

In Sync in Every Situation™

Business Plan

Abstract

Morty's Bark & Brew is an economically healthy company that provides safety social areas, quality local craft beer, and pet related education aims to promote & strengthen human-animal bond through health & wellness.

Air Gustafson - Founder

air@mortysbarkbrew.com

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MORTY'S BARK & BREW BUSINESS PLAN

BUSINESS CONCEPT:

Morty's Bark & Brew (MB&B) is a unique and innovative indoor/outdoor dog park with dog playground where people can spend quality time mingling with their dogs and their friends regardless of the weather. Patrons will enjoy a rotating lineup of locally brewed beer and seasonal microbrews. Food trucks will provide food and be available on the property during business hours. We will also hold dog-related education classes by accredited teachers that will deepen pet-bonding and pet-knowledge. We believe raising a well-balanced dog and being a responsible pet parent is a lifetime commitment and a journey worth taking!

COMPANY DESCRIPTION:

What We Do: Morty's Bark & Brew will offer the community a warm, friendly, classy dog park with local favorite beer on tap and food trucks. MB&B will also provide customers with an enjoyable and innovative environment while they build unbreakable bonds with their dogs through dog-related educational program with holistic approach. MB&B features quality crafted beer from local breweries and pair them with local food trucks. During morning hours, we plan to have coffee and pre-packaged pastry for purchase for morning risers. Both indoor/outdoor dog park will also open during the morning hours.

What We Do Not: We are a craft beer bar and do not brew our own beer nor that we have a kitchen to prepare food. Instead, we will utilize local breweries and food trucks as suppliers. Morty's Bark & Brew is not a sport bar; therefore, we will only have our TVs playing for special events as we do not plan to have cable. We do not offer a dog daycare feature at MB&B. We will have well educated staff onsite to assist, however, customers are fully responsible for their dogs at all time while they are on our premises.

Morty's Bark & Brew is selling our customers the "experience" by encouraging them to "enjoy the moment with their dogs." To be present with their dogs, to spend quality time and strengthen bonds with their dogs.

COMPANY BACKGROUND:

December 1st, 2012, Cornelius, North Carolina, I stumbled upon [Lucky Dog](#), which is an indoor/outdoor dog park with a sports bar where both humans and their dogs could play. That one visit left such a big impression on me that I knew this is what I wanted to do with my time. I envisioned that one day I would successfully own and operate a "bark & brew" of my own. The one thing missing from the establishment in North Carolina – pet education. I am now conveying my vision, thoughts, beliefs, values, and deep passion for dogs and the community into my business plan. I want my customers to have a memorable experience and education that lives on long after they leave MB&B.

VISION (WHAT WE STRIVE TO BE):

Morty's Bark & Brew is a global iconic brand where individuals & organizations collaborate for social good to improve the lives of dogs & people.

MISSION STATEMENT (WHAT WE DO):

Morty's Bark & Brew is a pet inclusive and economically healthy company that serves a variety of quality local beer, bolsters safety social interaction, and a platform that provides pet-education and community aiming to promote, improve & strengthen human-animal bonds through health & wellness.



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VALUES (WHAT WE STAND FOR. THIS WILL DRIVE & DEFINE EVERYTHING WE DO):

- **Integrity:** We consistently demonstrate good character even when nobody is watching.
- **Trust:** We place trust in the center of every relationship.
- **Responsibility:** We take responsibility for our role within the community and live up to our commitments.
- **Teamwork:** We believe people are better together and we are our own greatest strength. We work together in a spirit of collaboration to create a harmonious environment.
- **Give Back to Community:** We are committed to use our time, energy, and talent wisely and carefully preserve and protect our financial resources. By doing so, we can continue to grow and contribute to our community.

IMPACT STORY:

We are devoted to empowering dog owners through education, merchandise sales, and a fun social environment to improve the health and wellness of dogs and their owners.

Morty's gives back in ways that directly align with the organization mission of improving behaviors, health & wellness, and safety of dogs and their humans.

Locally, we donate a portion of merchandise sale to organizations that promote safety and wellness in the Twin Cities area:

- [Hero K9](#), a nonprofit that raises funds to purchase safety equipment and more for working and retired First Responder dogs.
- [Bold Animal Advocates](#), a rescue that uses a holistic approach that invests in the wellness of the animal, despite the extra costs.

These causes align with Morty's mission to prioritize and promote health & wellness and stronger relationships for dogs and their owners.

To make an impact beyond its own backyard, we are also donating to international causes through [B1G1](#), a giving platform that promotes and measures intentional activity-based giving. B1G1 also allows Morty's customers and fans to translate their support and engagement with Morty's into real dollars that help animals. Each cause is aligned with health & wellness, providing nutrition or care for sick and injured animals from around the globe.

We are committed to the idea that animal welfare is an essential component of healthy communities. Morty's promotes health and wellness for dogs and their humans and works to foster safe environments where they can strengthen their relationships. The outcome is safer, stronger communities where dogs and humans can thrive together.

KEYS TO SUCCESS:

The keys to the success of MB&B can be summarized by the following points:

- Well-designed with both indoor and outdoor spaces offering with a unique, safe, and entertaining atmosphere.



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- Maintain good relationships with reliable beer distributors, dog trainers, educators, and local organizations.
- Quality services provided
- Repeat customers

COMPANY OWNERSHIP:

Morty's Bark & Brew is owned and operated by Air Gustafson.

COMPANY LOCATION:

MB&B location will be chosen based upon the following criteria listed in order of importance:

- Suburb area, within 10-25 mile-radius from the City of Minneapolis
- Access and ability to utilize outdoor space/landscape.
- High visibility
- Low cost of rent for approximately 10,000 square feet

All these qualities are consistent with MB&B's goal of providing an indoor/outdoor place of socialization for both humans and their dogs. In addition to the main area of the bar, co-mingle area, indoor dog space, and outdoor space, there will be two additional rooms. One of the rooms will be the manager's office. The second room will be a storage facility for supplies and extra kegs of beer.

SERVICES:

- Craft beer for purchase
- Food trucks for food purchase
- Special offers during happy hours
- Coffee and pre-packaged pastry for purchase
- Dog education with a holistic approach
- Special events/private parties space rental including indoor and outdoor dog park (discount to non-profit)
- Hosting fundraiser
- Dog treats/menu for purchase
- Outdoor off-leash dog area with sensory playground
- Indoor off-leash dog area
- Water stations for dogs

MARKET ANALYSIS

MB&B is a unique business blending two different industries together: Craft Beer and Pet Industry. The goal of this brief analysis is to provide insight into up-and-coming trends that help inform business decisions and provide information to leverage for stakeholders to feel more confidence investing time or capital in Morty's Bark & Brew. See Exhibit A for full details.

