

FROG'S LEAP



QUALITY

LOYALTY

EXPERIENCE

EDGE

GREEN



OUTLINE



Frog's Leaf Approach



Sustainability Initiative



Global Wine Trends



New Markets



Financial Analysis

FROG'S LEAP APPROACH



SOCIAL

“The true terroir of Frog’s Leap isn’t just the Rutherford Dust, but is the people and the belief of the winery behind.”

ENVIRONMENTAL

“Our winery has changed the dialogue about healthy growing of grapes, conservation of soil, and natural resources.”

ECONOMIC

“Organic farming results in higher quality and lower costs.”



SUSTAINABILITY INITIATIVE

“We’re not 100 percent there. We’re not even close.”

- John Williams, founder & CEO of Frog’s Leap



Fuel Efficiency



Water Security



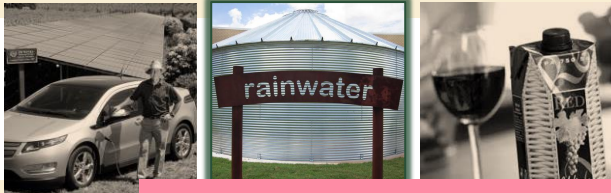
Outbound



FUEL EFFICIENCY

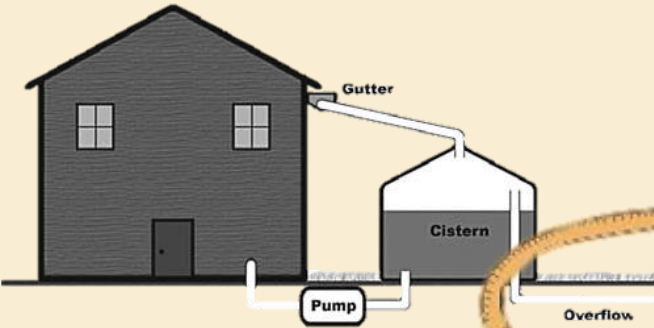
- BioDiesel and Electric Cars
 - B20 to B100 tractors
 - Plug electric cars into power supply
- Good for workers and vineyard
- Saves on traditional fuel for long-term





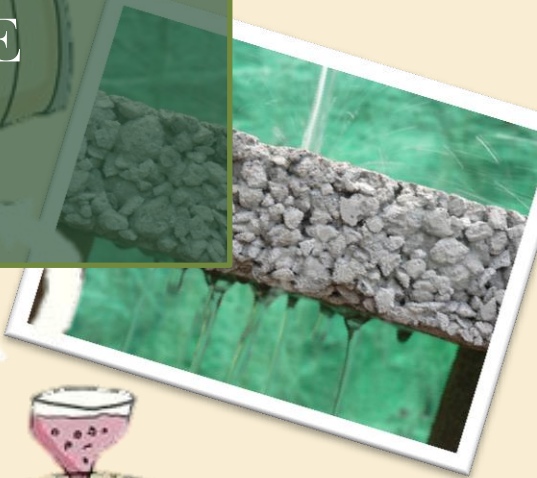
WATER SECURITY

Dry farming → Dry living



Continued partnership and rebates with P,G&E

- Permeable pavements
- Cistern
- Pipe efficiency



Improved usage of rainfall



Minimal Financial Impact





OUTBOUND LOGISTICS

Terroir

Inbound Logistics

Operations

- Revamp packaging and transportation program
- Consider more sustainable delivery
- Diversify to world markets

Marketing

- Tetra Prisma Packages
- Cut costs up to 90%
 - 6% packaging = 90% less waste
 - 5-10¢ per package vs. \$2.25-\$3/ bottle
- Wide adoption in world markets



FROG'S LEAP

GLOBAL WINE TRENDS

Canada

1.9% Growth
519 M Bottles
14.6% Wine Growth

Sweden

1.2% Growth
290 M Bottles
22.9% Growth

Russia

3.4% Growth
1.5 B Bottles
3.3% Wine Growth

Brazil

1.3% Growth
492 M Bottles
9.1% Wine Growth

Africa

Niger: 50.6%
Rwanda: 85.2%
Mali: 100.9%
Zambia: 104.4%
Ethiopia: 153.4%
Malawi: 282.1%
Zimbabwe: 953.4%

China

7.8% Growth
1.7 B Bottles
15.8% Wine Growth

CANADA



SWEDEN



1. Poor domestic wine production
2. Increasing trend in green and organic products
3. Alcohol retailers actively pursuing organic wines
4. Top 20 in per-capita wine consumption
5. Receptive to innovative wine packaging



