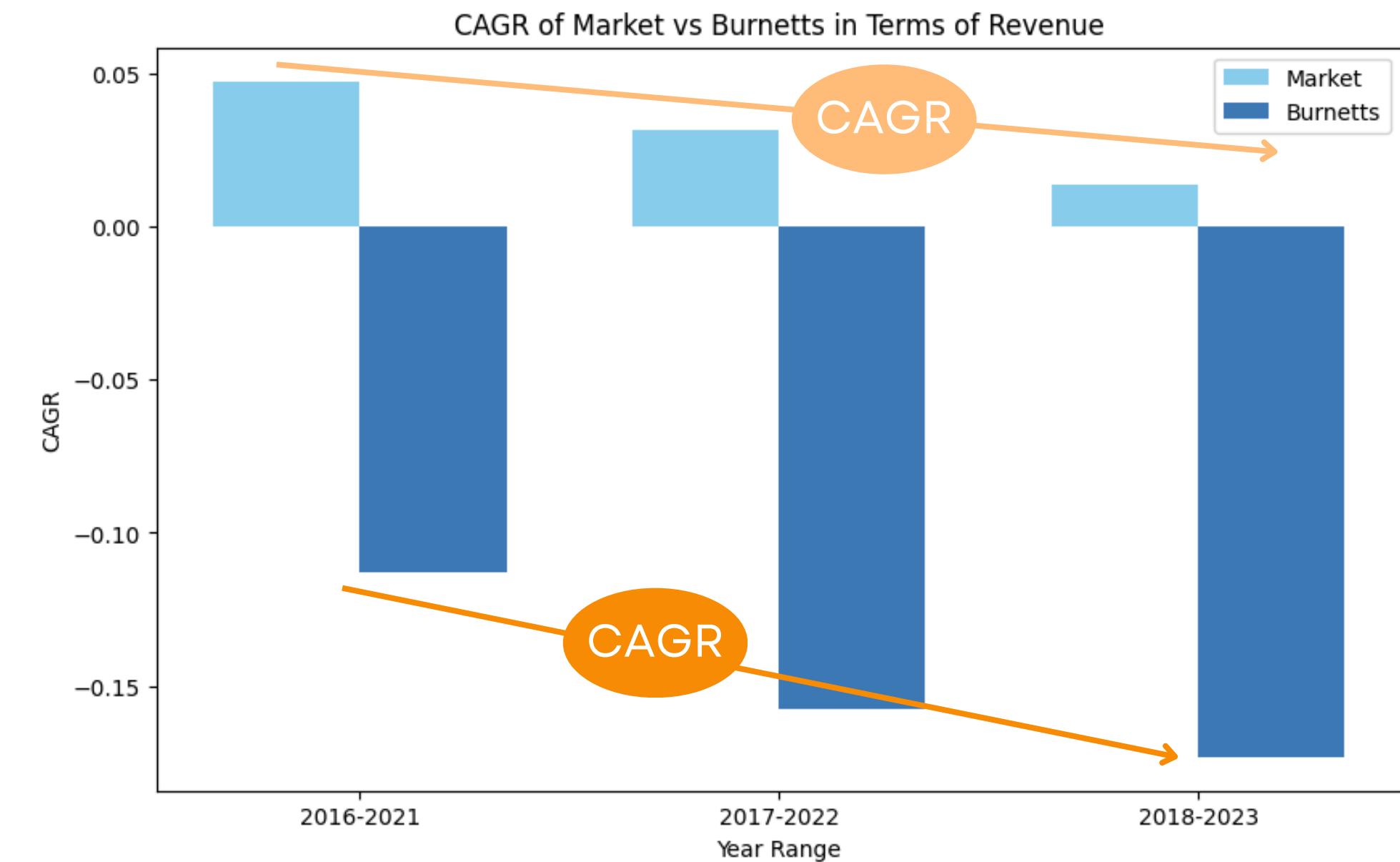
Average Revenue Market vs Burnetts Since 2021



Since 2021, **American vodka has shown the highest revenue growth** in the market overall. Although this type of vodka constitutes the largest share of Burnett's revenue, its **sales have been trending downward**.

Financial Review: Revenue Comparison

Year Range	CAGR Market	CAGR Burnetts
2016-2021	4.74%	-11.30%
2017-2022	3.16%	-15.73%
2018-2023	1.38%	-17.31%

