

BEER

Miles

REWARDS
PROGRAM



Membership
has its
Beverages.

Courtesy Central City Brewing

Market Dynamics

- The U.S. Beer Market is a \$40 Billion business
- Market research has identified that the Young Adults market (21-27) is highly sensitive to a beer rewards program. Estimates show that in this segment the response would be 1 million converted YA accounts and 1 million new accounts in 12 months if Cap One were first to market with this program. In addition the program would greatly increase transaction flow on all of those accounts. The product has a 3 year NPV of \$20 MM not counting the cost of product development.
- The Market research and NPV calculation included all of the features listed below. Past product offerings of this type have taken 18 months and cost \$10 MM. We believe that competitors will enter the market in about 12 months.
- Research shows that this age group's purchasing behavior values purchasing alcohol at convenient locations.
- Preliminary partner discussions with WaWa, 7-11, Hooters, and T.G.I. Fridays all discussions received a very favorable response from these prospects.
- Feature additions drive customer retention.
- The states of CA, UT, ID, MO, NY have restrictions on alcohol give-aways, but legal has approved product for all other States.

Product features

Marketing has determined the optimal mix of features for this marketplace. Given the youthful market, a significant online component is needed to attract these customers. This product will be built with the latest online trends.

Customers can:

1. Sign up for the rewards program online
2. Invite their friends to sign up
3. Receive an online account to Freebeer! The beer rewards management portal
4. Share party photos, chat, and put up their own profile.
5. Join groups, such as their fraternity or sorority
6. Organize parties and send online invitations
7. Get news of upcoming events in their area
8. Earn Beer rewards points with every credit card purchase
9. See the rewards they have earned
10. See the products they can buy and their cost in points
11. Spend beer rewards with supplier partners
12. Apply for sponsorship for their event, team, etc.
13. Earn bonus points for purchases made with Rewards partners
14. Rewards can be redeemed for home brewery sets
15. Additional points can be earned for recycling for cans and bottles – Get Green!

16. Beer points can be traded for miles, ebay is a potential vendor
17. Points can be redeemed for Alcohol Free Beer
18. Convert beer points into liquor points or wine points to expand the consumer base

Competitive information

We are potentially the first to market this product, but expect competitors to jump into the space soon. We believe our first to market opportunity is 6-12 months. Based on initial estimates it will take 1 year to develop all capabilities and we believe our closest competitor is approximately 6 months from launching a similar product.

Current Rewards infrastructure

We have infrastructure for a generic, configurable rewards points calculator for every account. We do not have a fulfillment supplier for products earned with beer points.

Budget

A \$250,000 budget has been approved for feasibility. You believe that this is sufficient for 3 months.

A \$2,000,000 budget has been ear marked based on proven viability of the product.