CANADA



- 3% of Canadian wineries are organic
- New special labels for organic wines
- 16% organic industry growth each year



- US wine imports increased by 117% since 2003 – \$1.7 billion industry
- US exports 200 M liters of wine each year to Canada



CANADA MARKETING PLAN

Target Market

Age: 25-45
College Educated
\$75,000 - \$125,000

Psychographics

- 56% of wine consumers are women
- Make up 62% of wine sales
- Prefer red wine
- Spend an average of \$152 a month on wine
- 40% buy 5-10 bottles each month

Beachhead Market



“Top 5 greenest cities in the world, and the number 1 in Canada.” – Greenbuzz

“Passionate for organic and green products” - Greentopia



SWEDEN



Strengths

- Demand for organic product
- 16% organic industry growth each year
- 40% increase in organic wine sales in 2010
- Similar price for normal and organic wines
- 90% of domestic wine production
- 90% of retail wines are sold in Tetra Paks and boxes
- 24% increase of organic wine sales in-store
- Monopoly on retail alcohol sales



- “The percentage of organic product we sell will continue to increase.” – *System Bolaget mandate*
- Actively searching for organic wines
- Products taxed on alcohol content, not price

Weaknesses

- Transportation costs
- Global competition
- Local Taxes



SWEDEN MARKETING PLAN

Target Market

Age: 30-50
College Educated
\$75,000 - \$125,000

Psychographics

- Men drink more wine, women are increasing consumption
- Drinking age is 18 to drink, 20 to purchase
- Red and rose wines are most frequently purchased
- Spend between \$20 – 40 on bottles of wine

Beachhead Market



“Rich and varied greenery in parks, yards, along streets and in squares has a positive effect on the health of residents and visitors.”

“Sweden is a leader in green electricity solutions.”

MARKETING APPROACH

“He who tries to shine dims his own light.”



POSITIONING

- *“We need to position ourselves for the next 10-20 years to support our stakeholders.”*
- *“Frog’s Leaf could be the poster child for a new generation of Napa wineries: beautifully appointed, genteel, terrior-oriented, and dedicated to a green agenda.”*
- Frog’s Leap is “Deluxe Wine”





MARKETING PLAN

Vancouver, British Columbia

THE KEG
STEAKHOUSE & BAR

CACTUS CLUB CAFE



Malmö, Sweden

Strategic
Partnerships



FROG'S LEAP



MARKETING PLAN

Vancouver, British Columbia



**LIQUOR
DISTRIBUTION
BRANCH**



BC LIQUORSTORES

Retail Sales

Malmö, Sweden



FROG'S LEAP



MARKETING PLAN

Direct-to-Consumer Sales



Fellowship of
the Frog

- In-store wine tastings
- Grassroots social media campaign focused on the green and LOHAS community
- Encourage customers to join *Fellowship of the Frog* to increase direct sales