Hurdles in Executing Analysis:



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As I had found in recent years, detailed statistics on market trends in craft beer, pet care, and other industries are expensive and potentially cost prohibitive. Conflicting information was found regarding the size and Compound Annual Growth Rate (CAGR) of Craft Breweries and Pet Industries in the US. Due to this challenge, the focus of this analysis was meant to identify the drivers and restraints to the market and provide a summary that is useful in building out and validating components of MB&B's business model.

CRAFT BEER INDUSTRY MARKET ANALYSIS:

Although both craft brewers and their competitors have speculated that the revenue growth among industry brewers is poised to plateau due to market saturation, consumer demand for craft beer remains robust. Over the next five years, IBISWorld projects the industry to grow at an annualized rate of 4.4%, reaching \$7.2 billion by the end of 2021. Overwhelming consumer support for craft beer, alongside various legislative changes for interstate beer distribution, has transformed this industry from the small collection of brew pubs and microbreweries it was two decades ago to an industry that represents the strongest segment of the US alcoholic beverages market. The following table shows market sizes and CAGR values for the Craft Beer industry all which provide differing values, showing the potential volatility of the space or variance in research methods. However, it is important to note that Morty's Bark & Brew's co-relies on markets outside of the Craft Beer Industry.

Region	Starting Year	Market Size	Ending Year	Market Size	CAGR	Source
US	2020	\$8 B	?	?	?	IBIS
Global	2018	\$109 B	2025	\$187 B	8.0%	Allied Market Research
North America	2020	\$45 M	2025	\$122 M	22%	Market Data Forecast
North America	2016	?	2026	?	14.1%	Mordor Intelligence

Drivers of Craft Beer Industry:

Below is a list of industry drivers that may help inform decision making around which beverages to include in MB&B drink menu as well as general market trends.

- Increased demand for low-alcoholic beverages (<2.8%) due to:
 - Higher demand for better taste
 - Higher demand for health-conscious alcoholic alternatives
 - Their inherently reduced cost relative to higher alcohol percentage beverages
 - The rise in the number of millennial drinkers, who have the highest likelihood to adopt new beer flavors and types.
- Surge in demand for variety coupled with increase in per capita income.
 - Increase in disposable income leads to more expensive products and diversity.
 - Consumer's willingness to try new beverages.
- Craft beer is associated with high-quality products, sustainability, and local products.
- There has been a 2.0% annualized increase in per capita expenditures on alcohol from [2016-2021](#)
- Consumers seek a more comfortable and stylish experience, which leads to more on-sale purchases rather than off-sale, driving up per drink price and promoting market growth. For example, bars, restaurants, coffee shops, clubs, hotels, brewpubs, tasting rooms, and tiki bars.



Restraints of Craft Beer Industry:

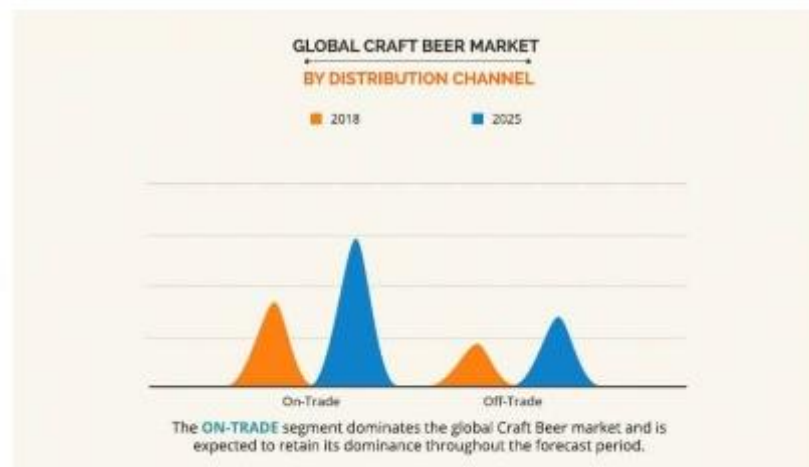
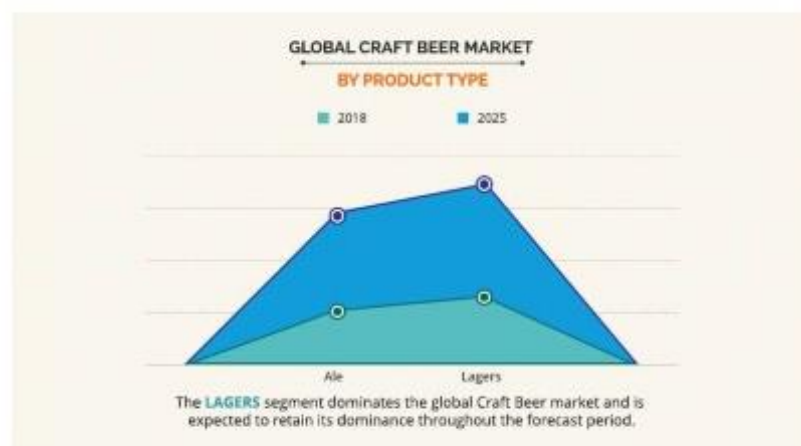
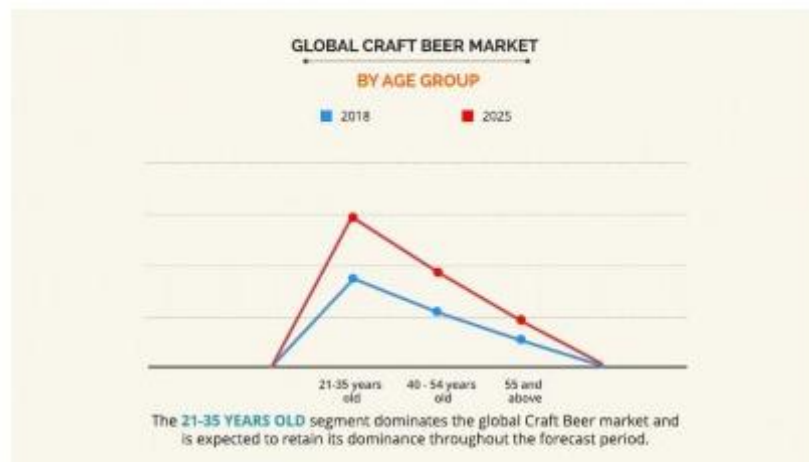
- New liquor sales, taxes, and government regulations
- The threat from other alcoholic beverages, such as wine, and seltzers, are one of the major hindering factors to the craft beer market.
- High levels of competition.