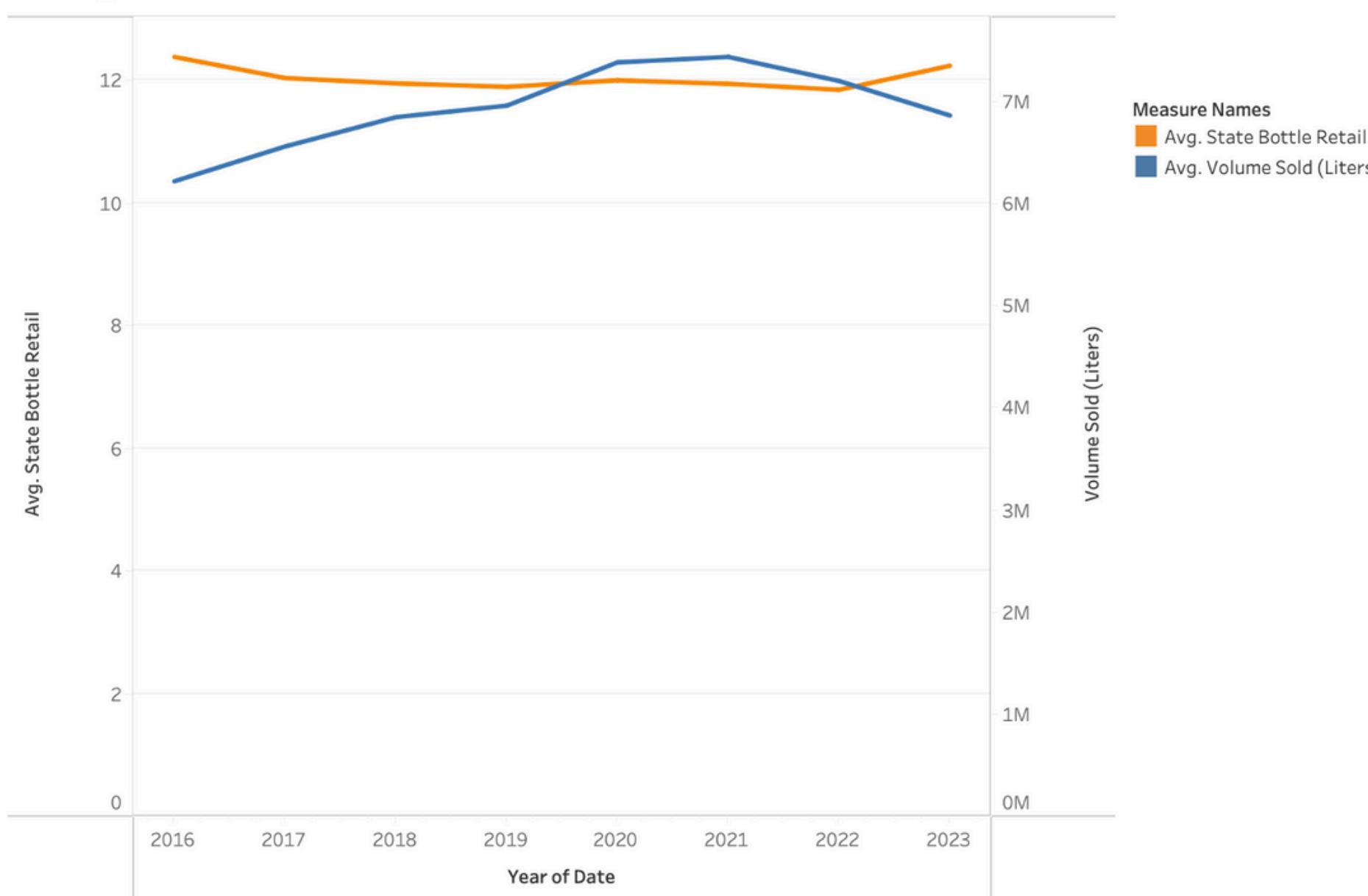


The CAGR for Burnett's revenue shows a **significantly steeper decline compared to the market's** overall CAGR in all the analysed periods.

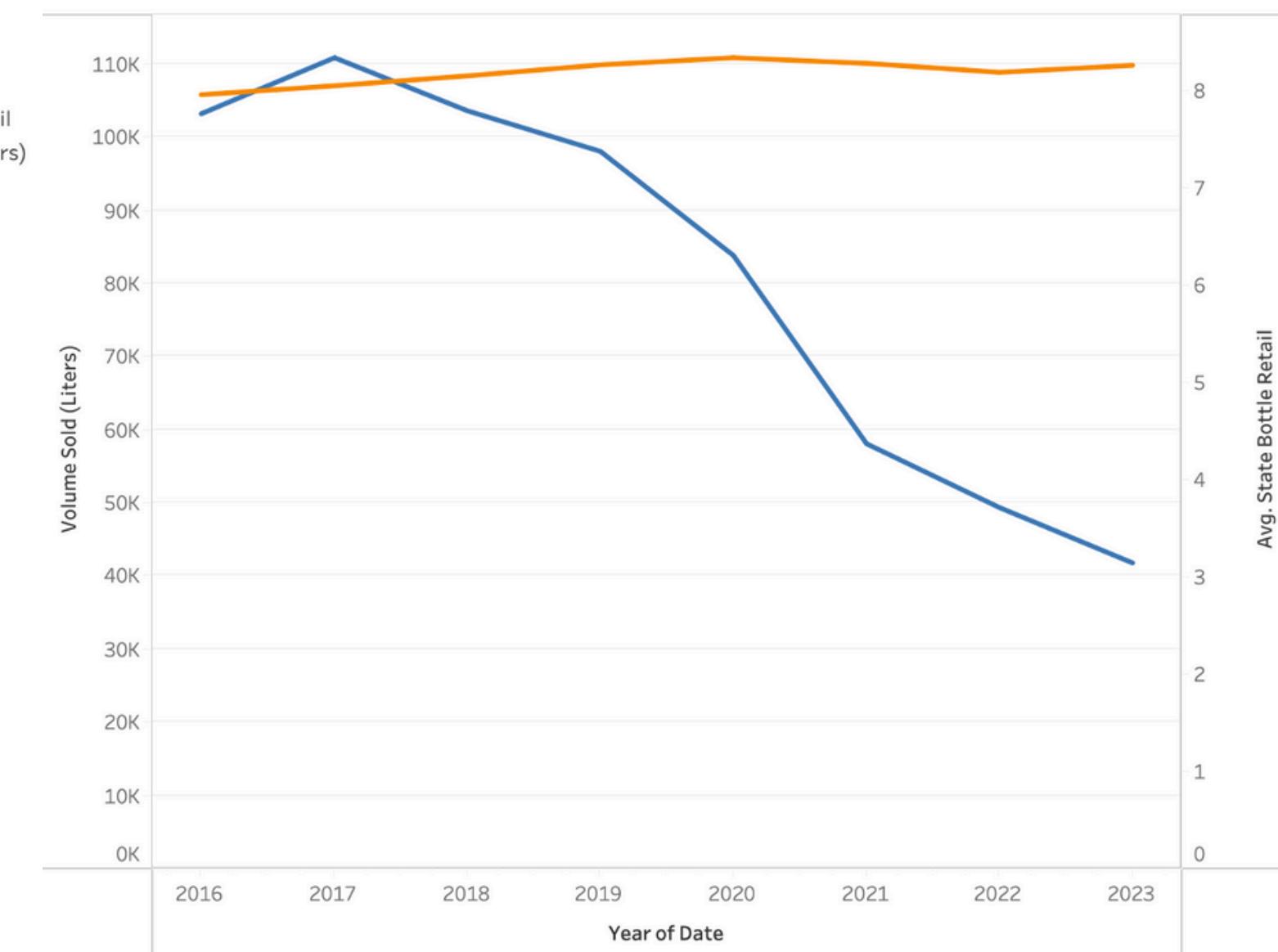
The **market's CAGR has remained relatively stable** with only a slight decline, while Burnett's has experienced a sharp and consistent revenue decrease. This suggests the **broader market is recovering or maintaining post-COVID-19**, but **Burnett's is struggling significantly**.