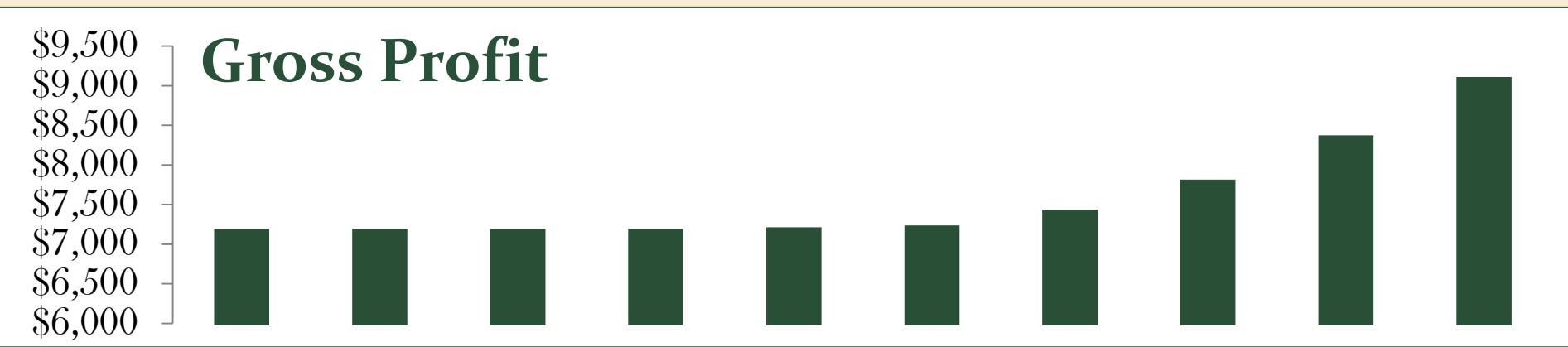
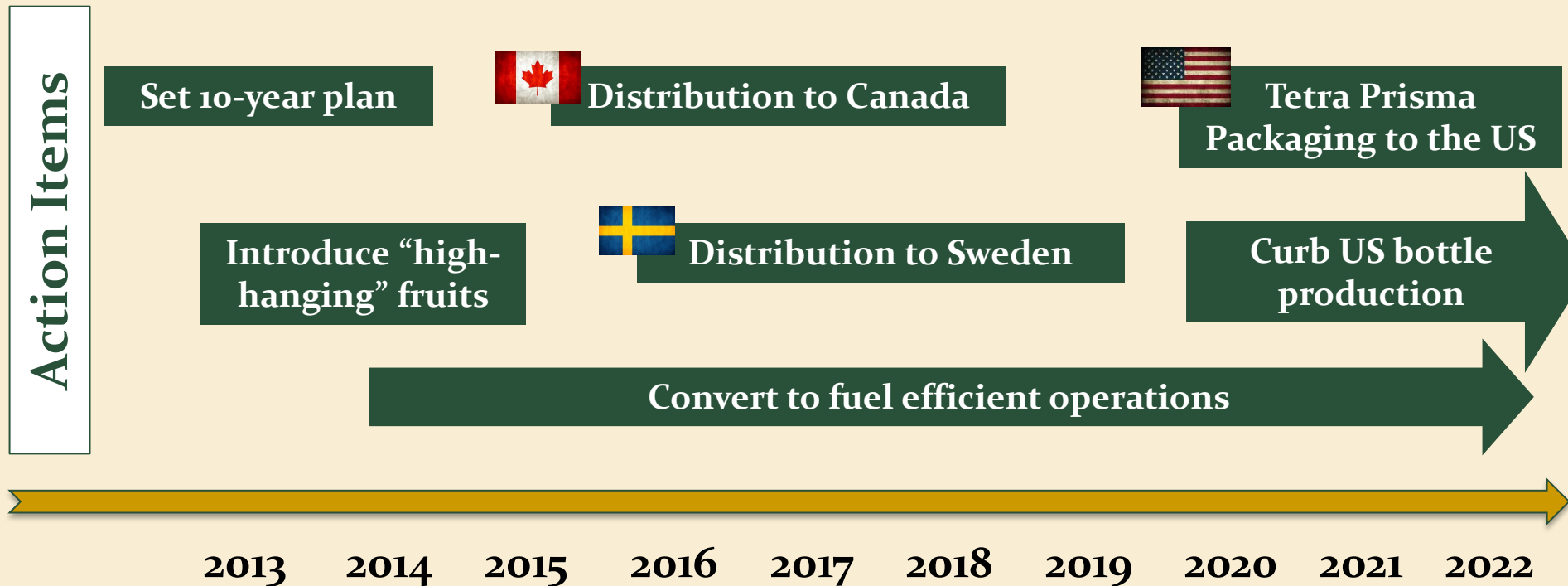
MARKETING PLAN

Five-Year Marketing Plan Budget Overview

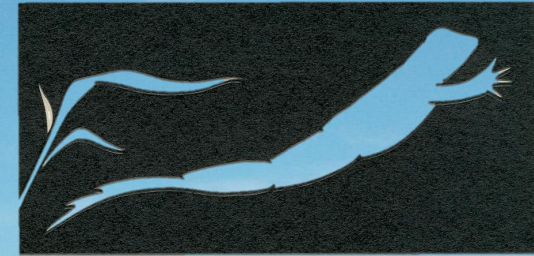
Category	Per Fiscal Year	5 -Year Total
Market and Legal Research	\$40,000.00	\$200,000.00
Personnel Total	\$35,000.00	\$175,000.00
Customer Outreach	\$25,000.00	\$125,000.00
Travel	\$35,000.00	\$175,000.00
Other	\$5,000.00	\$25,000.00
Total	\$140,000.00	\$700,000.00



