

CUNNINGHAM'S PUB: HALLE-LUJAH FOR WINGS

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“I woke up at 4 a.m. and asked my wife, ‘Are we doing the right thing?’”

Jim Beauchamp, owner and general manager, Cunningham's Pub

In July 2021, an exciting but risky business venture was keeping Jim Beauchamp awake at night. Cunningham's Pub, the community bar and restaurant he had opened seventeen years earlier, had been hit hard when the COVID-19 crisis ravaged the restaurant industry. Sales had plummeted under the government's pandemic restrictions, but in the winter of 2020, Beauchamp's business experienced a resurgence of interest from a surprising source: Hollywood star Halle Berry. While in town for a film shoot, Berry had raved on social media about the restaurant's hot wings, sparking an unprecedented 28-day sellout and media firestorm that galvanized the business at a precarious time.

To capitalize on the sudden momentum, Beauchamp and his partners began bottling three of their wing-coating sauces for sale in the restaurant, renaming one sauce in Berry's honour. The publicity attracted a major chain store buyer who offered a tempting distribution deal with potential for national expansion. The lucrative possibilities of consumer-packaged goods (CPG) were uncharted territory for the team, who lacked the full information necessary to make the pressing decisions they now faced.

With the success of their hot wings thanks to the “Halle effect,” could they successfully translate their brand to the fast-moving CPG world? Should they stick to selling the sauces at the restaurant or pursue one of the lucrative opportunities before them: a major supermarket chain with initial distribution in 300 stores and potential for national expansion; an option to sell in 100 independent stores; or the opportunity to drive new business through Amazon.com? Beauchamp and his partners faced a ticking clock. Since the government began loosening pandemic restrictions in May 2021, restaurant business had picked up so much that their staff was overworked and their sous-chef quit in June, prompting a week-long closure. If Beauchamp's team wanted their sauces on store shelves in time for the fall, they would have to choose a distribution channel now.

GOOD FRIENDS, GOOD FOOD

CPGs were a new world for Cunningham's Pub, a homegrown business in the 5,000-resident suburban tourist town of Sainte-Anne-de-Bellevue on the western tip of the Island of Montreal. The company's motto, “Good food, good friends,” reflected the camaraderie of its founders: Jim Beauchamp, movie stunt

performer Patrick Kerton, and former hockey player Bob McEwen. Their affable, hard-working, down-to-earth personalities, diverse skill sets, shared vision, and community outreach enabled the pub to flourish.

Beauchamp served as the company's general manager and public face, having been a community fixture as a well-known football coach in the area. A 35-year veteran of the restaurant and bar industry, he showed a precocious enthusiasm for the sector with his first job as a doorman at the age of 17, concealing his age from the owner. "I got into the bar business and never left," he reminisced. In 2004, he opened Cunningham's Pub in tribute to his late mother, on whose deathbed he shared his dream of a traditional Irish pub in her maiden name.

Beauchamp invited Kerton as a co-owner and silent partner to help redevelop the space, which had lain vacant after being the site of several previous establishments. Although he was not involved in daily operations, Kerton's film industry connections and gregarious demeanour helped attract customers. Prior to Halle Berry, Kerton had introduced other celebrities to the pub, including *Game of Thrones* and *Aquaman* star Jason Momoa.

The other silent partner, McEwen, was working in the poultry unit at McGill University's agricultural school when he took a chance on the collaboration. McEwen's knowledge elevated the pub's food offerings. McEwen also participated in different hands-on capacities, sometimes in the kitchen and even hosting on certain nights.

Within sixty-three days, the team transformed the vacant site into a fully functioning venue with a restaurant in front and a pub in the back. The liquor licence was only secured the night before opening, but the gamble paid off: they sold out on their first day. "It was an idea that went right," McEwen recalled. Adding to the family feeling, Beauchamp's wife, Karen, was the business controller, and their sons helped on a part-time basis.

Their communally minded business model equally emphasized food and service with a genuine commitment to patrons, which included tourists, families, and college students, but mostly a somewhat older crowd than that found in many other bars. One loyal pub-goer was Dave Bouchard, who valued the friendly atmosphere, warm hospitality, and concern for customers. He recalled one occasion when a complaint about the soggy condition of a food delivery resulted in improved packaging. "I don't know any other restaurant that will do that," Bouchard observed.