Financial Review: Price and Volume Analysis (I)

Average State Bottle Retail vs Volume Sold Market



Average State Bottle Retail vs Volume Sold Burnetts

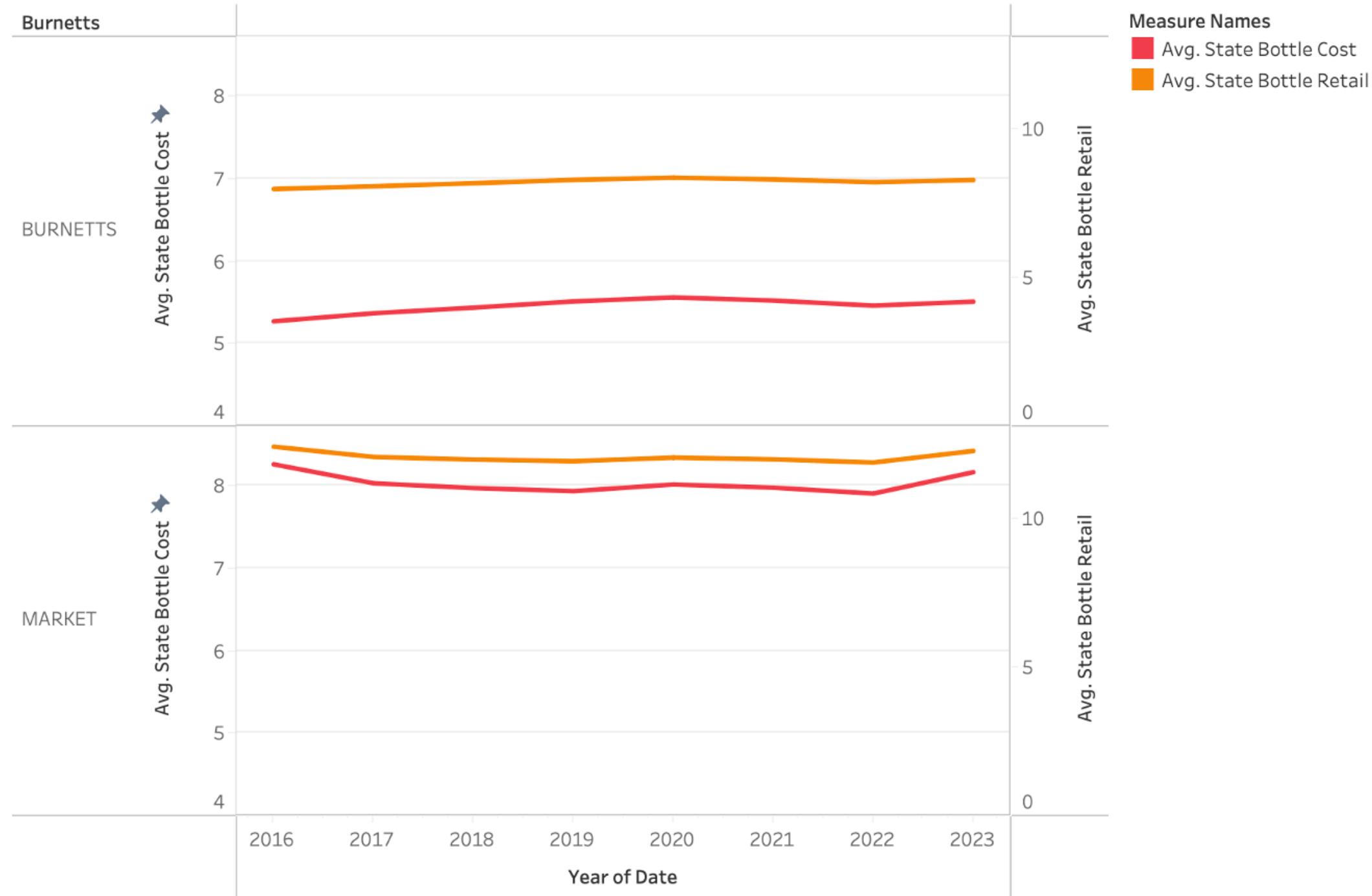


The market shows **no significant price sensitivity**. Even during the pandemic prices remained **stable overall**. However, demand has been decreasing slightly since the pandemic, whilst retail prices have increased slightly.