COST SAVINGS TIMELINE



FROG'S LEAP



SUSTAINABILITY

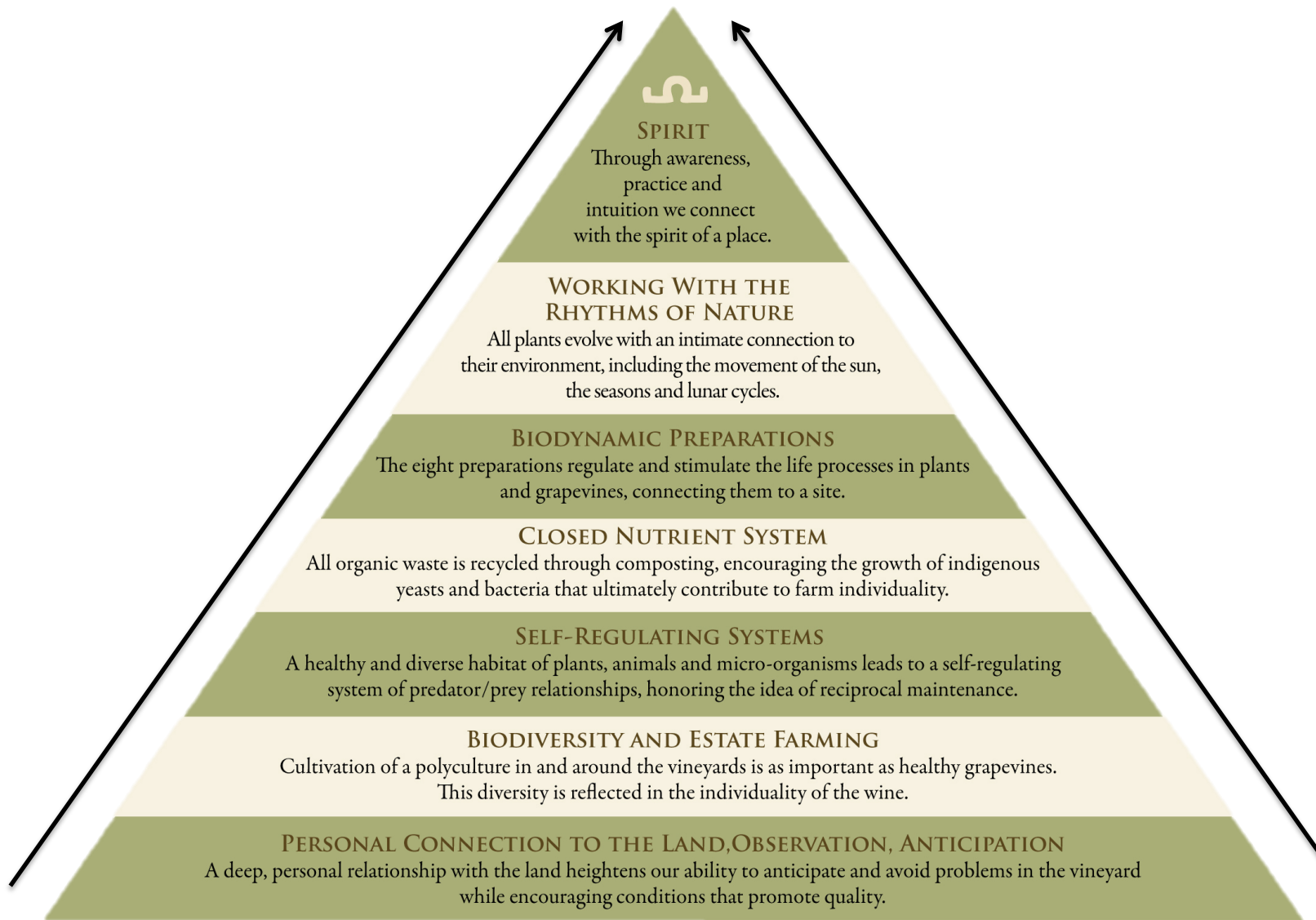
GLOBAL
MARKETS

MARKETING

FINANCIALS

FROG'S LEAP APPROACH





SUSTAINABILITY INITIATIVE





Fuel Efficiency

Chevy Volt

- Federal and State rebates up to \$9,000
- \$114/ month on [fuel savings](#)

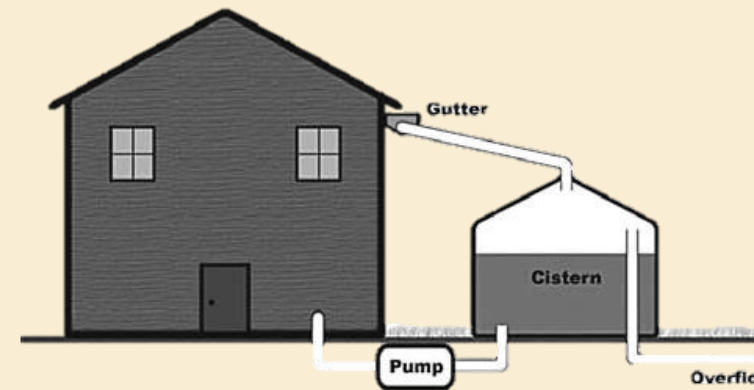
BioDiesel Fuels

- Propel Fuels offer 3 – 5 cents/ gallon rebates
- 30% better fuel economy
- [Drastic reduction in pollution](#)