This attention to consumer experience extended to the preparation of food, including the pub's prized chicken wings—a staple of pubs and sports bars, and a special source of pride for the team. Armed with McEwen's poultry expertise, the team chose quality birds: capons, or castrated roosters, fattened to produce generously larger portions and more tender, moist, and tasty meat than the average wings on the market at the time. (Capon meat, previously served most often at Chinese restaurants, became the standard choice for Canadian bar food in the years since Cunningham's Pub opened.)

The wings were prepared with a proprietary in-house recipe using special seasonings. The flavours of coating sauces were Thai Chili, Mild, and Honey Garlic. Cunningham's Pub had received awards from local food critics in the best wings category in Montreal for fourteen years running. According to Beauchamp, one of the reviews described the coatings as "addictive." It was this reputation that piqued a Hollywood celebrity's curiosity in late 2020 and provided opportunities for new business ventures.

THE HALLE EFFECT

Oscar-winning actor and businesswoman Halle Berry was in Montreal filming Roland Emmerich's US\$140 million science fiction movie *Moonfall*. Kerton was the stunt coordinator for the film and also played

Berry's military driver. When Berry casually mentioned her love of wings, Kerton told her that his restaurant had the best in town. Berry was hooked the minute she tried the wings and especially loved the dry-rub wings with mild hot sauce.

Throughout the film shoot, from October to December 2020, Berry placed weekly orders for the wings and always insisted on paying, even though the management had offered them to her free of charge. Her enthusiasm went beyond her regular orders. In a nearly three-minute Instagram video that went viral when she shared it on December 24, 2020,¹ the self-proclaimed "connoisseur of hot wings"² gave the pub's specialty a glowing review, praising the preparation, seasoning, and coating. She ranked the wings among the finest she had ever tasted and encouraged everyone within a hundred miles of Montreal to try them. It was the best Christmas present Cunningham's Pub could have received.

The pub's revenues had suffered since the first quarter of 2020 as a result of stringent pandemic restrictions (see Exhibit 1),³ but the business had survived largely thanks to its loyal patrons and online ordering platform. The interest generated by Berry's endorsement turned things around beyond all expectations. In addition to selling out for twenty-eight consecutive days and drawing lineups in December's freezing weather, Cunningham's Pub experienced a significant increase in customer reach, with orders from as far as Ottawa (200 kilometres away) and one unexpected call from a man in Norway asking if wings could be shipped overseas. (Beauchamp had to say no.)

An estimated 80 per cent of new customers bought wings, but sales of other food offerings also increased. The sudden surge in demand was challenging to accommodate, and some regular patrons were not able to be served amid the sales rush. Beauchamp was inundated with frantic texts: "Can we get wings?" and "Why can't we get wings?" Though many were disappointed, the team remained committed to providing the highest quality of food and service, refusing to accept more orders than they were equipped to fill or sell anything that was below standard. "It made me wake up and find a third distributor," Beauchamp revealed. At a stressful time for the industry, his team retained all its core staff and even hired someone new.

The media coverage and resulting public exposure also surpassed anything the business had experienced before. Beauchamp and Kerton participated in almost thirty interviews, with features on *Entertainment Tonight Canada*; on national news networks, including CTV and CBC (local and international); and in local newspapers countrywide, such as the *Montreal Gazette* and *Vancouver Sun*. Cunningham Pub's online following and social media engagement skyrocketed. Official website traffic increased from 4,000 to over 11 million views within hours of Berry posting her video. Instagram followers doubled to 5,077, while the company's Facebook page gained around 1,500 more followers to reach 5,465. Unexpected "likes" came from other celebrities such as Jessica Alba.

Knowing this momentum would eventually taper off, the management team took advantage of the spotlight by venturing into packaged sauces. In early 2021, the company held an online contest to name a coating sauce after Berry, unveiling the winner on January 7th. This sauce was one of three that would now be

¹ Halle Berry (@halleberry), "Here's to the Best Wings in #Montreal," Instagram, December 24, 2020, <https://www.instagram.com/tv/CJM0ugflsYU>.

² "'I'm the Best Connoisseur of Hot Wings in Montreal Right Now,' Halle Berry Declares," *Montreal Gazette*, December 27, 2020, <https://montrealgazette.com/entertainment/local-arts/im-the-best-connoisseur-of-hot-wings-in-montreal-right-now-halle-berry-declares>.