Annual sales volumes have decreased significantly, especially during the pandemic, whilst retail prices have remained stable. However, this trend shows that the issue likely lies beyond **price sensitivity**.

Financial Review: Price and Volume Analysis (II)

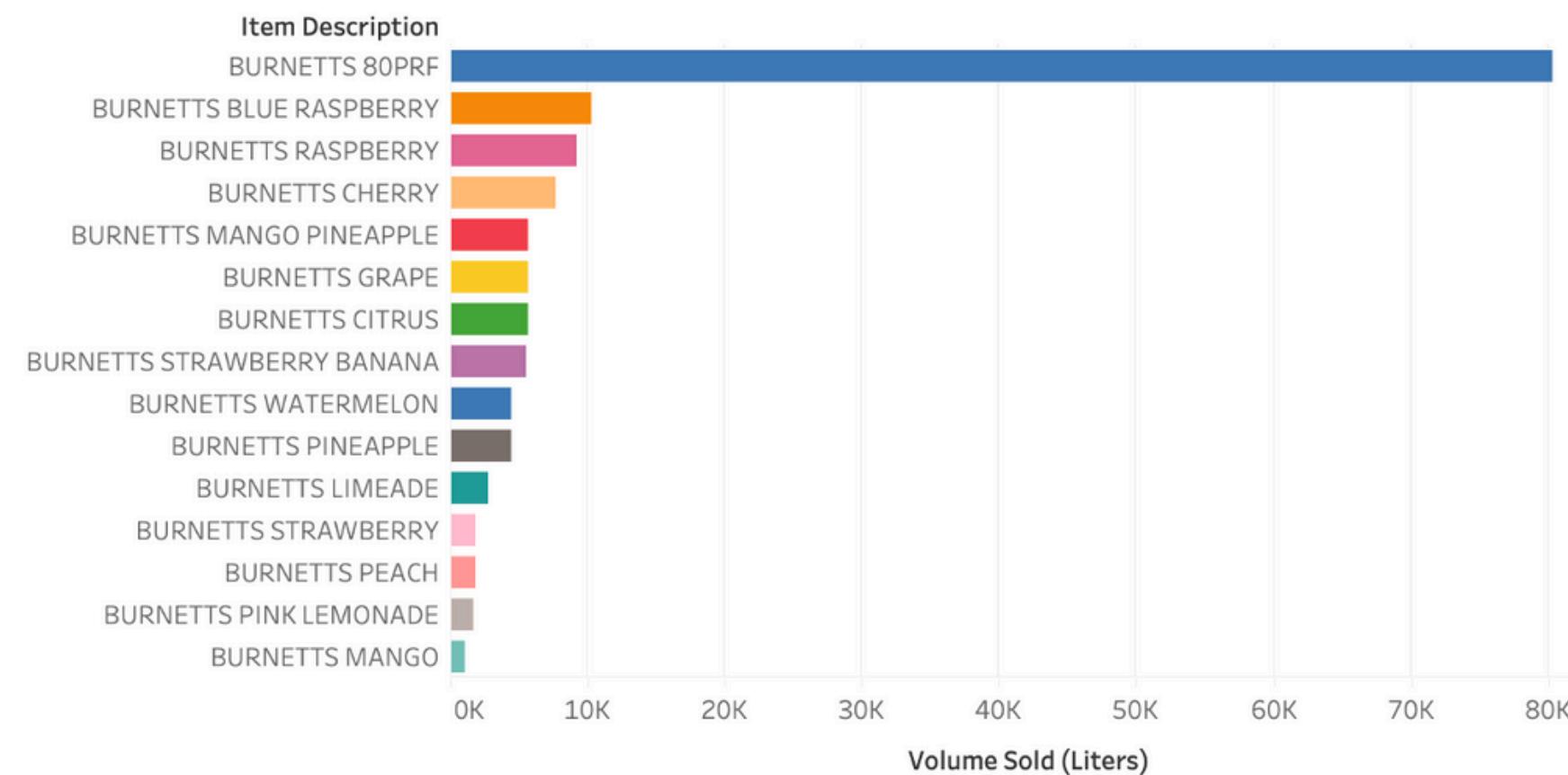
Average State Bottle Cost vs Retail - Burnetts vs Market