Craft Beer Target Market:

The three figures below illustrate the global craft beer market by beer, type, distribution channel and age group. Due to the nature of MB&B's offering, the following hypotheses can be generated.

- The primary age group interested in craft beer is in the 21-35 years old age group, followed by the 36-54 years old age group.
- The mix of beers offered by MB&B should be slightly toward Lagers than Ales.
- On-Trades continual growth provides validation that On-Trades sales will continue to have steady growth.



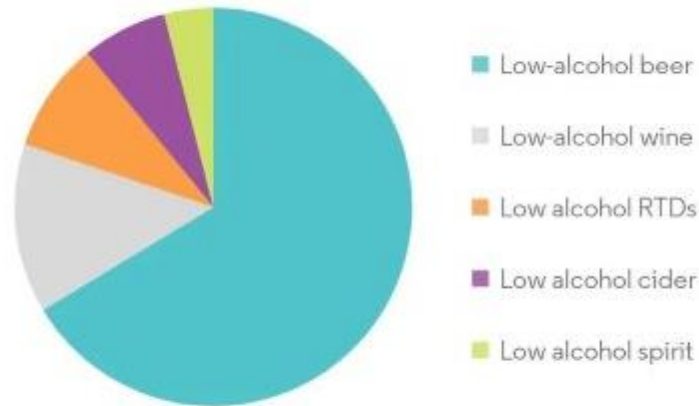


Breakdown of Low Alcohol Beverages:

The figure below illustrates the worldwide distribution of low alcoholic beverages by beverage type.



Distribution of low-alcoholic beverages market by category, Worldwide, 2019



Source : Mordor Intelligence



List of low alcoholic beverages: SAMPLE

- Goose Island So-Lo IPA (3% ABV)
- Breckenridge Brewery Resolution Blueberry Acai Golden Ale (3.5% ABV)
- Four Peaks Brewing Gilt Lifter Ale (3.4% ABV)
- Golden Road Brewing Mango Cart Wheat Ale (less than 0.5% ABV)

Impact of COVID-19:

- Pertaining to the worldwide restriction imposed on the functionality cafes and pubs, the mass consumption segment of craft beers (i.e., on-trade) channels incurred an extended downfall during the year 2020. However, as the situation of COVID-19 has gradually improved, with lesser restrictions being imposed on food service channels, craft beer market is likely to gain back its elevating consumption levels from this year.
- As the culture of “Sit Home and Booze” got on the rise throughout the pandemic period, the off-trade distribution segment witnessed a remarkable growth, as store and online alcohol sales soared across the world.

Thoughts from Industry Leaders:

In an interview with several different Craft Beer industry leaders, Forbes highlights the industry trends the leaders see moving into the next decade.

Sam Calagione, Founder, Dogfish Head Craft Brewery

“Growing demand for beers that are high in flavor and food compatibility, but lower in calories: fruit-infused sour beers and low-cal IPAs are two categories we believe will grow strong from many years to come.”



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Adam Lambert, Chief Revenue Officer, BrewDog USA

"I wish I had the crystal ball on this one. There's going to be so many moving parts over the next ten years, including continued consolidation, joint ventures and M&A. We've lost 4.3% of total beer volume over the last ten years, but I don't see this continuing. I see healthy lifestyle beverages growing, craft beer leveling out, and brewers actually trying to make money in beer. Meanwhile, seltzers aren't going away, but another form of beverage will be coming right behind it."

Harry Schuhmacher, Founder, Beer Business Daily

"The drinker today looks toward something light in both alcohol and calories, but still cool. Tito's and soda accomplish that. While Claw and Truly have found a way to put in it a can. While the last decade has been about big flavors, big alcohol content, and cool story, the next decade will be about lower ABV, lower calories, and easy-drinking – story be damned."

PET CARE INDUSTRY MARKET ANALYSIS:

Pet parents or pet owners who treat their four-legged friends as family members, has grown increasingly common and facilitates demand for pet stores and services. The emerging trend of pet parents bolstered demand for premium pet products and services. Since pets are treated as family members, pet owners frequently lavish them with all-natural and organic pet foods and treats, as well as high-end services. These pet services go beyond traditional grooming, dog walking and training; today, premium services, such as pet therapy sessions, are on the rise. These positive trends combined with rising disposable income, are expected to increase profit margin over the period. Moreover, the number of pets owning households is expected to continue rising, yielding greater demand for industry products.

The table below illustrates the CAGR and initial/final market sizes for the Pet Industry market. While not all initial and final market sizes are identical (such is the case for both US and Global market comparisons), the CAGR values show consensus that the long term CAGR will reside in the 5-6% range. It is hypothesized that the market size variance is due to variance in scope of research assessment.

Region	Study Period	Market Size	Market Size	CAGR	Source
US	2020 – 2025	?	?	5.3%	Mordor Intelligence
Global	2020 – 2027	2020 = \$225 B	2027 = \$359 B	6%	For Markets
Global	2020 – 2027	2020 = \$170.65 B	2027 = \$256 B	5.2%	ReportLinker
Global	2020 – 2025	?	?	5.2%	BusinessWire
Global	2019 - 2029	2019 = \$97 B	\$168.3 B	6%	PR Newswire

Drivers of Pet Care Industry:

Below is a list of industry drivers that help inform decision making around which target market makes sense and provide insight why having a wellness focused offering resonates with that market.

- Millennials:
 - Rise in the number of millennial pet owner



- 88% of millennials believed raising a pet is a good way to prepare for parenthood.
 - Millennial customers are willing to purchase organic products and spend on high-end pet hotels.
 - Spending on quality food, surgical vet visits, grooming aids, toys, and vitamins, differentiate millennial population from their older counterparts in the region.
- Humanization and Wellness for pets:
 - Pets are viewed as integral members of the family, and owners willing to spend on their pets.
 - Increasing empathy towards pets is prompting the use of premium products.
 - Pet food innovations will revolve around healthy and specialized diet options for pets.
 - Pet grooming services such as dog grooming will rise in prominence.
- Increase in number of pets owners
- Increase in spending on pets:
 - The pet services include pet sitting, pet grooming, pet travelling, pet training, pet hotels and customized subscription boxes for the pet.
 - Popularity of pet fashion. Some pet owners, especially affluent ones, are very particular about representing their lifestyles by spending on comfortable and luxurious products for their pets.
- E-commerce
 - Online retail channels represent the fastest growing segment for pet product sales.
- Mobile Pet Care Services:
 - Mobile pet care services are emerging as a win-win situation for both consumers as well as service providers. Pets are prone to stress when taken to new locations such as hospitals or pet grooming centers. And mobile pet care services provide the required care in familiar surroundings. Mobile pet care services are also cheaper since it requires low capital resources as the model eliminates the need for maintaining a physical location. Even for established pet care centers, the mobile model provides an additional service delivery model to expand their business and increase revenues. The COVID-19 is driving demand for mobile pet care as pandemic induced restrictions on movement of people are encouraging consumers to opt for these services from the comfort of their homes.