³ On March 15, 2020, the provincial government ordered all bars closed and directed restaurants to operate at 50 per cent capacity. On March 22, dining rooms at restaurants were also ordered to close (Daniel J. Rowe, "COVID-19 in Quebec: A Timeline of Key Dates and Events," CTV News, April 12, 2020, <https://montreal.ctvnews.ca/covid-19-in-quebec-a-timeline-of-key-dates-and-events-1.4892912>). On June 18th, the restaurant was again open to the public with capacity restrictions. On October 1st, bars and restaurants were again ordered to close, except for takeout.

bottled for sale at the restaurant: Thai Chili, Honey Garlic, and Berry's favourite, the "Not So Mild" sauce, which was subsequently re-branded with the winning name of Halle-Lujah (see Exhibit 2).

With its pun on Berry's first name and connotations of Montreal music legend Leonard Cohen's well-known song, the re-branded sauce was a hit, and sales of all three sauces were encouraging.⁴ The selling price was CA\$8.99 per bottle.⁵ In-house sales averaged nine units per week, three for each sauce. The social media buzz was also strong. When Halle-Lujah was unveiled on Instagram, the star herself responded, "[T]his is just amazing. [T]hank you for honouring my love of hot wings this way...especially YOURS!"⁶

The string of good fortune did not end there. The new post and Berry's comment caught the eye of a major chain buyer who offered to distribute the company's sauces to a wider market.

WEIGHING OPTIONS IN THE HIGH-RISK WORLD OF CONSUMER-PACKAGED GOODS

Under the proposed distribution deal, the retailer would carry the pub's bottled sauces in stores across Quebec and Ontario, with the potential for subsequent national distribution. Beauchamp was already outsourcing production of the bottles when a plant servicing the airline food industry became available after a slowdown in production during the pandemic.

Packaging choices were mainly guided by fidelity to the products enjoyed by restaurant customers. Determined that the packaged coatings should follow the same recipe and replicate what was served in the restaurant as much as possible, the team opted for bottled sauces and did not initially consider a dry mix option. Each glass bottle contained 354 millilitres (12 ounces), and the label reproduced the familiar Cunningham's Pub logo with the Irish flag (see Exhibit 3).

Bottles would be sold to retail and marketed specifically as wing sauce. To distinguish them from other packaged sauces on the market, Beauchamp wanted stores to display the bottles in the meat section, emphasizing the sauces' primary use and better catching buyers' eyes.

National Supermarket Chain

The prospective retailer was a national supermarket chain with 1,500 stores. The initial proposal was to launch the sauces at 300 locations in the areas surrounding Cunningham's Pub. The buyer gave Beauchamp the option of either distributing the Halle-Lujah sauce only or all three sauces (Halle-Lujah, Honey Garlic, and Thai Chili). The buyer initially suggested distributing only the Halle-Lujah sauce in the first year, but Beauchamp noted that his restaurant customers, who knew the flavours best, were purchasing the three varieties at equal rates. Therefore, the buyer was willing to carry all three varieties. If the products sold well at these first 300 stores, national expansion could follow.

⁴ "Hallelujah," written by Leonard Cohen, was released on Cohen's album *Various Positions* in 1984. There were more than 300 known versions of the song in multiple languages. The song appeared on American Billboard Hot 100 for the first time in 2016. "Hallelujah by Leonard Cohen (1984)," Elegancepedia, June 4, 2019, <http://www.elegancepedia.com/chanson/hallelujah-by-leonard-cohen-1984>.

⁵ All dollar amounts are in CA\$ unless otherwise stated.

⁶ Cunningham's Pub (@cunninghamspub), "Winner winner chicken wing dinner," Instagram, January 7, 2021, https://www.instagram.com/p/CJwx7G9jA_Q.

The bottles would be sold at the manufacturer's suggested retail price (MSRP) of \$7.99 with no listing fees for one year, after which the fees could be negotiated.⁷ Over the first year, the retailer expected sales of \$654,381 if all three sauces were carried at the MSRP, or \$398,860 if Halle-Lujah was the sole sauce distributed. While the Halle-Lujah sauce was expected to be the initial draw for customers, the expectation was to sell equal amounts of all three varieties. In this scenario, there was pressure to sell 5.2 units per store every week to maintain the listing of Halle-Lujah, and 9.3 units of all three sauces to retain the listing. If sales met these objectives, the listing fee would be waived again for the following year. The deal further entailed the stores taking a minimum 25 per cent markup, but ideally closer to 35 per cent.