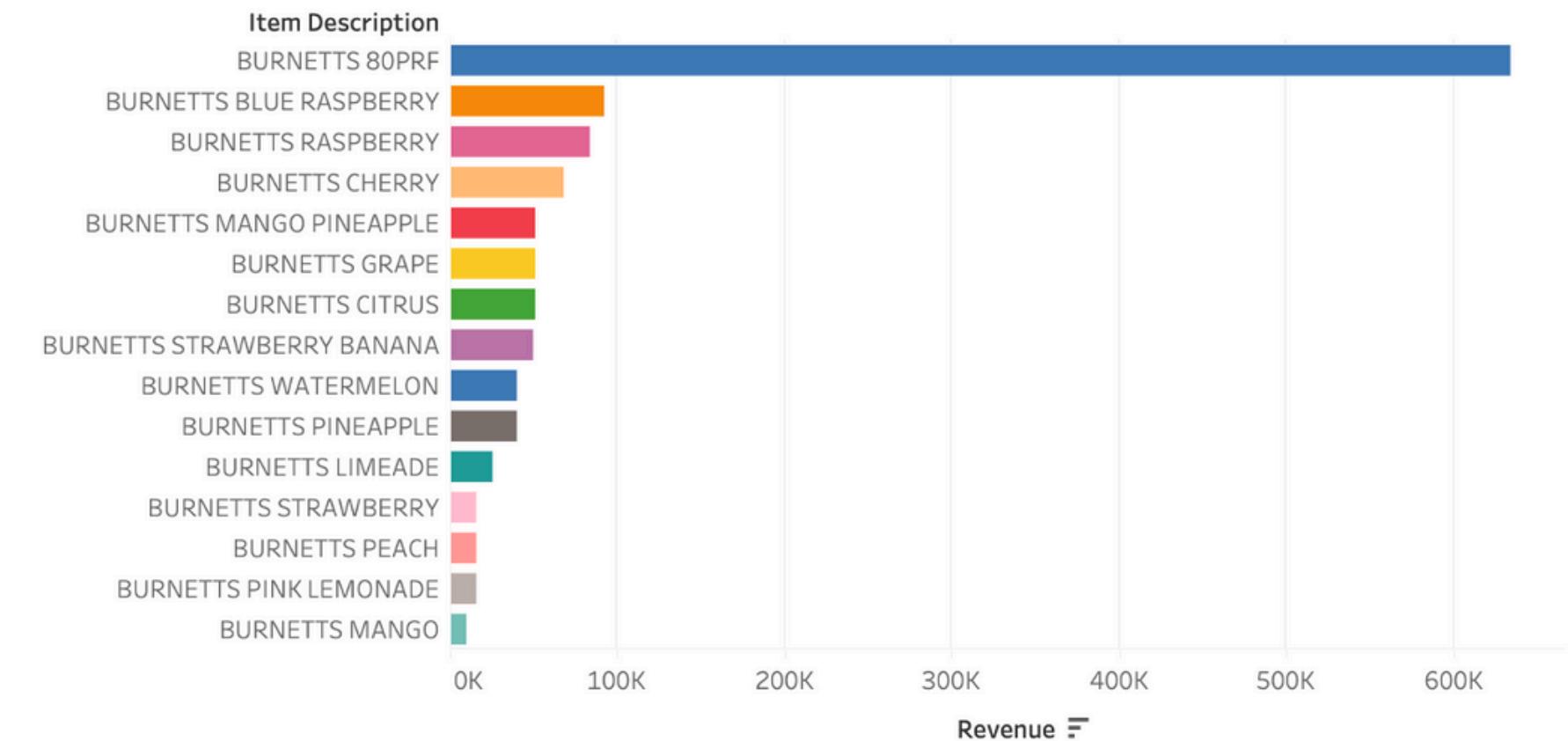
The state bottle cost has remained relatively constant for both the market and Burnett's, but the trends indicate that changes in bottle retail prices are largely driven by bottle costs.

Product Evaluation: Consumer Preferences

Top Selling Flavours Per Year Burnett's (Volume) 2021-2023



Top Selling Flavours Per Year Burnett's (Revenue) 2021-2023



Vodka 80 Proof is by far the most popular vodka type sold by our brand. It is the leading category both in terms of volume sold as well as in terms of revenue from 2021 until 2023.