WATER SECURITY

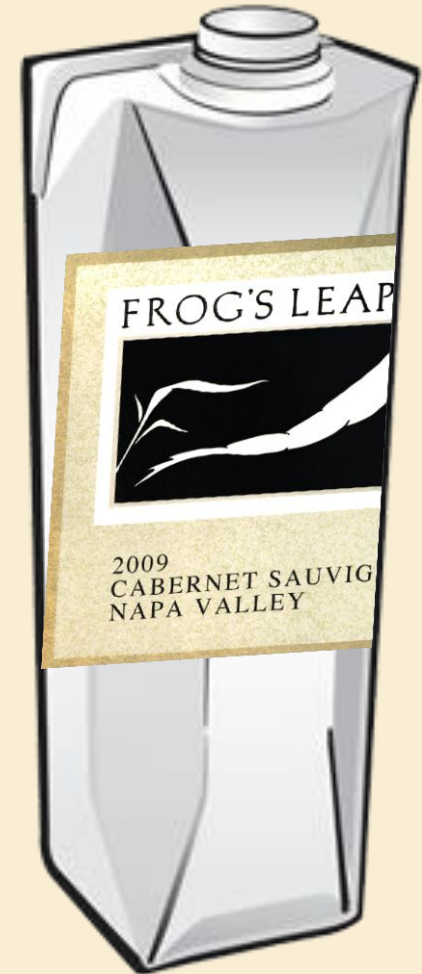
- [Prevent erosion](#)
- Prepare for climate change and [water scarcity](#)
 - Security from climate change
 - CII applicants may receive a 75% rebate for approved cistern expenses
 - Up to \$2/gallon
- Reduced water usage
- Maintain current systems
 - Put water back into geo-thermic wells





PACKAGING

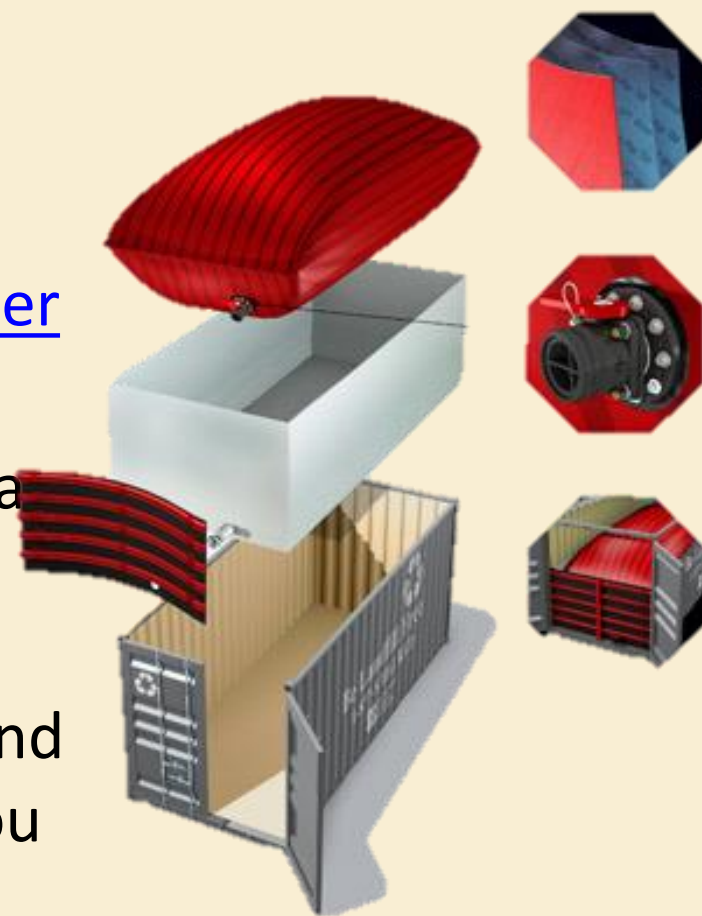
- Reduces carbon-footprint
 - 40% more product can be shipped
 - 100% recyclable
 - More wine per container
- Reduces costs
 - More can be shipped
 - Less materials per container
 - 10-25 cents versus \$2.40
 - Plus co-pack fee





Packaging

- “Flexitank” bag shipping to Sweden
 - [\\$2.25 savings per standard 9-liter case](#)
 - “In a 24,000 liter flexitank we can load the equivalent of 32,000 bottles of wine or 2,666 cases. But if you use a 20’ container and want to ship cases (of wine), you can only stow 1,400.”