Most sauces on the market were in a lower price range: Kraft's comparably sized barbecue sauce retailed for \$1.99 and Club House sauce for \$2.79. However, Beauchamp took pride in his coatings being specialty sauces made with top-quality ingredients that placed the products in the higher price range, which meant that cost-wise their main competitors were the Great Canadian Sauce Company, Joe Beef, and BBQ Quebec.

However, the major supermarket chain was not the only traditional retail option to be pursued.

Independent Stores

Beauchamp and his partners had the additional opportunity of retailing in stores with local owners who maintained between one and five outlets. Beauchamp estimated that 100 stores within a two-hour radius of Cunningham's Pub could carry the sauces. These stores included a combination of independently owned grocery stores, butchers, specialty barbecue sellers, hardware stores, souvenir shops, and corner stores. At these locations, the MSRP could be \$8.99, which would drive up margins. Specialty butcher shops could display the sauces on shelves next to chicken, while local hardware stores could place them above the Weber Inc. barbecue grills.

Beauchamp also found these smaller retail stores to be more tolerant of slower sales. Each location that he approached only required minimum sales of one unit per week of Halle-Lujah or three units of all three flavours. From his conversations with the chain buyer using these minimum sales figure thresholds, Beauchamp deduced he could sell \$151,931 (retail price) of the three sauces or \$93,496 of Halle-Lujah only over the one hundred independent stores in the first year.

Amazon

The call that Beauchamp received from a would-be customer in Norway made him consider another option: incorporating e-commerce into the mix. Online sales could be conducted through the company's existing website and Facebook page, on Amazon, and through other marketplaces, which could all open the way to a potentially global market.

Amazon distribution entailed the options of fulfillment by Amazon (FBA) and fulfillment by merchant (FBM). Under FBA, Amazon would take a percentage of the sale and shipping prices but cover shipping and handling as well as any returns. This option involved the greatest competition but the quickest shipment time (two to three days). Being on Amazon also entailed the additional step of getting into a distribution centre, and to meet Amazon's FBA requirements, Beauchamp would have to set up a warehouse in the United States. He was uncertain how much sauce the pub would sell, but after consulting with other sellers

⁷ The listing fee (or slotting fee) was the amount of money a manufacturer paid a retailer to place the manufacturer's product on the shelf.

of CPGs on Amazon, he estimated that he could move thirty units per week of all three sauces or twenty-four units of Halle-Lujah alone.

Amazon carried dozens of wing sauces at an average retail price of US\$5.99, while Beauchamp wanted to sell his bottled coatings for US\$6.25.⁸ Under FBM, Beauchamp would handle his own fulfillment, delivery, and returns while charging a shipping and handling fee, which he calculated at US\$4.75 (\$6). This cost would be passed on to the consumer, while Amazon would take 8 per cent of the selling price and shipping. Beauchamp estimated a demand of eighteen weekly units for the three sauces and fourteen for Halle-Lujah only. Delivery would take between one and three weeks, significantly longer than under FBA.

Assessing the Options

All these options involved uncertainties in pricing and production costs, with inflation affecting the cost of production and packaging. The risk profile would also increase because of the inflationary pressures in the supply chain on ingredients and packaging.

The team now faced several options for retailing the sauces beyond the in-house restaurant customer market. One influencing factor was whether they wanted to stay local or have the eventual opportunity of competing at the national level against major competing brands, such as Kraft and Club House, or perhaps expand even further to an international market through e-commerce.

The national condiment market alone was vast. Across Canada, store-bought sauces yielded \$55.646 million and 24.763 million units. From February 2020 to February 2021, barbecue sauces accounted for \$84 million, with 55 per cent of annual sales belonging to Kraft, while coatings for chicken meat (commonly sold as a dry mix in envelopes) generated sales of \$25.7 million.⁹ The elevated public profile of Cunningham's Pub made the possibility of going national feel more achievable, but first the company would have to meet the retailer's objectives.