Restraints of Pet Industry:

- Lack of awareness in developing and under-developed regions, decreasing adoption of a mercury thermometer, and high pet care cost.
- Wastage and spoilage of food products because of the paper-based packaging.
- Food with high meat content gets easily spoiled leading to loss of customer loyalty.

Pet Industry Statistics:

The following statistics and notes are pulled out of market research reports to help provide a better understanding of market trends. [See Appendix for more details](#)

Overview of Statistics:

High level overview showing distribution of US market shows 9.3% growth for “Other services”, which is showing the general trend in money being played outside of essential services and needs.



- Actual Sales within the U.S. Market in 2019:

- In 2019, \$95.7 billion was spent on our pets in the U.S.

Pet Food & Treats	\$36.9 billion
Supplies, Live Animals & OTC Medicine	\$19.2 billion
Vet Care & Product Sales	\$29.3 billion
Other Services	\$10.3 billion
(Other Services include boarding, grooming, insurance, training, pet sitting & walking, and all services outside of veterinary care)	

- Estimated 2020 Sales within the U.S. Market:

- For 2020, it estimated that \$99.0 billion will be spent on our pets in the U.S.

Pet Food & Treats	\$38.4 billion (4.1% increase)
Supplies, Live Animals & OTC Medicine	\$19.8 billion (3.1% increase)
Vet Care & Product Sales	\$30.2 billion (3.0% increase)
Other Services	\$10.7 billion (3.9% increase)
(Other Services include boarding, grooming, insurance, training, pet sitting & walking, and all services outside of veterinary care)	

- Number of U.S. Households that Own a Pet:

Bird	5.7 million
Cat	42.7 million
Dog	63.4 million
Horse	1.6 million
Freshwater Fish	11.5 million
Saltwater Fish	1.6 million
Reptile	4.5 million
Small Animal	5.4 million

The factors driving the market are growing adoption across the globe, mobile pet grooming, an increase in animal healthcare expenditure, increasing demand for protein in animal food, demand for pet insurance, and rising prevalence of foodborne and zoonotic diseases. Smart tech pet beds and advanced tracking pet wearable is expected to provide market growth opportunities.

NOTE: Pets provide companionship and help with emotional support, reduce stress level, sense of loneliness, increase social activities and add to child's self-esteem and positive emotional development.

COMPETITIVE MARKET ASSESSMENT

Overview of Competitive Market Assessment:

The Competitive Market Assessment can be categorized into three segments:

1. Dog Park Bars in the U.S.
2. Local NW Minneapolis Breweries
3. Local NW Minneapolis Dog Parks

The sections below illustrate the approach taken to analyzing each market segments as well as the data that was created as an output of the assessment.



1ST SEGMENT - DOG PARK BARS IN THE U.S.:

Process:

The following process was used in analyzing the dog park bar competition:

- Identify U.S. Dog park bars.
- Define characteristics of dog park bars to help differential each business.
- Deep dive into each company's website and document details describing the characteristic of each company.

Identify U.S. Dog Park Bars:

- Dog Park Entities Identified: 32
- Cities with more than one dog park bar:
 - Charlotte (5X)
 - Dallas (3X)
 - Washington, DC (2X)
 - Omaha (2X)
 - Austin (2X)
- Dog Park Chains: 5
 - Lucky's Dog
 - Mutt's Canine Cantina
 - Fetch Park
 - Bar K
 - Skiptown
- 5 out of 32 currently under construction
 - Orlando
 - Cleveland
 - Omaha
 - Oklahoma City
 - SE Minneapolis (Underdog Park)
- 3 out of 32 permanently closed due to COVID-19

Define Characteristics:

Characteristic	Options
✓ Membership/Subscription options	<ul style="list-style-type: none"> ○ Daily pass ○ Monthly pass ○ Annual pass
✓ Merchandise offered (if any)	<ul style="list-style-type: none"> ○ Clothing ○ Dog & human accessories
✓ Online event organization method	<ul style="list-style-type: none"> ○ Listed ○ Calendar ○ None ○ Social media
✓ Event types	<ul style="list-style-type: none"> ○
✓ Food options	<ul style="list-style-type: none"> ○ Full menu ○ Food trucks ○ Dog menu ○ Snacks ○ Menus for local restaurants



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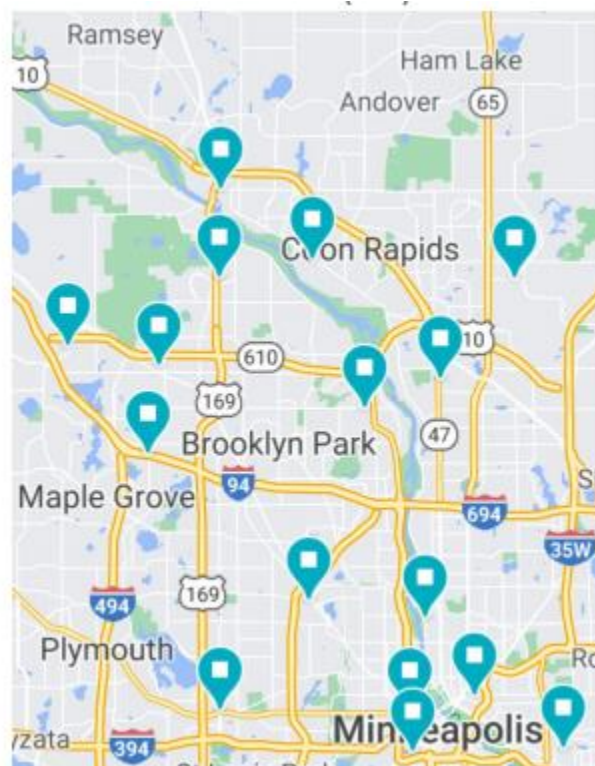
✓ When are they open/closed?	<ul style="list-style-type: none"> ○ Open every day. ○ Closed Mondays. ○ Closed Mondays & Tuesdays
✓ Number of drinks available <ul style="list-style-type: none"> ○ Variety of beer, hard-liquor mixes, seltzers 	<ul style="list-style-type: none"> ○ Average 25 ○ Median 22.5 ○ Mode 20

2ND SEGMENT – LOCAL NW MINNEAPOLIS BREWERIES:

Process: The following process was used in analyzing the local craft brewery competition:

- Identify craft beer breweries within 15 miles of Champlin and Maple Grove
- Define characteristics of breweries to help differentiate each business.
- Deep dive into each company's website and document details describing the characteristic of each company.

