



EXECUTIVE SUMMARY

THE IDEA

A ready to drink Yerba Mate beverage designed for the local UK market as a better alternative to stimulants such as tea and coffee

WHAT IT DOES

- a. A ready to drink, refreshing drink that provides all the benefits of coffee + other benefits without the side effects of caffeine
- b. A premium offering which uses the highest quality Yerba, ethically sourced

HOW IT WORKS

1. Recipe is experimented on, developed and tested
2. Production is outsourced to ensure highest quality of mixing, bottling and packaging
3. A Direct To Consumer beverage brand that sells across 3rd party ecommerce platforms as well our internet properties (website, instagram, affiliate marketing)

WHO IS IT FOR

YRBA is aimed at consumers in the UK between the ages of 16 - 55 who would like a naturally flavoured functional beverage. The market for is estimated at between £9 million - £14 million annually

PROBLEM STATEMENT

Yerba Mate is one of the world's most popular drinks, accounting for \$1.5 billion in revenue globally with consumption heavily concentrated in South America.

Though alternative drinks such as oat milk, coconut water, etc have grown immensely in popularity, one of the world's most popular beverages is largely unknown outside of its' core markets.

Yerba Mate's popularity stems from the fact that it has several nutritional qualities that make it a healthier alternative to stimulants such as coffee and tea¹:

1. Increased **mental energy & focus**
2. Improves **mood**
3. Promotes **deeper sleep**
4. Lowers **blood sugar levels**²

Yerba Mate is relatively unknown outside of its core markets for the following reasons:

1. **Traditional method of consumption is bulky and inconvenient**
2. **Lack of awareness of the health benefits of this drink**
3. **Price**
4. **Shipping Times for premium ready to drink Yerba Mate**

Yerba mate has a reputation of being a "clean" source of energy, especially compared to energy drinks, with demand for drinks that create jitter-free focus on a rapid rise, there is a natural place for these drinks in markets around the world. Our research has identified a gap in the UK / EU market for Yerba Mate based drinks and view it as an opportunity worth between **£9 million - £14 million annually**.

¹ <https://www.ncbi.nlm.nih.gov/pubmed/1824521> (accessed 29th March 2019)

² <https://www.healthline.com/nutrition/8-benefits-of-yerba-mate>

THE SOLUTION

A READY TO DRINK YERBA MATE BEVERAGE FOR THE UK MARKET THROUGH A DIRECT TO CONSUMER BUSINESS MODEL

1. SOURCED DIRECTLY FROM SUSTAINABLE PLANTATIONS IN SOUTH AMERICA:

- Fair Trade
- Personally examined
- All sources audited for quality control

2. PROPRIETARY RECIPE TESTED AND ADAPTED TO LOCAL TASTES

- Recipe formulated for local taste profiles
- In partnership with UK's leading formulation experts

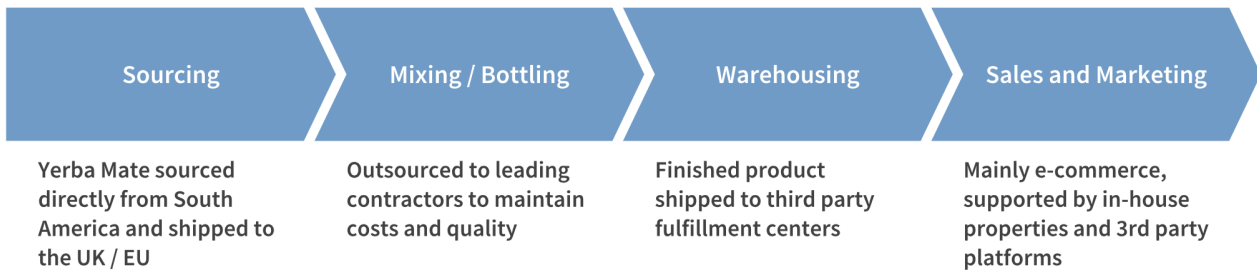
3. A LEAN BUSINESS MODEL WITH MINIMAL CAPITAL REQUIREMENTS

- Outsourced manufacturing, bottling and packaging
- Direct To Consumer business model that leverages 3rd party marketplaces to achieve scale while keeping inventory and shipping costs low