Beauchamp had already invested around \$15,000 for the initial in-house sales and now he had to determine how much more to spend. The cost structure would depend on the distribution channel. Production costs and other variable expenses would change with the volume produced and whether just the Halle-Lujah sauce was sold or all three sauces (see Exhibit 4). Each option also had different annual fixed costs depending on insurance and administration costs and several other factors (see Exhibit 5).

In terms of promotion, the team would have to work closely with their chosen retailers to advertise the sauces—possibly using videos filmed in front of the stores, as well as Facebook, Instagram, and TikTok advertisements. Ideas for promotional events included a contest in which customers could share photos of themselves posing with the product to enter a draw for a \$500 backyard barbecue. Other possibilities stemmed from leveraging the Halle effect. Beauchamp planned to promote the sauces with a party celebrating the launch of Berry's film *Moonfall* when it opened, but were other tie-ins possible? The e-commerce channel would entail additional promotional decisions about the optimal message and channels, with viable options including Google.com, various social media platforms, and the use of online flyers.

⁸ CA\$1 = US\$0.74652 as of December 31, 2020.

⁹ "Grocery, Drugstore, and Mass Merchandisers, Last 52 Weeks, Period Ending January 23, 2021," Nielsen accessed February 20, 2021.

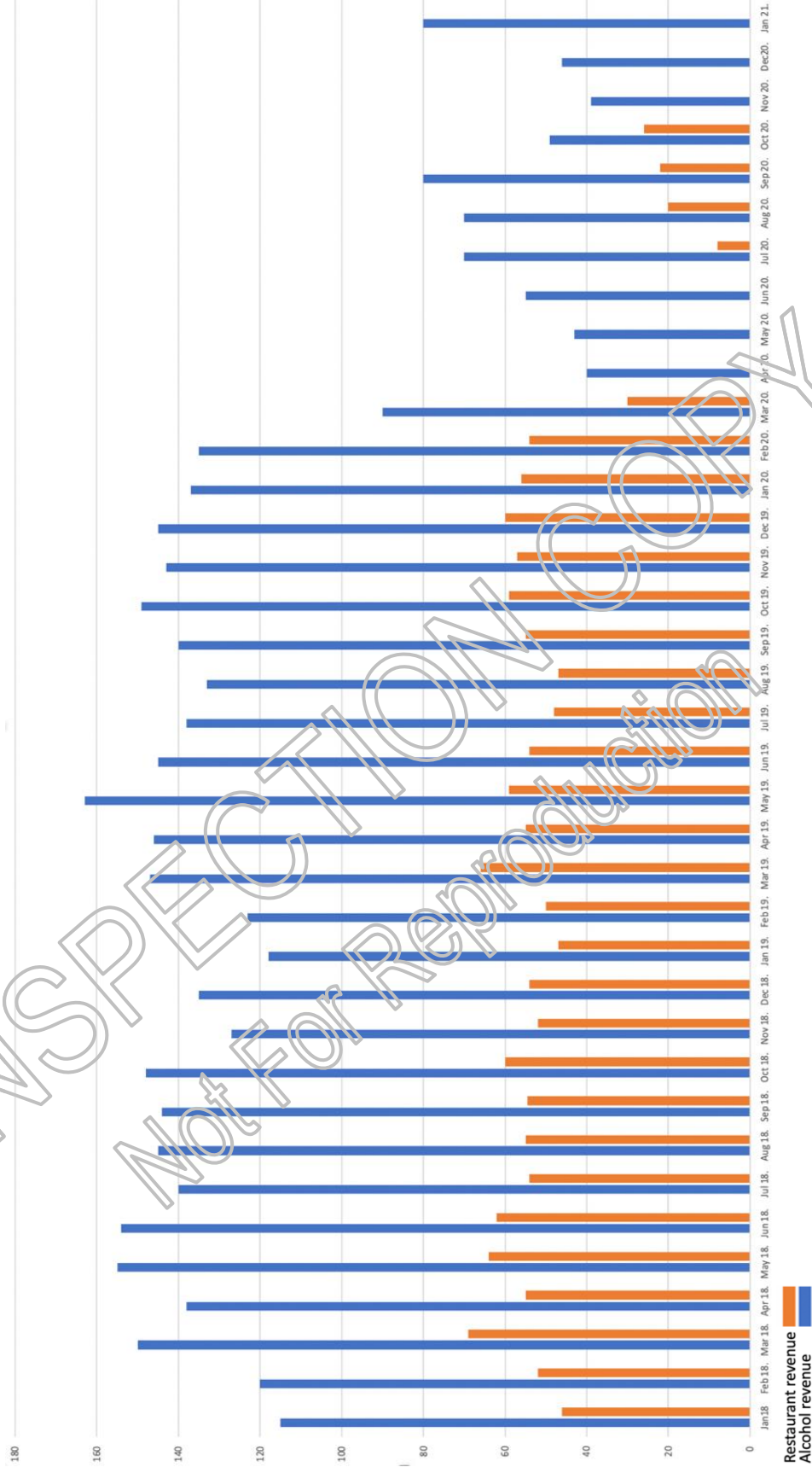
THE FUTURE

When the sous-chef of Cunningham's Pub quit in June 2021, Beauchamp and his team knew that they would have to make some difficult decisions in a short period of time. Fall was only a few months away, and the company still had to determine its preferred distribution channel. The major chain distributor awaited a response and Beauchamp had also reached out to several smaller retailers, which carried different advantages. E-commerce through Amazon also beckoned.

To make investment into any of these channels worthwhile, Beauchamp would inevitably have to scale up. At the time, the plant could accommodate up to 5,000 bottles a day. Sales across two provinces would require greater volumes, and the possibility of national and worldwide distribution would necessitate even more. If the bottled coatings were a hit, then frozen wings would likely be the next step. To faithfully reproduce the food that customers knew and loved, Beauchamp envisioned frozen capon wings that retained the quality of the in-house product, visibly displayed in a clear bag to show customers what they were getting. To enter the frozen CPG sector, however, the team would need special government permission to sell poultry in stores, something which they were not yet prepared for.

