FROG'S LEAP

QUALITY

LOYALTY

EXPERIENCE

EDGE

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

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

- **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

### Inbound Logistics

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

### Terroir

- Operations
  - Revamp packaging and transportation program
  - Consider more sustainable delivery
  - Diversify to world markets
**Global Wine Trends**

- **Canada**
  - 1.9% Growth
  - 519 M Bottles
  - 14.6% Wine Growth

- **Brazil**
  - 1.3% Growth
  - 492 M Bottles
  - 9.1% Wine Growth

- **Sweden**
  - 1.2% Growth
  - 290 M Bottles
  - 22.9% Growth

- **Russia**
  - 3.4% Growth
  - 1.5 B Bottles
  - 3.3% 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

- **India**
  - 6.5% Growth
  - 18 M Bottles
  - 38.3% Wine Growth

- **Canada**
  - 1.9% Growth
  - 519 M Bottles
  - 14.6% Wine Growth
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

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

**Weaknesses**
- Foreign business model and operation
- Bottle weight limitations for trade
- Taxes

**Additional Information**
- 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

**Vancouver**

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

“Passionate for organic and green products” - Greentopia
**Sweden**

**Strengths**
- High demand for organic product
- Poor domestic wine production
- 90% of retail wines are sold in Tetra Paks and boxes
- Monopoly on retail alcohol sales

**Weaknesses**
- Transportation costs
- Global competition
- Local Taxes

- 40% increase in organic wine sales in 2010
- Similar price for normal and organic wines
- 16% organic industry growth each year
- 24% increase of organic wine sales in-store
- “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
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

Malmö

“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-orriented, and dedicated to a green agenda.”
• Frog’s Leap is “Deluxe Wine”
Marketing Plan

Vancouver, British Columbia

Strategic Partnerships

Malmö, Sweden

THE KEG
STEAKHOUSE & BAR

CACTUS CLUB CAFE

Shake Shack

Harry's

MAX
Burgers

FROG'S LEAP
Marketing Plan

Vancouver, British Columbia

Retail Sales

Malmö, Sweden
Marketing Plan

Direct-to-Consumer Sales

- 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
## Five-Year Marketing Plan Budget Overview

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Cost Savings Timeline

Action Items:
- Set 10-year plan
- Introduce “high-hanging” fruits
- Curb US bottle production
- Distribution to Canada
- Conversion to fuel efficient operations
- Distribution to Sweden
-包装 to the US

Gross Profit


$6,000 $6,500 $7,000 $7,500 $8,000 $8,500 $9,000 $9,500
SPIRIT
Through awareness, practice and intuition we connect with the spirit of a place.

WORKING WITH THE RHYTHMS OF NATURE
All plants evolve with an intimate connection to their environment, including the movement of the sun, the seasons and lunar cycles.

BIODYNAMIC PREPARATIONS
The eight preparations regulate and stimulate the life processes in plants and grapevines, connecting them to a site.

CLOSED NUTRIENT SYSTEM
All organic waste is recycled through composting, encouraging the growth of indigenous yeasts and bacteria that ultimately contribute to farm individuality.

SELF-REGULATING SYSTEMS
A healthy and diverse habitat of plants, animals and micro-organisms leads to a self-regulating system of predator/prey relationships, honoring the idea of reciprocal maintenance.

BIODIVERSITY AND ESTATE FARMING
Cultivation of a polyculture in and around the vineyards is as important as healthy grapevines. This diversity is reflected in the individuality of the wine.

PERSONAL CONNECTION TO THE LAND, OBSERVATION, ANTICIPATION
A deep, personal relationship with the land heightens our ability to anticipate and avoid problems in the vineyard while encouraging conditions that promote quality.
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
• 5\textsuperscript{th} fastest growing wine market in next 5 years
• Per Capita, higher wine consumption than Americans
• Canada-US FTA
• US exports more wine to Canada then 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 wined 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
The image contains bar charts representing population demographics for South Africa and the United States in 2012. The charts are divided by age groups and gender:

**South Africa - 2012**
- The chart shows a breakdown of the population by age and gender, with a focus on the number of males and females in each age group.

**United States - 2012**
- The chart follows the same structure as the South African chart, comparing males and females across various age groups.
- The age groups are similar to those in South Africa, with a specific focus on the distribution of a larger population size.

The charts visually represent the population distribution across different age groups and gender, providing insights into demographic trends in both countries as of 2012.
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
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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 fines 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 away in Tehama County and bring it down the Sacramento River
• Would drain Mill Creek and disturb the ecosystem
  – Would take irrigation water away from farmers in the region
• This problem stems from the water insecurity in the Napa Valley Region
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/
## Cost-Savings Timeline

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