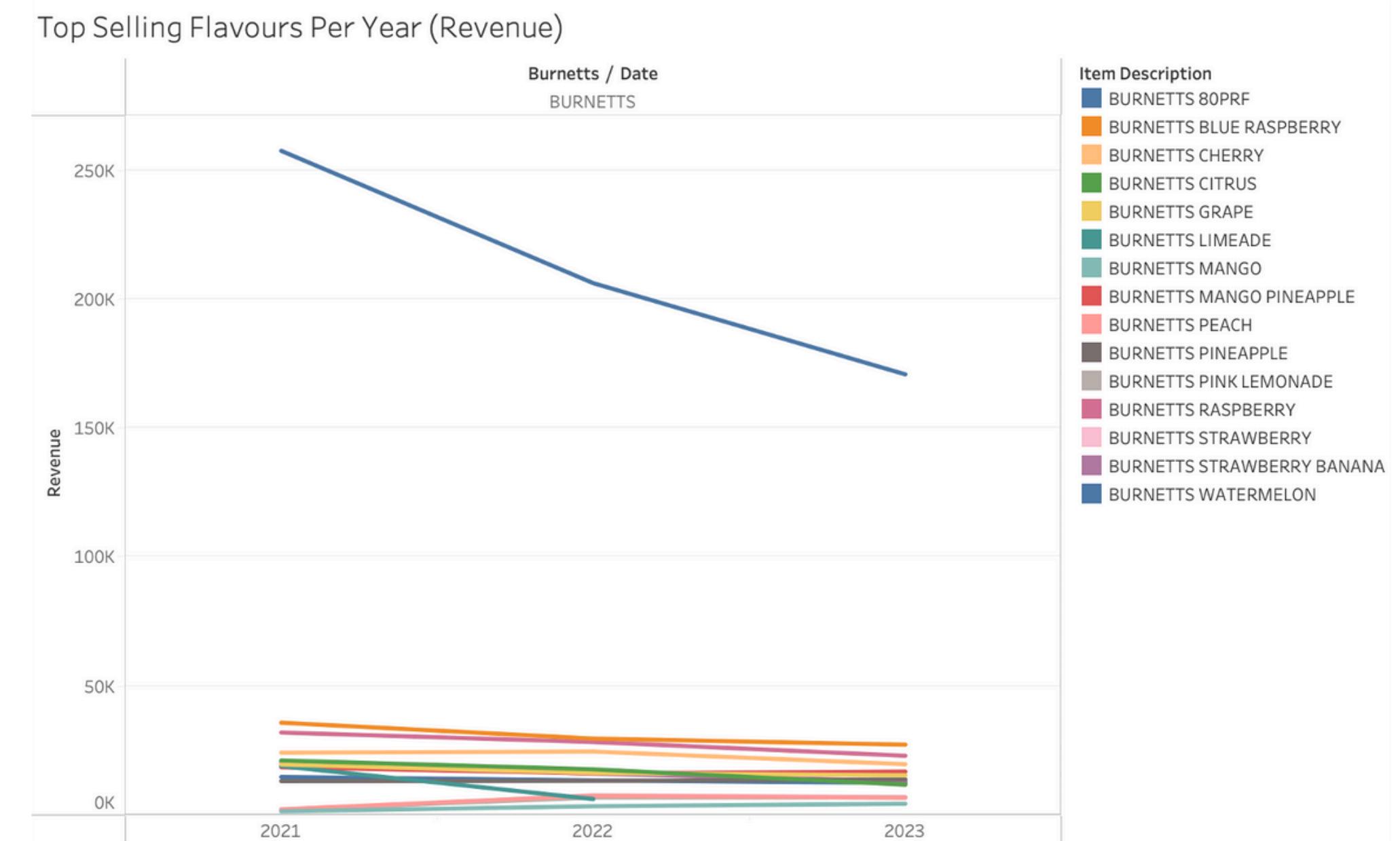
Product Evaluation: Consumer Preferences

80 Proof
10.20\$/bottle

Flavoured
6.75\$/bottle

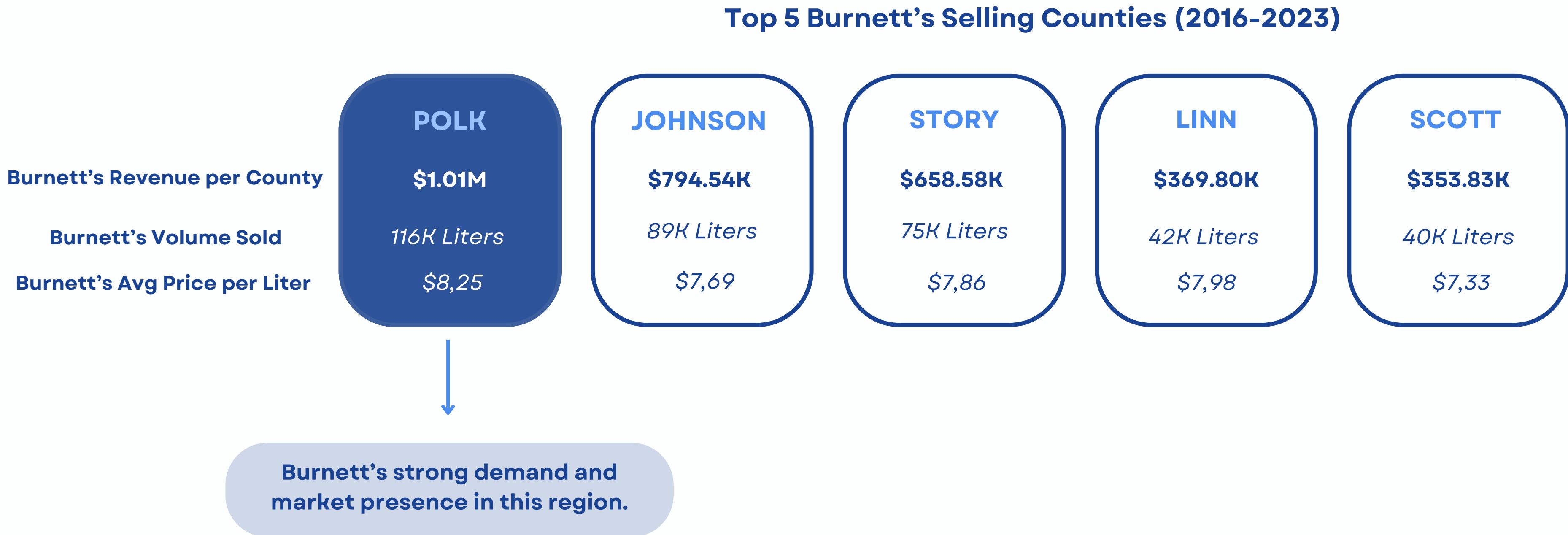
Preferences are not influenced by retail prices, as Burnett's 80 proof vodka, the most expensive variety, remains popular despite lower, identical prices for other types.

However, the decrease in popularity in vodka 80 Proof is likely the **main driver behind Burnett's decrease in sales**.