Although Beauchamp had gradually pulled away from the business over the previous few years to give the Cunningham's Pub brand its own presence, distinct from him, the new venture reinvigorated his involvement. With the possible distribution deal and valuable new connections with store managers, Beauchamp was quickly learning about the CPG sector, but many more challenges and choices lay ahead. The possibilities were overwhelming and the stakes high, but Beauchamp had his family and partners with whom to face the challenges ahead. Their story was movie-worthy: three friends with entrepreneurial spirit, passion, and heart getting the lucky break of a celebrity endorsement, then facing the crucial test of how to manage the financial risks that came with the new-found opportunities. As the team navigated the options amid the pandemic-hit food industry, the stakes were high.

**EXHIBIT 1: CUNNINGHAM'S PUB, RESTAURANT AND ALCOHOL REVENUES MARCH 2019–JANUARY 2021
(IN CA\$ THOUSANDS)**



Source: Company documents.

EXHIBIT 2: CUNNINGHAM'S PUB BOTTLED SAUCES FOR CHICKEN WINGS



Source: Company documents.

EXHIBIT 3: CUNNINGHAM'S PUB BOTTLED WING SAUCE LABELS



Source: Company documents.

EXHIBIT 4: PRICING AND VARIABLE COSTS BY CHANNEL OPTION

Restaurant

	Halle-Lujah (\$)	Honey Garlic (\$)	Thai Chili (\$)	Average (\$)
MSRP				
Selling price	8.99	8.99	8.99	8.99
Production				
Production of sauce and ingredients	2.58	3.18	2.95	-
Washing and sanitizing of bottles	0.09	0.09	0.09	-
Bottle and caps	0.44	0.44	0.44	-
Bottle printing and labelling	0.65	0.65	0.65	-
Cardboard box packaging	0.07	0.07	0.07	-
Total cost of production	3.83	4.43	4.20	4.15

100 Independent Stores

	Halle-Lujah (\$)	Honey Garlic (\$)	Thai Chili (\$)	Average (\$)
MSRP	8.99	8.99	8.99	8.99
Selling price	6.49	6.49	6.49	6.49
Production				
Production of sauce and ingredients	2.15	2.65	2.45	-
Washing and sanitizing of bottles	0.09	0.09	0.09	-
Bottle and caps	0.40	0.40	0.40	-
Bottle printing and labelling	0.49	0.49	0.49	-
Cardboard box packaging	0.06	0.06	0.06	-
Total cost of production	3.19	3.69	3.49	-
Warehousing and distribution fees	1.50	1.50	1.50	
Retail marketing support	0.25	0.25	0.25	-
Total variable cost (unit)	4.94	5.44	5.24	5.21