4. BRANDING

- Sustainably sourced
 - High Quality
 - Healthy
 - Tasty
 - Premium
-

HOW THE BUSINESS WORKS



1. SOURCING

Suppliers will be vetted and undergo a comprehensive quality and sustainability audit. Cultivated Yerba Mate will be shipped directly to the UK / EU

2. MIXING / BOTTLING

The Yerba Mate will be mixed in our / contract manufacturer's facilities. Bottling and labelling will take place within the same facility to reduce costs and take advantage of economies of scale

3. WAREHOUSING

Once packaged, the bottles will be shipped to third party fulfilment centres to limit inventory and shipping costs. These include but are not limited to; Amazon, Ocado, Morrisons, Sainsbury's, Whole Foods, etc

4. SALES AND MARKETING

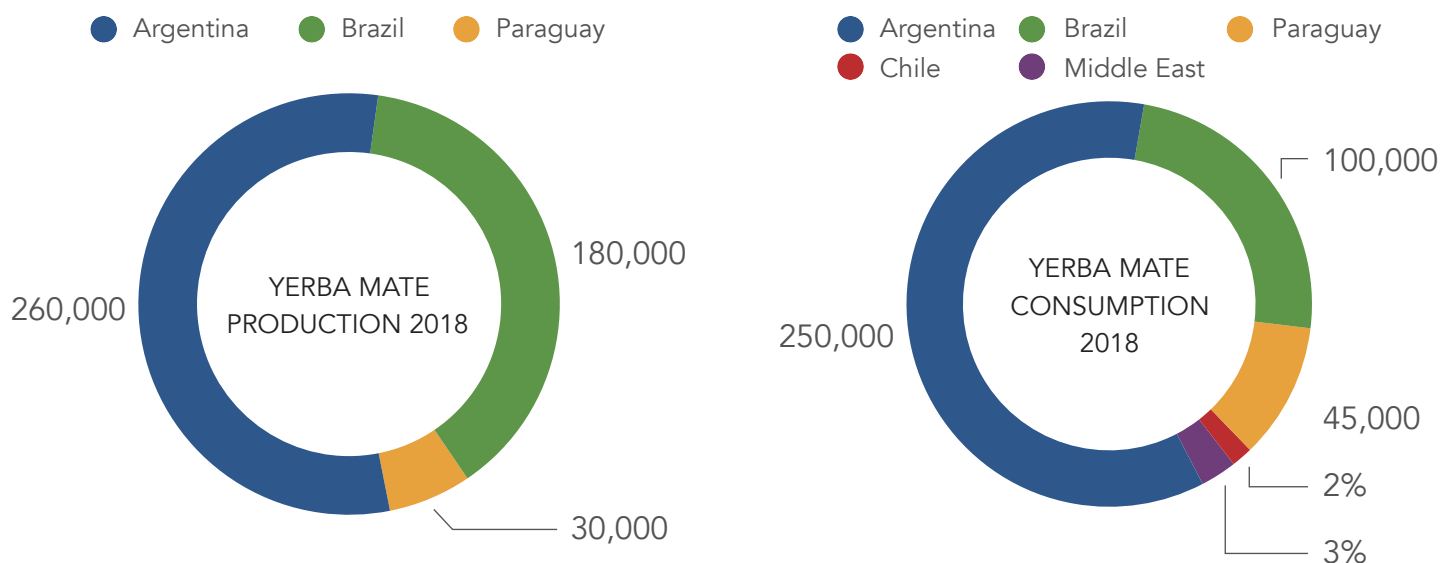
Amazon is likely to be the main source of customers for this product initially. In parallel our own website and social media properties will sell the same goods in addition to content and branding that will support our products message, allow us to build a customer list and drive organic customers and traffic

MARKET SIZING³:

YERBA MATE PRODUCTION:

Approximately 500,000 tons of Yerba are prepared worldwide each year primarily in three countries. Yerba mate consumption is highly internalised, with **only 14% exported internationally**⁴.