GLOBAL MARKETS



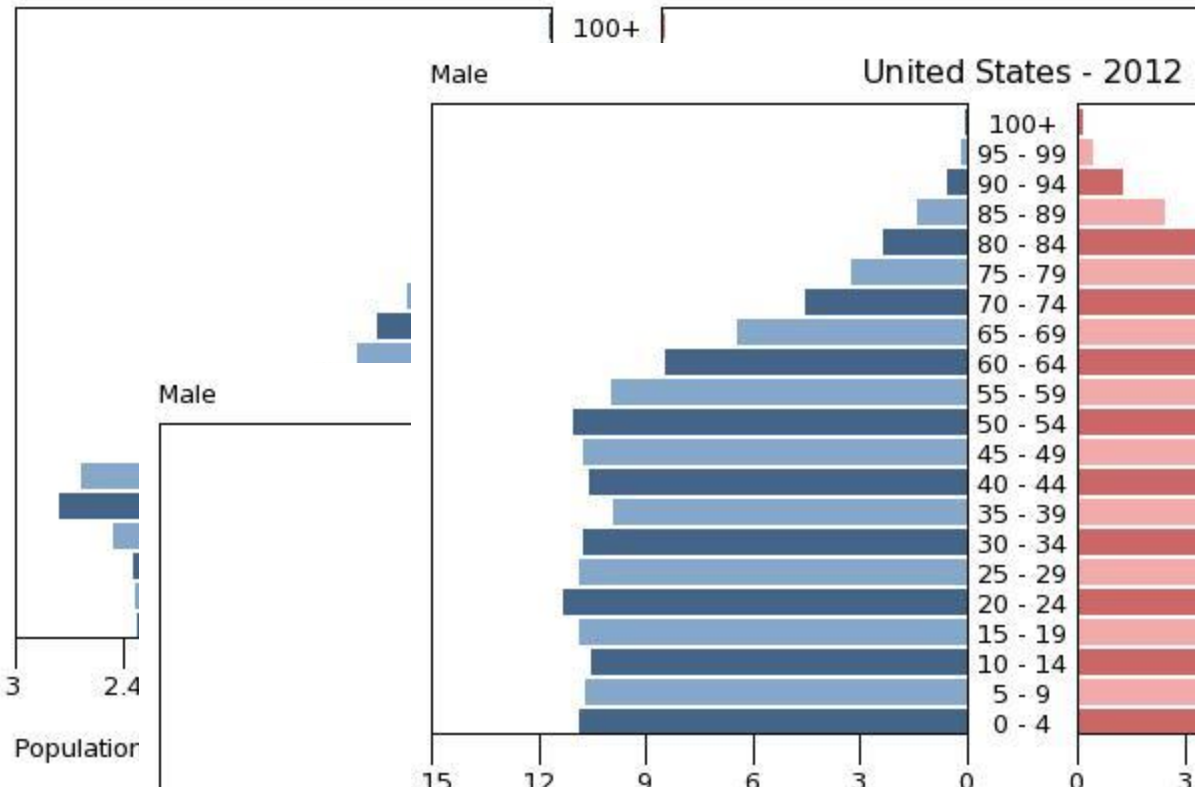
Canadian Wine Market--Why

- Wine consumption increased 3 times faster than the global average
- 5th fastest growing wine market in next 5 years
- Per Capita, higher wine consumption than Americans
- Canada-US FTA 
- US exports more wine to Canada than any other country (\$1.1 billion)
- Canadian wines have risen in price in last 3 years, so American wines become more competitive