EXHIBIT 4 (CONTINUED)

300 Supermarket Chain Stores

	Halle-Lujah (\$)	Honey Garlic (\$)	Thai Chili (\$)	Average (\$)
MSRP	7.99	7.99	7.99	7.99
Selling price	5.99	5.99	5.99	5.99
Production				
Production of sauce and ingredients	1.83	2.25	2.11	-
Washing and sanitizing of bottles	0.09	0.09	0.09	-
Bottle and caps	0.32	0.32	0.32	-
Bottle printing labelling	0.42	0.42	0.42	-
Cardboard box packaging	0.06	0.06	0.06	-
Total cost of production	2.72	3.14	3.00	2.95
Warehousing and distribution fees	1.28	1.28	1.28	-
Retail marketing support	0.30	0.30	0.30	-
Total variable cost (unit)	4.30	4.72	4.58	4.53

Amazon E-Commerce, Fulfillment by Amazon

	Halle-Lujah (\$)	Honey Garlic (\$)	Thai Chili (\$)	Average (\$)
Selling price	7.99	7.99	7.99	7.99
Production				
Production of sauce and ingredients	2.58	3.18	2.95	-
Washing and sanitizing of bottles	0.09	0.09	0.09	-
Bottle and caps	0.40	0.40	0.40	-
Bottle printing and labelling	0.49	0.49	0.49	-
Cardboard box packaging	0.07	0.07	0.07	-
Total cost of production	3.63	4.23	4.00	3.95
Amazon fees				
Referral fee (8% of selling price)	0.64	0.64	0.64	0.64
FBA	2.84	2.84	2.84	2.84
Total variable cost (unit)	7.11	7.71	7.48	7.43
Online marketing	N/A	N/A	N/A	N/A

EXHIBIT 4 (CONTINUED)

Amazon E-Commerce, Fulfillment by Merchant

	Halle-Lujah (\$)	Honey Garlic (\$)	Thai Chili (\$)	Average (\$)
Selling price	7.99	7.99	7.99	7.99
Shipping and handling	6.00	6.00	6.00	6.00
Total selling price	13.99	13.99	13.99	13.99
Production				
Production of sauce and ingredients	2.58	3.18	2.95	-
Washing and sanitizing of bottles	0.09	0.09	0.09	-
Bottle and caps	0.40	0.40	0.40	-
Bottle printing and labelling	0.49	0.49	0.49	-
Cardboard box packaging	0.07	0.07	0.07	-
Total cost of production	3.63	4.23	4.00	3.95
Amazon fees				
Referral fee (8% of total selling price)	1.12	1.12	1.12	-
Shipping	5.00	5.00	5.00	-
Returns	0.30	0.30	0.30	-
Online marketing	0.35	0.35	0.35	-
Total variable cost (unit)	9.44	10.04	9.81	9.76

Notes: MSRP = manufacturer's suggested retail price; TVC = total variable costs.
Source: Company documents.

EXHIBIT 5: ANNUAL FIXED COSTS BY CHANNEL OPTION

Restaurant Annual Fixed Costs

	Halle-Lujah (\$)	3 Sauces (\$)
Insurance	1,200	1,200
Account manager/sales	N/A	N/A
Communications/promotions	1,000	1,000
Other/general admin	N/A	N/A
Total	2,200	2,200

EXHIBIT 5 (CONTINUED)

100 Independent Stores Annual Fixed Costs

	Halle-Lujah (\$)	3 Sauces (\$)
Insurance	1,500	2,400
Account manager/sales	16,000	20,000
Communications/promotions	4,000	10,000
Other/general admin	N/A	N/A
Total	21,500	32,400

300 Chain Stores Annual Fixed Costs

	Halle-Lujah (\$)	3 Sauces (\$)
Insurance	2,600	4,800
Account manager/sales	48,000	50,000
Communications/promotions	12,000	15,000
Other/general admin	19,000	25,000
Total	81,600	94,800

Amazon Annual Fixed Costs (FBA and FBM)

	FBA (\$)	FBM (\$)
Insurance	1,500	1,500
Account manager/sales	15,000	18,000
Setting up on Amazon	3,000	3,000
Total	19,500	22,500

Notes: FBA = fulfillment by Amazon; FBM = fulfillment by merchant.
Source: Company documents.