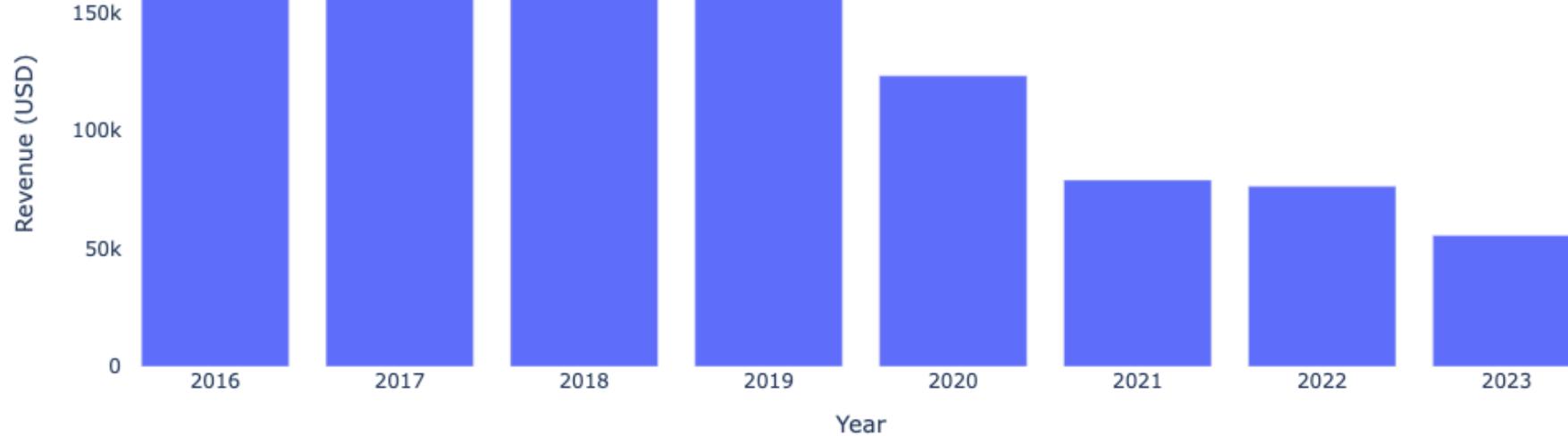
Customer preferences remained stable from 2021-2023, with a notable decrease in Burnett's vodka consumption.

Geographic Breakdown: Top Selling Regions

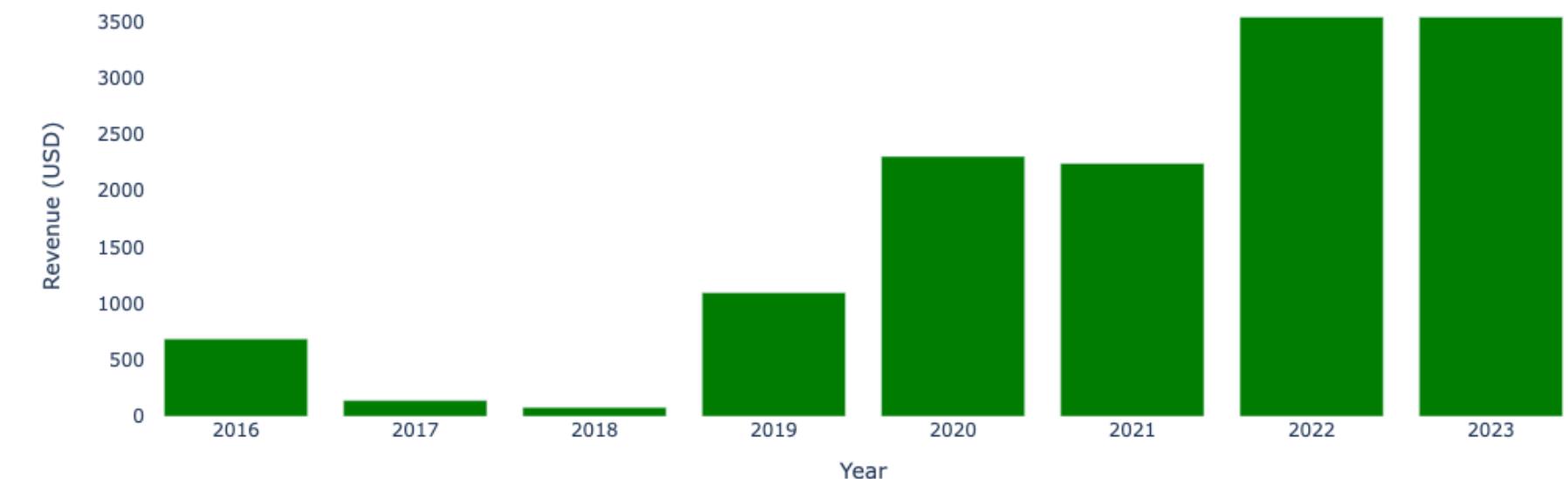


Geographic Breakdown: Top Selling Regions

Yearly Revenue for Burnett's Sales in Polk County



Yearly Revenue for Burnett's Sales in Chickasaw County



POLK

- Dominates in total sales revenue over the period.
- Recent years show a downward trend, indicating potential market saturation or increased competition.
- Remains a significant contributor to the overall revenue

CHICKASAW

- Rapid growth, particularly from 2020 onwards.
- Continued revenue growth post-pandemic, indicating a strong and growing market presence for Burnett's.

Geographic Breakdown: Stores and Sales Analysis

Number of Stores Selling Burnett

2017

663 STORES

2023

439 STORES

The number of stores selling Burnett's has **decreased significantly by 33,79%**.