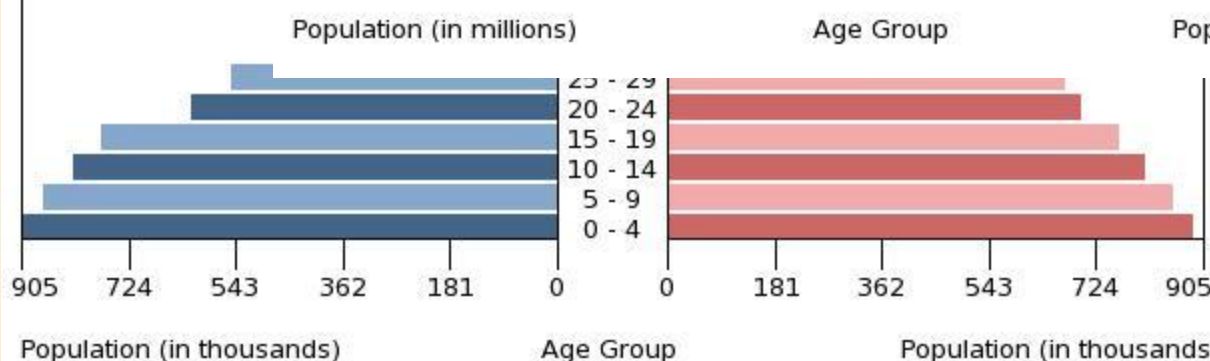
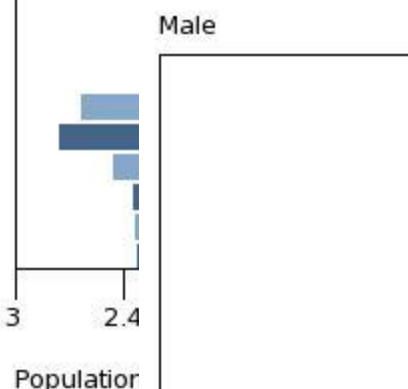
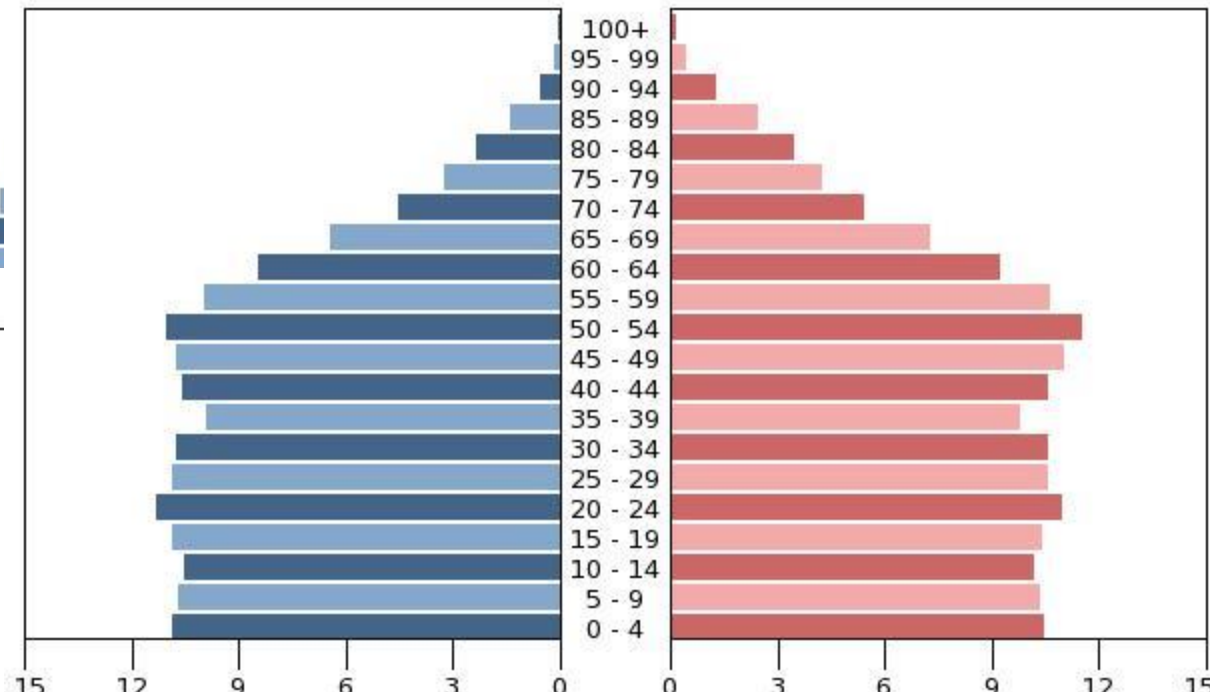
Canada Fact Sheet

- Too cold for many grapes to grow, so they import grapes to ferment
 - 350 wineries in the country, which make fortified wines from hard grapes
- Wine is second most consumed alcoholic beverage, after beer
- 200 million liters of bottle wine imported to Canada each year
- Since 2005, Canada increased imports from US 117%
- Since 2010, Canadian imports of US wine increased by 30%
- Sales of imported wine:
 - 1997: \$630 million
 - 2007: \$1.7 billion