Data: Identify craft beer breweries within 15 miles of Champlin and Maple Grove (19+)



Link to shareable Google Maps link [here](#).

Define Characteristics:

Characteristic	Options
✓ Do they offer online menu ordering/curbside pickup/deliver?	<ul style="list-style-type: none"> ○ 19/21 offer ordering. ○ 19/21 offer curbside pickup.



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	<ul style="list-style-type: none"> ○ 4/21 offer delivery
✓ Do they have private room reservation?	<ul style="list-style-type: none"> ○ 16/21 offer private room reservations
✓ What snack or food options do they provide?	<ul style="list-style-type: none"> ○ Pretzels ○ Van Hansen Meat Sticks ○ Popcorn
✓ How do they organize their events and what types of events do they have?	<ul style="list-style-type: none"> ○ 4/21 have a beer locator map on website. ○ 14/21 have an event calendar on their website. ○ 2/21 have an event list on their website. ○ 4/21 market games they have in house on their websites (Jenga, cribbage, bags, cards, shuffle puck)
✓ What are their membership options?	<ul style="list-style-type: none"> ○ Under Pressure Brewing: Knight's club ○ Torge <ul style="list-style-type: none"> a) \$50 for \$1 off/pint b) \$250/1 free pint/day +\$1 off/pint c) \$1000 for 3 free pints/day ○ OMNI Brewing CO: Crowler membership club <ul style="list-style-type: none"> a) \$25/month = 3 free beers b) \$275/year = 36 free beers ○ Luce Line Brewery <ul style="list-style-type: none"> a) Founding memberships (get t-shirt & glass, 10% merch, 25% off rental space, free brewery tour, members only events, \$ off growler) ○ 10k Brewing <ul style="list-style-type: none"> a) Silver & Gold memberships <ul style="list-style-type: none"> ▪ Silver = Free glass, 2 hours of unlimited beer, member events, specialty releases ▪ Gold = All of Silver + upgraded glass, 1 growler refill each month.

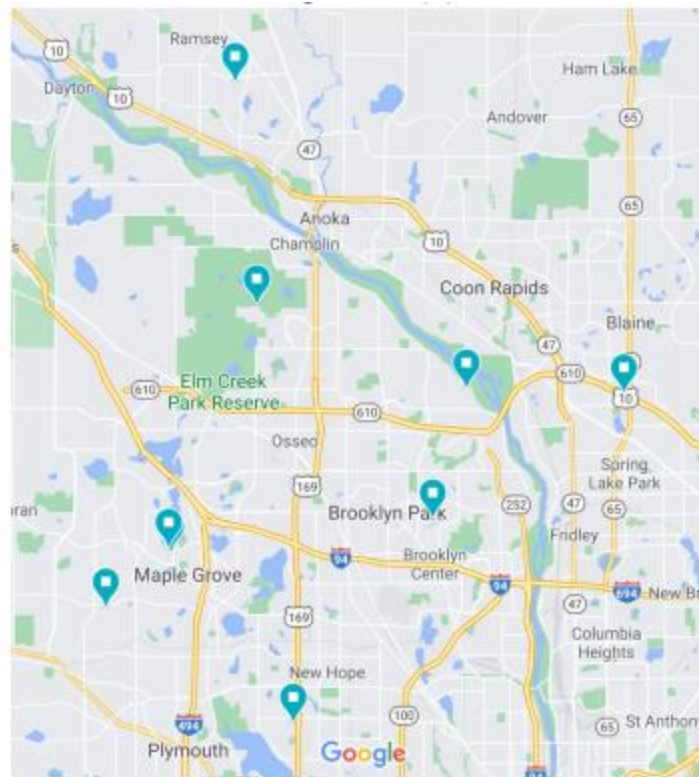
3RD SEGMENT – LOCAL NW MINNEAPOLIS DOG PARKS:

Process: The following process was used in analyzing the local dog park competition:

- Identify dog park within 15 miles of Champlin and Maple Grove
- Define characteristics of dog parks to help differentiate each park.
- Deep dive into each park's website and document details describing the characteristic of each park.

Data: Identify dog parks within 15 miles of Champlin and Maple Grove (9)





Link to shareable Google Maps link [here](#).

Define Characteristics: Because each park website offered limited information, it was difficult to have a uniform way of comparing each dog park. While the following characteristics were only specified on a handful of their websites, it may be valuable to identify them as shown below:

- Admission cost
- Small dog section
- Furnished poop bags
- Offered picnic tables on site
- Offered watering hole

As mentioned previously, there was limited information available on each site, making it difficult to add statistically significant analysis. The parks have been listed below.

Dog Park Name	Distance to Maple Grove	Distance to Champlin
Environmental Nature Area Off-Leash Dog Park	13	5.1
Brookdale Park & Dog Park	9.9	8.6
4 Paws Dog Park	5.7	12.3
Plymouth Dog Park	3.4	14.4
Alpine Dog Park	17.2	5.5
Fish Lake Regional Park	1.4	13.5
Elm Creek Park Reserve – Dog Park Off-Leash area	9.1	4.4
Dog Park at Fish Lake Regional Park	0.8	12.9
Aquatore Park	17.3	11.6



KEY FINDING OF CRAFT BEER & PET CARE MARKET ANALYSIS:

- Market trends show that there was a significant drop in CAGR for both the craft beer and pet care industries in 2020 due to the COVID-19 pandemic. Both markets are expected to heal and overcome this dip going into 2021-2022.
- The high rate of adoption for low alcoholic beverages will be a game changer going into the next five years, providing Morty's Bark & Brew with an opportunity to diversify its drink selection towards low, mid and high alcohol content beers, wine, and seltzers, which align with generally health focused, variety hungry millennial markets.
- A growing millennial population has tied to growth in the markets of both craft beer and pet care industries.
 - Millennials have taken over the followings:
 - Largest segment of craft beer consumers
 - Largest segment of dog owners.
 - Millennials and other age groups have shown to view their pets as integral members of their family, leading them to spend more on quality wellness centered products and services for their pets.
- 2020 has shown a 2.0% annualized increase per capita in expenditures on alcohol from 2016-2021.
- The largest restrictors on the craft beer market include competition with other low alcoholic content options such as seltzers & wine, high competition levels, and new government restrictions.
- There were few applicable restrictions identified in the growth of the Pet Care industry.