Top 5 Stores Selling Burnett Vodka by Revenue



Top 5 Stores Selling Burnett Vodka by Bottles Sold

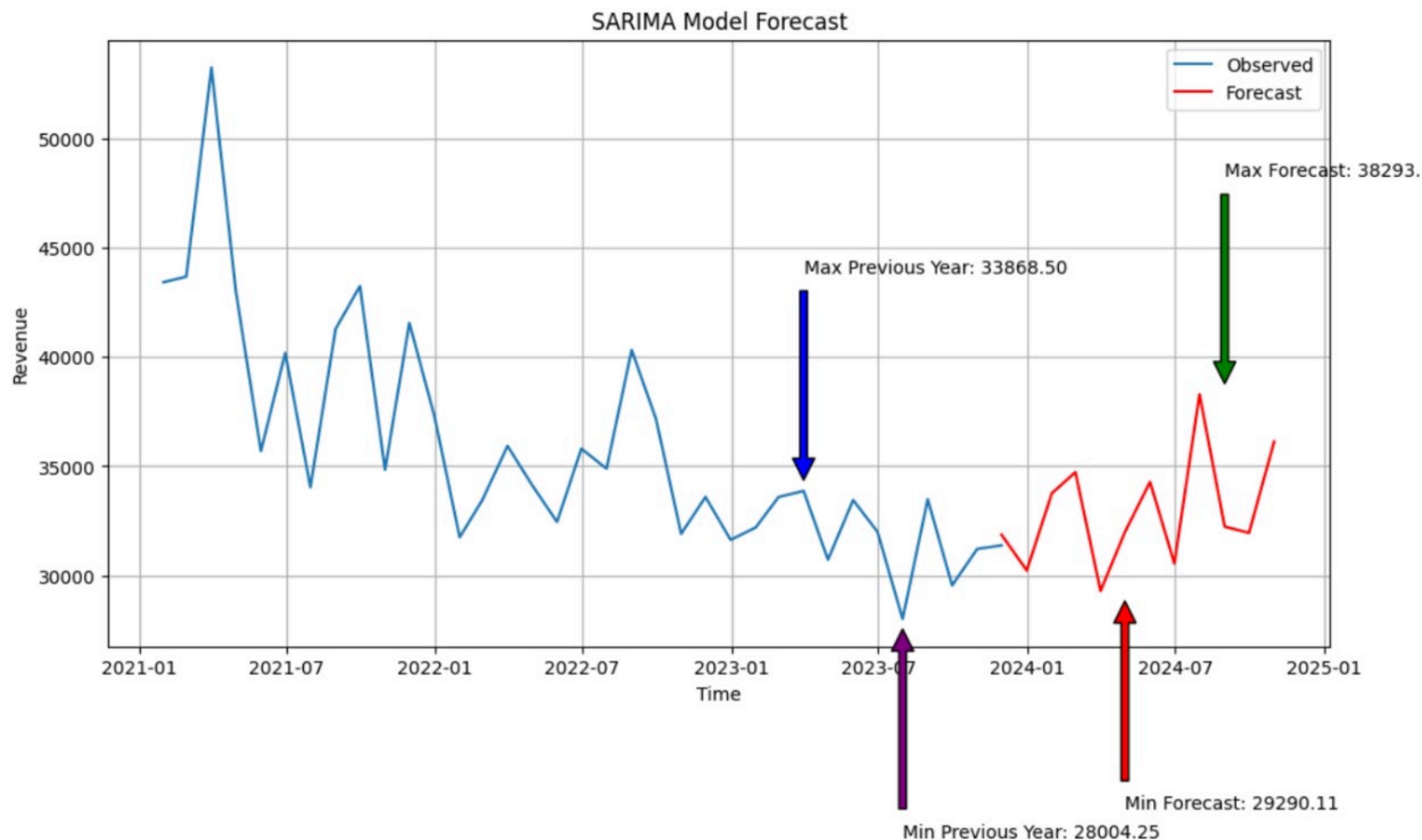


- **Store 2501** leads in both revenue and bottles sold.
- **Store 2500** sells fewer bottles but generates higher revenue due to selling more expensive Burnett's 80 Proof.

06

Burnett's Revenue Forecast

Forecasting Burnett's Revenue for 2024 Post covid: SARIMA



- The forecasted maximum revenue for 2024 is higher than the maximum revenue observed in 2023
- The forecasted minimum revenue for 2024 is slightly higher than the minimum revenue observed in 2023
- The forecast suggests an overall improvement in revenue for Burnett's vodka in 2024 compared to 2023.
- This indicates potential growth, possibly due to post-COVID recovery or effective promotional strategies.

07

Conclusion and Recommendations

Conclusion

- Since alcohol consumption has been stable over the years and **significantly increased** during Covid-19, we need to find a solution for our product Burnett.
- American vodka sales remain stable, but Burnett's revenue has significantly declined, indicating a need for strategic adjustments.

Recommendations: Burnett's Vodka Market

Seasonal Behavior

- Maximum Sales in August
- Minimal Sales in July

Geographic Focus

- Target Polk County
(most sales in best and worst years)
- Chickasaw County growing.
- Expand to Underperforming Regions: Decatur

Plain vs. Flavored Vodka

- Plain Vodka's has a Premium Positioning
- Flavored Vodka's Popularity and growing

Flavor-Specific Strategies

- Best-Selling Flavors: Raspberry
- Poor Performers: Blackberry

Consistent Preferences:

- 750ml bottles are the top sellers, with stable demand for popular flavors even during the pandemic
- Top Revenue Stores: Store 2501.

Thank you