Male **South Africa - 2012** Female



Male **United States - 2012** Female



Per Capita Growth of Wine Consumption

- Benin: 50.1%
- Niger: 50.6%
- Guinea: 61.9%
- Rwanda: 85.2%
- Mali: 100.9%
- Zambia 104.4%
- Ethiopia: 153.4%
- Sierra Leone: 177.1%
- Chad: 278.5%
- Malawi: 282.1%
- Zimbabwe: 953.4%

African, Organic Wineries

- Cetawico
- Wine SA
- Stellar Winery
- Waverley Hills
- Bon Cap
- Lazanou
- Avondale
- Org de Rac Organics
- Laibach

	Country	Rate of Urbanization (%)	Current Urbanization Population (%)
1	Burundi	6.8	10.9
2	Liberia	5.6	48.2
3	Laos	5.6	34.3
4	Afghanistan	5.4	23.5
5	Eritrea	5.4	21.3
6	Maldives	5.3	41.2
7	Malawi	5.2	15.7
8	Democratic Republic of the Congo	5.1	34.3
9	Timor-Leste	5	28.3
10	Burkina Faso	5	26.5
11	Bhutan	4.9	35.6
12	Yemen	4.9	32.3
13	Nepal	4.9	31
14	Mali	4.8	34.9
15	Chad	4.7	21.8
16	Cambodia	4.6	20
17	Haiti	4.5	53.4
18	Angola	4.4	59.2
19	Uganda	4.4	15.6
20	Togo	4.3	38

	Country	Rate of Urbanization (%)	Current Urbanization Population (%)
21	Sudan	4.3	33.2
22	Ethiopia	4.3	17
23	Gambia	4.2	57.3
24	Somalia	4.2	37.7
25	Tanzania	4.2	26.7
26	Rwanda	4.2	19.1
27	Mozambique	4.1	31.2
28	Vanuatu	4.1	24.9
29	Solomon Islands	4.1	20.5
30	Western Sahara	4	82
31	Benin	4	44.9
32	Kenya	4	24
33	Niger	4	17.8
34	Nigeria	3.8	49.6
35	Madagascar	3.8	32.6
36	Cape Verde	3.5	62.6
37	Cameroon	3.5	52.1
38	Ghana	3.5	51.9
39	Guinea	3.5	35.4
40	Bangladesh	3.5	28.4

Protection of Grapes from Climate Change

- But the concern is less about having the water to nourish the vines with water and much more to do with shielding the crops from frost.
- Warm weather or lack of rain causes the vines to bud earlier than they should
- Buds will be exposed to frost
- To protect the buds, wineries spray the vines with water, forming a barrier around the grapes to protect it from the cold.
- 2008: worst frost in 30 years cost Napa Valley wineries one million dollars.

- Tehama to Napa Pipeline
- to take water from Mill Creek 150 miles north of Napa in Tehama County and bring it down to the Sacramento River
- Would drain Mill Creek and disturb the ecosystem
 - Would take irrigation water away from the region
- This problem stems from the water transfer from the Napa Valley Region

Tehama to Napa Pipe



Kelly Doren/Register

Climate Change – Stanford University Study

- These are some of the questions raised recently by a climate change study by Stanford University scientists that concluded that premium grape-growing acreage may shrink by as much as 50 percent over the next three decades because of global warming.
- 2006 climate change study project 80 percent of premium wine grape acreage in the country could be unsuitable for some common grape varieties by the end of the 21st century.

- **Growth of wine exports to China in 2011**
- New Zealand: +180%
- Italy: +80%
- South Africa: +80%
- Spain: +56%
- Chile: +53%
- United States: +39%
- Australia: +32%
- France: +24.5%

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MARKETING



Vancouver Law

- B.C. Liquor Control and Licensing Branch (LCLB)
- <http://www.pssg.gov.bc.ca/lclb/>

FINANCIALS



COST-SAVINGS TIMELINE

	Gross Profit	Fuel Savings	Rebates and Incentives	Savings from Packaging	Gross Profit Ratio
Year 1	7192				59%
Year 2	7192				59%
Year 3	7192				59%
Year 4	7192				59%
Year 5	7214.104	4.104	18		59%
Year 6	7236.208	4.104	18		60%
Year 7	7436.872	4.104	18	178.56	61%
Year 8	7816.096	4.104	18	357.12	64%
Year 9	8373.88	4.104	18	535.68	69%
Year 10	9110.224	4.104	18	714.24	75%

FROG'S LEAP