INDUSTRY THREATS & OPPORTUNITIES

CRAFT BEER	PET INDUSTRY
<ul style="list-style-type: none"> • Overwhelming consumer support for craft beer has led to rapid industry growth. • Small-scale breweries have become a big hit with consumers due to their local flair and quality ingredients. • The craft brewing phenomenon has emerged as today's biggest craze in the alcoholic beverage sector. • There is some concern that the number of craft breweries will eventually plateau. 	<ul style="list-style-type: none"> • Pet owners have been purchasing a greater range of high-value services for their pets. • A shift in consumer attitudes has resulted in strong demand for luxury goods for pets. • Rising per capita disposal income and increased per ownership will drive sales growth

LOCAL COMPETITION:

Current Direct Competitors:

In the geographic area, City of Minneapolis, there are two direct competitors: Unleashed Hounds and Hops & Underdog Park.

Direct Competitor #1 – [Unleashed Hounds and Hops](#) located at 200 East Lyndale Ave N, Minneapolis, MN. According to [Sidewalk Dog Media](#), the Unleashed Hounds and Hops reached its crowdfunding goal in less than four hours, doubled it in three days, and has now unveiled stretch goals in its [Indiegogo campaign](#). If they reach



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\$50,000, they'll be able to get agility equipment added to their facility. Unleashed Hounds and Hops is the first combination indoor/outdoor off-leash dog park, tap house, and eatery in the Twin Cities with 6,500 square feet of indoor space and thousands of feet outside. They live by the motto "Nothing brings people together better than good food, cold beer and your best friend." They are scheduled to open early winter of 2020 as shown below.

- 2017 Unleashed Hounds and Hops is conceptualized, the search for location begins.
- April 2019 Location was identified.
- July 2019 with approval from the City and the State, they sign a lease at 200 N Lyndale Ave
- October 1st, 2019 Construction begins on 6,500 square foot indoor space.
- December 2019 Begins to build and train employees.
- January 2020 Opens to the public

Direct Competitor #2 – [Underdog Park](#) situated in SE Minneapolis. They are not yet in operation and therefore not much information is available. However, according to their website, it is Minnesota's largest indoor dog park and brew pub covered over 20,000 plus square foot. It is a one stop shop for all your and your dog's needs: indoor or outdoor patio, dog park, pub, doggy daycare and more. They also offer grooming, self-service wash station and retail.

Current Indirect Competitors:

Many restaurants and breweries/bars offer dog-friendly patios around the City of Minneapolis. Several local breweries welcome dog indoors in addition to on the patio. Also, several coffee shops would let your pup join you inside. However, none of the current indirect competitors has either designated indoor dog park or adjacent outdoor dog park.

For instant, within 5-mile radius from direct competitor #1, there are 32 dog-friendly patio breweries, 13 dog-friendly inside breweries, and the same 13 dog-friendly insides are also dog-friendly patio. To name a few, Inbound Brew Co, Sisyphus Brewing, Modist Brewing Co, Bauhaus Brew Labs, and Sociable Cider Werks.

Competitive Matrix:

		❖	❖	➤	➤	➤	➤	➤
Features	Morty's Bark & Brew	Unleashed Hounds & Hops	Underdog Park	Inbound	Sisyphus	Modist	Bauhaus	Sociable Cider
Dog-related education with holistic approach	✓	▪	▪	▪	▪	▪	▪	▪
Dog-Friendly Inside (on leash)	✓	✓	✓	✓	✓	✓	✓	✓
Dog-Friendly Patio (on leash)	✓	✓	✓	✓	✓	✓	✓	✓
Dog-Friendly both Inside & Outside (on leash)	✓	✓	✓	✓	✓	✓	✓	✓
Indoor Dog Park (on/off leash)	✓	✓	✓	▪	▪	▪	▪	▪
Outdoor Dog Park	✓	▪	✓	▪	▪	▪	▪	▪



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(on/off leash)								
Food & Drink available for purchase	✓	✓	✓	✓	✓	✓	✓	✓

		❖	❖	➤	➤	➤	➤	➤
Features	Morty's Bark & Brew	Unleashed Hounds & Hops	Underdog Park	Inbound	Sisyphus	Modist	Bauhaus	Sociable Cider
Morning Coffee Hours	✓	▪	▪	▪	▪	▪	▪	▪
Event Rooms for rent	✓	▪	▪	▪	▪	▪	▪	▪
Dog-Friendly Menu	✓	▪	▪	▪	▪	▪	▪	▪
Dog-Friendly Events	✓	▪	▪	✓	▪	▪	▪	▪

Legends:

❖ Direct Competitor
✓ Included

➤ Indirect Competitor
▪ No Information listed on website.

MORTY'S BARK & BREW SWOT ANALYSIS:

We are in a highly lucrative markets (i.e., dogs and craft beer) in a growing economy. We foresee our strengths as the ability to respond appropriately to what the markets dictate and to provide quality services. In addition, through quality management we intend to become a trusted, well-respected, and known entity in our community and respective industries. Our key personnel have a wide and thorough knowledge of the dog business and local craft beer market and expertise, which will go towards penetrating the market. However, we also acknowledge our weakness of a start-up company without a lot of experience, and the threat of new competition taking aim at our niche. We strive to be an economically healthy company by managing our business with thoughtfulness and intention and reinvesting our profits. By doing so, we give ourselves the freedom to pursue purpose rather than profit, to innovate, and to seek continuous improvement in everything we do. Below are the summarized SWOT.

Strengths:

- Access to both indoor/outdoor dog park
- Customers can learn more about their dogs/strengthen bonds thru education program.
- Specific, safe and fun atmosphere for the community to come to when they want to unwind and have fun.
- Personable & destination of choice
- Creating social responsibilities by establishing ourselves as a community-oriented business by partnering with local organizations
- Strategic market segmentation and implementation strategies
- Diversified market segments: ensuring the lack of dependency on one market.
- Combination of skills in directorship. The directors intend to jointly develop business strategy and long-term plans, having wide experience in product and business know-how.
- Unique quality services & Dog centric destination of choice
- Customer loyalty



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BARK & BREW**

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Weaknesses:

- Lack of reputation in comparison to both direct and indirect competitors.
- The introduction of new organizational practices and personnel who have not previously worked together present a challenge to a start-up company.
- A limited financial base compared to the major players in both dog and beer industries.
- Specific environment for dogs and dog lovers, excluding another pet (cats, birds, etc.)
- Obtaining necessary licenses could be challenging.
- We do not have kitchen and rely on food trucks.
- No major marketing
- Hard to raise capital being a start-up.
- Premium price

Opportunities

- Specific niche: dog-related holistic health approach being offered in a fun atmosphere.
- The new generation of individuals as families has a far greater appreciation of healthier lifestyle for themselves, which has transcended to their pets.
- Strategic partnership with natural pet products companies. – though still in its infancy
- Internet marketing and sales (natural pet products) – though still in its infancy
- 25% of craft beer drinkers think craft beer match well with food. This gives us an opportunity to better match food and beer via variety of food trucks.
- Flavored beer options have continued to dominate as the first choice of beers to try for women and younger drinkers. Featuring beers to attract more women who are main caretakers for dogs.
- Expand to wine.