YERBA MATE PRODUCTION AND CONSUMPTION PATTERNS 2018



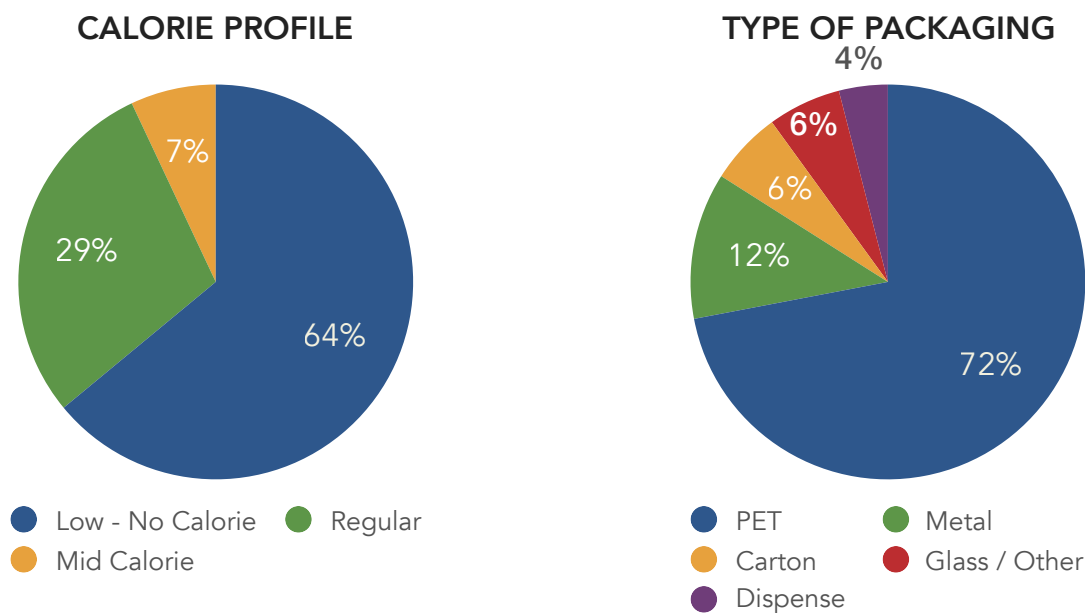
Despite the emergence and increasing popularity in pop culture of Yerba Mate, consumption of the beverage is contained within a few key markets, providing an **untapped export opportunity**.

³ http://www.britishsoftdrinks.com/write/MediaUploads/British_Soft_Drinks_Association_BSDA_Annual_Report_2018.pdf

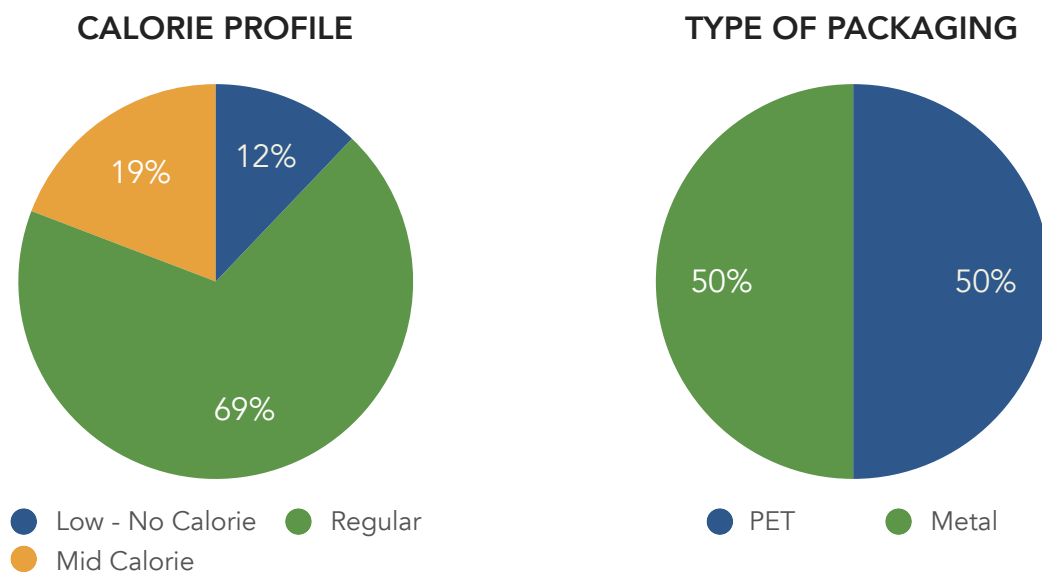
⁴ "Yerba Mate Industry." Encyclopedia of Latin American History and Culture. . *Encyclopedia.com*. 27 Mar. 2019