Threats:

- Liability and how law and regulations will have a direct impact on MB&B.
- Some resistance from the public is also expected.
- Existing establishments with similar concept also pose threats.
- Among consumers, beer is seen as a high-calorie beverage, because of this, consumers are turning to low-calories, easy to drink & wine as their alcoholic beverage of choice.
- Light beer continues to dominate volume sales and significantly higher than craft beer volume sales.

OUR OPPORTUNITY:

PROBLEMS WORTH SOLVING	OUR SOLUTIONS
<ul style="list-style-type: none">• Unmindful pet parents• Inclement weather• Limited access for dogs	<ul style="list-style-type: none">• Pet-related education with holistic approach• Indoor lounge areas• Sensory outdoor dog park



Problem Worth Solving:

Pet-friendly businesses are now in higher demand. Many establishments, such as bars and restaurants will allow customers to bring their dogs; however, dogs are only allowed to be in a restricted area. Even with current variances that allow dogs on leash inside in some establishments, there is still limited access. Moreover, some places would only allow dogs to stay during certain hours as they plan to open a section to the public.

The three biggest issues when it comes to "Dog-Friendly" businesses are.

- 1) **Unmindful Pet Parents:** Unmindful pet owners may brush off a potential behavioral/health problem until the dog is noticeable suffering. They also love their dog deeply and want to strengthen bonds but do not know where to begin.
- 2) **Limited access for dogs.** It is important to allow a dog to have some time to explore its surroundings. Many facilities have limitations on where people with dogs can dine, such as in outdoor or patio areas only. This may be an issue if waitstaff do not come outside to take orders or the restrooms are located indoors.
- 3) **Inclement weather.** People can only enjoy their time with furry friends when the weather is nice enough. Weather permitted only. That is neither fair nor fun at all!!

Our Solutions:

- 1) **Educational programs.** At MB&B, we believe that raising and caring for a dog is a lifetime commitment and a journey worth taking. Pet parents want to have the same focus on health and well-being of their dogs as they do for themselves. Morty's Bark & Brew offers education program and events that will cover variety of holistic health topics.
- 2) **Sensory outdoor dog park.** At MB&B, people can bring their furry friends to socialize with other dogs while they enjoy a cold beer or two. Dogs see with their noses, and they place as much importance on their sense of smell as we place on our sense of vision. Go explore, sniff away!! That is a great way for dogs to release stress. That is what our sensory outdoor dog park is for!!
- 3) **Indoor lounge area.** We have plenty of room both indoors and outdoors for dogs to explore and socialize. For safety reasons, dogs are not allowed behind the bar and must be on leash when in an indoor bar area. Another occasion that a dog must be on a leash is at the Entrance and Exit. We offer food trucks that line up and customers are welcome to bring their own food. Again, for safety reasons, which we cannot stress enough, we offer designated areas for customers to eat their food if they choose to do so. Note that when you utilize one of the designated eating areas; only allow your own dog(s) to enter/exit.

Our Advantages:

Two direct competitors and Morty's Bark & Brew (MB&B) have a similar concept, which is offering both indoor and outdoor social arenas to customers and their dogs in one facility and bringing responsible dog parents together in a safe and friendly environment. When it comes to social time between four and two-legged best friends, customers do not have to choose. Morty's Bark & Brew offers the opportunity for on-leash/off-leash socialization for dogs and their owners have access to both food and drinks. You can experience hours of fun for the whole family at MB&B regardless of the weather because we offer access to both indoor and outdoor spaces. We have got you covered literally and figuratively!



However, the uniqueness of MB&B is we aspire to promote human-animal bonds thru on-going pet-related education program with holistic approach. That is, we encourage pet parents to look at the canine's overall health and well-being, not just from a physical standpoint. We are committed to help pet parents feel empowered to make healthy choices, focus on prevention, enhance their pet's quality of life and happiness, and take control of their pet's health physically, mentally, and emotionally. Our topics include but not limited to diets, fitness, prevention and treatment, therapy, etc. in appropriate formats (mini-series, discussion panel, lectures, seminar, Ask-the-Expert, webinar, etc.) We will utilize and partner with both local and national accredited trainers, educators, veterinarians, behaviorist, etc. Morty's Bark & Brew will be a trusted partner and platform for its customers to generate respectful and meaningful pet-related discussions in a safe and fun environment. This is a win-win situation for all involved; customers become their pet's advocate, pet's quality of life is improved, and human-canine bonds are strengthened.

According to [Pet Business](#), consumers, over the last five to ten years, have taken conscious movement toward a natural, healthier lifestyle for themselves, which has transcended to their pets. Additionally, pet parents are taking a more proactive and holistic approach to healthcare, leading to growth in natural and organic product sales. Pet parents are going beyond seeking out solutions to specific nourishment. They are caring more and spending more on their pet's wellbeing.

For example, with pet ownership on the rise in the US, the pet industry is seeking an uptick in pet food sales across the board. Pet owners are not just buying more kibble – many are seeking out healthier, premium-grade pet foods for their four-legged family members. This includes natural and holistic options. How do you read labels? Which brand should I pick? Natural VS Organic?? Or should I feed raw instead? Helping pet parents making conscious investment in their pet's health is our niche! It not only impacts what kinds of products they are looking for but has led to increased spending. This creates an opportunity for Morty's Bark & Brew to become a vendor for selected natural/organic consumables and pet health goods in the future.

MB&B will feature locally sourced craft brews and rotate though out. Also, we will have food trucks line up and rotate as well.

In addition, we will host adoption for local animal shelters, fundraiser events, etc. When possible, we would line up a professional dog trainer/behaviorist to help you match you and your future dog.

We are planning to utilize our local resources as much as possible, and thus, we are supporting our communities and making us stronger together.

BUSINESS MODEL:

KEY PARTNERS:

- Air Gustafson
- TBD

KEY PLANNED HIRES:

- Operation:



- Bar & floor staff (Part time)
 - Bar manager/General Manager (Full time)
 - Outdoor Park staff (Part time)
 - Cleaning crew (Contract)
- Administrative:
 - Administrative assistant/event coordinator (Part time)
 - Professional accountant and payroll (Part time)
 - Legal Consultants (As needed)

KEY ADVISORS:

- Service Managing Related - TBD
- Dog Related - TBD
- Community Related - TBD
- Legal Related -TBD
-

KEY ACTIVITIES:

- Indoor/Outdoor Dog Park
 - We offer both indoor and outdoor areas for customers and their dogs.
 - This will be a focal point to get customers in the doors.
- Craft Beer
 - MB&B will not brew its own beer but will provide a variety of quality locally brewed beers.
 - This will also be a focal point in addition to the indoor/outdoor dog park.
- Education Programs
 - Holistic approach to all aspects; training, diet, exercise, mental stimulations, emotional health, general health, relationship with its parents.
 - Holy Shift! courses
- Food & Non-Alcoholic Beverages
 - We don't prepare food here. But we will offer a rotating lineup of food trucks.
 - Prepackaged snacks
 - Coffee (morning hours only)
 - Prepackaged pastries
- Dog Menu
 - Dog treats for purchase
 - Dog menu for purchase
- Customer Service
 - Employees cross-training programs (dogs & beer) to create a transparent environment.
- Entertainment
 - Trivia, Date night (with your dog's/humans), Game nights (tricks & toys), special events, etc.
 - Private events
- Community involvement & customer experience
 - The base of our existence, values and commitment to customers



- Fundraising, festivals, employee volunteer incentives, activity sponsorships (bike races, running, etc.)
- Private party space rental

KEY RESOURCES:

- Local supply chain channels
 - Establish a healthy relationship with selected local breweries and other local resources including food trucks and dog-related community
- Planning startup
 - Exhausting market research
 - Advice and consultation with experts
 - Business Plan
- Employees
 - Well-informed and competent employees
 - Dog body language training for all employees
 - Craft Beer 101 training for all employees

VALUE PROPOSITION:

- Improving the way humans & dogs can live in harmony
 - Creating a social setting and meaningful relationships that will live on when customers leave Morty's Bark & Brew.
 - Improving the quality of life through an affordable craft beer experience and positive education program for dog lovers

SAFETY:

- Providing safety and cross training to all employees
 - 1st Day, 1st Hour orientation
 - Dog body language training
 - Beer 101 training
 - Safety protocols for emergency

CUSTOMER RELATIONSHIPS:

- Forming relationships
 - Get to know the customers and their dogs. Laugh with them, cry with them, learn with them.
 - Be personable and to maintain good relationship and respect different opinions.
 - Train staff to inform customers how they can be involved with MB&B education programs and activities.

CUSTOMER SEGMENTS:

- Locals (Geographical)
 - Dogs lovers (target aged 21-54)
 - Beer - Young professionals (21-late 30s)



- College students
 - Hipsters, active lifestyle
 - NW suburbs (Brooklyn Park, Anoka, Coon Rapids, Ham Lake, Maple Grove, Lino Lakes)
 - Pricing for varied economies
 - Ages from 21 up
- Tourists
 - Staff will be knowledgeable about the geographical area and aware of tourist's desires
- Segments with growth potential
 - Beer -Established professionals (aged 35-44 and 45-54)
 - Dog – families with young children (aged 35-44)
 - Special dietary needs (light calories beer, kombucha, etc.)
 - Offer education program regionally
 - Doggie Daycare
 - Online and instore natural dog-related consumables and products
 - Franchise & branding

CHANNELS:

- The path of delivery to Morty's Bark & Brew
 - Distributors deliver to MB&B. If close enough we will pick up goods to reduce cost.
- In-House channels
 - Customers and their dogs enter building while dogs must be on leash.
 - Entrance and Exit are separate areas for safety reasons.
 - First-time customers will be asked to sign a waiver.
 - Seat yourself, able to select a bar area, indoor, or outdoor.
 - Customers place and take orders at a bar area.
 - Servers take empty glasses & clean up

COST STRUCTURES:

- Revenue structure
 - Membership structure (daily, monthly, yearly)
 - Education program (tickets sale)
 - Happy hours to seasonal beer prices
 - Morning hours for coffee drinkers/morning raisers
 - Prepackage snacks available for purchase.
 - Dog menu and treats available for purchase.
 - Non-alcoholic beverages for purchase
 - Close-off sections for rent/private party.
 - Onsite & online merchandise (dog treats, snacks, apparels, growlers, etc.)
- Startup costs
 - Bar and indoor/outdoor dog park equipment
 - Employees
 - Purchase Agreement
 - Software license (payroll, security system, inventory, etc.)



- Full liquor License
 - Permit/Variance/Inspection
 - Landscaping
 - Construction/design & architect costs
- Ongoing variable and fixed costs
 - Depreciation and Maintenance on equipment
 - Labor
 - Materials (beer, glasses, supplies, etc)
 - Utilities on facility
 - Insurance
 - Administration
 - Marketing

REVENUE STREAMS:

- Initial phase (Year 1 – Year 3)
 - Morty's Bark & Brew is a membership based. See **EXHIBIT A** for details.
 - Introduction of company: Dog park and craft beer bar combo, education program, coffee hours, and MB&B brand merchandise (dog treats, tasting glasses, growlers, hats, t-shirts, bandanas, etc.)
 - Pre-construction – Crowdfunding. See **EXHIBIT A** for details.
 - During construction – “Sneak Peek” tickets go on sale to raise money during construction period. Tickets will include canned craft beer and tour of facility. Other swags to be included as needed. More events will also be included during this period when applicable.
 - Soft Opening – invite only. This option is offered in one of the crowdfunding packages. Also, tickets will be available for purchase if spots need to be filled. Depend on the timeline and feedback, we might be able to have two separate soft opening.
 - Grand opening – target date is April 2022
- Second phase (Year 4 – Year 5)
 - After maturation of initial phase enters small level of dog daycare.
 - Expanding scopes of education program
 - To test a potential growth, few natural pet products are available for purchase in store.
 - Pet Taxi – Transport customers and their pets safely.
- Growth stage (Year 5 and beyond)
 - Morty's Bark & Brew has overcome the intense start-up stage and is now generating revenue and growing its client base. While profits have increased, competition is catching up.
 - We focus first on fine-tuning our business model by identifying ways to improve operational efficiencies and improve profitability.
 - Becoming a vendor for selected natural products is also taking into a consideration. This will depend on the feedback we receive from customers.
- Expansion stage (Year 5 and beyond)
 - Looking for way to stream in new revenue and profit.
 - Streamlined plan and research before moving into new markets.



- Franchise opportunity
- Working with local guides/demands
 - Getting involved and participating in local events to learn more about demands.

BUILDING LAYOUT:

- Pending