SOFT DRINKS MARKET UK:

In 2018, a total of 13.5 billion litres of soft drinks were consumed in the UK, representing £15.7 billion in revenue.



Of this, 6% was spent on functional drinks, representing £945 million in revenue. Functional drinks consumption profile UK:



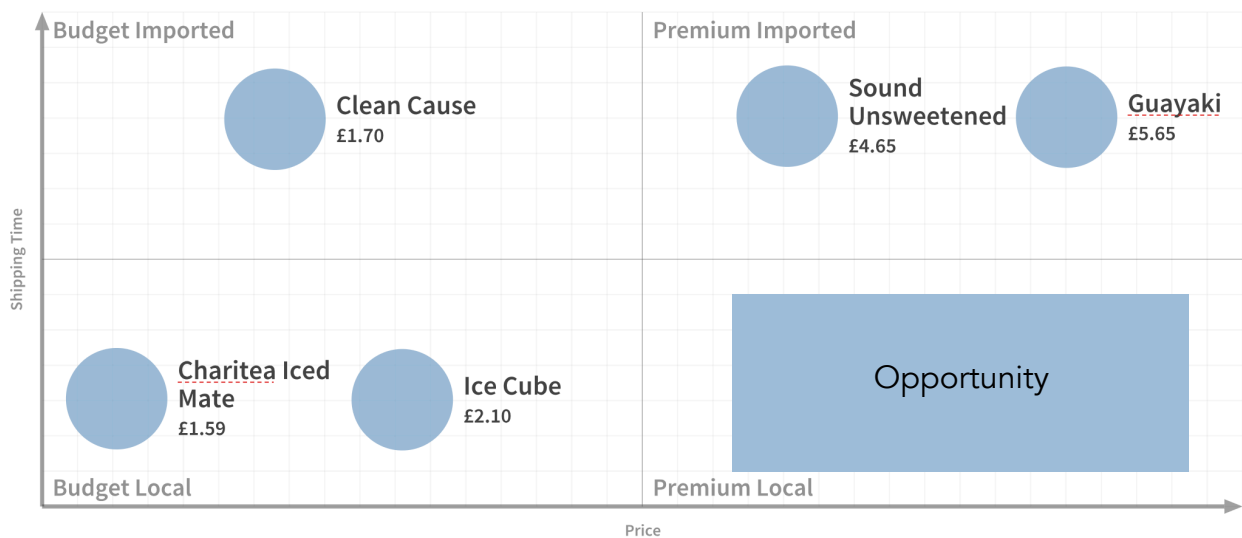
KEY TAKEAWAYS:

- Based on the data above, the total market opportunity for a ready to drink functional beverage such as YRBA is £945 million annually. However, since this sector also includes popular brands such as Redbull, Lucozade, etc - a conservative estimate for ready to drink naturally flavoured market is 10% of this figure - **~£9 million - £14 million annually**
 - Consumers of functional drinks have a **preference for regular calorie drinks** that is far higher than the average - as a stimulant, Yerba Mate is calorie rich and can appeal to the majority of the market
 - Packaging for functional drinks is split between **PET and Metal**. PET is cheaper to produce but Metal can allow for more premium packaging. Depending on how the brand is positioned, packaging should be one of these two
 - A great report on the energy drinks market done by StreetBees: Yerba Mate Consumers are likely to have a similar profile and purchase behaviour: <https://medium.com/street-voice/5-consumer-insights-to-give-energy-drink-brands-a-boost-e18e6a59569e>
-

MARKET LANDSCAPE

In the UK, there are numerous providers of Yerba leaves, but only 5 brands that offer ready to drink Yerba Mate. Of these, **only 2 are based locally**:

Ready to Drink Yerba Mate - Market Landscape UK



Based on this, there is a **clear gap in the UK market for a premium local Yerba Mate beverage** that will out compete the premium imported competitors on:

- a) Pricing
- b) Shipping times

And out compete local competitors on:

- a) premium brand
 - b) Perception of higher quality
-

BUSINESS MODEL

A DIRECT TO CONSUMER MODEL THAT USES WHITE LABEL CONTRACT MANUFACTURERS TO MIX, BOTTLE AND PACKAGE. GOODS ARE SOLD ONLINE THROUGH THE YRBA WEBSITE & 3RD PARTY ECOMMERCE PLATFORMS

SOURCES OF REVENUE:

1. Beverage Sales

EXPENSES:

Set up:

1. Research and development - **£5,000 - £15,000**
 - Sourcing
 - Recipe formulation
 - Focus groups
2. Manufacturing Tests - **£10,000**
3. Website development - **£250**

Total Set Up Costs: £15,250 - £25,250⁵

Operational (Variable):

1. Raw materials
2. Production
3. Payroll
4. Shipping & Transportation
5. Inventory costs
6. Marketing

⁵ Based on market research

KEY CHALLENGES

1. FORMULATING THE RECIPE

Designing and testing a recipe that appeals to local taste profiles will be a key driver of success for this business. Reverse engineering competitor products is one way to go about it, but this process will require hiring a beverage lab that can design, modify and test these recipes out on the local population. One of the best players in the market are Liquid Fusion (<http://liquidfusiongroup.com/>)

2. MANUFACTURING AT SCALE

Once the recipe has been tested and finalised, it will be key to find a contract manufacturer who can mix, bottle and package your drinks in a way that meets all local health and safety regulations. While it is possible to build this capability internally, it costs between £300,000 - £500,000 for a small scale bottling facility. Makes more sense to outsource this initially to experienced turn key providers and only build this capacity internally once the product, marketing and distribution has been validated

3. MARKETING AND CUSTOMER ACQUISITION

The functional drinks market is highly competitive with several strong incumbents already in the space. Important for YRBA to build mind share and get noticed. Place a lot of importance in building a marketing team to scale while controlling margins

4. BUILDING AND MAINTAINING THE BRAND

The YRBA brand needs to act as a force multiplier for its marketing. Having a strong brand will not only attract organic traffic to your internet properties but will also help in driving repeat consumption. For great examples of this see: BrewDog, Oatly, Fevertree

NEXT STEPS

1. PROVING THERE'S A MARKET FOR THE PRODUCT

Food and beverage consumers are notoriously fickle when it comes to taste. Taste is a difficult thing to get right and more market research is needed. Mixing up a recipe and initiating focus group tests is a great way to test the recipe before trialing the finished product in the market through a giveaway (for feedback)

2. SOURCING SUSTAINABLE YERBA

As the most important part of our ingredient, it is key that our Yerba is of superior quality and from reputed suppliers. To start with this can be retail Yerba leaves available locally

Great sources for suppliers:

- Yerba Mate Land: <https://yerbamateland.com/>
- Urushop: <https://urushop.co.uk>
- Export Arya: <http://exportarya.com/argentine-suppliers.asp?categoria=308>
- Yerba Amanda: <https://yerbamanda.com.ar/en/>

3. RECIPE FORMULATION LAB

Start reaching out to recipe labs and getting quotes. This will be a key set up cost, so go about this carefully . Make sure you're able to get a few references and case studies on the suppliers to help you vet them

4. CONTRACTOR BOTTLING PLANTS

This will be a key operational cost and will form the core of your business, it will make or break the business. Due diligence here will be key, get references, visit their facilities, check health and safety compliance and try their finished products. Tip: The recipe formulation labs work very closely with bottling plants, a referral through this route can help
