



Strategic Pricing & Commercial Strategy: Hook Hand Rum

1. Executive Summary & Investment Thesis

Hook Hand Rum (HHR) enters the U.S. spirits market as a **Super-Premium Craft Spirit (35% ABV / 70 Proof)** packaged in **6-bottle cases (750mL)**.

To maximize capital efficiency and brand equity during market entry, HHR utilizes **Park Street LLC** as a wholesale clearing partner rather than immediately surrendering a 30%+ margin to traditional broadline distributors.

Key Investment Highlights

- **Wholesale Anchor: \$35.00 per bottle (\$210.00 per 6-pack case).**
- **Suggested Retail Price (SRP): \$49.99 per bottle** (30.0% retailer margin).
- **Launch Gross Margin: 43.9% Net Gross Margin** (\$11.49 net profit/bottle) at launch landed costs of **\$14.71 per bottle** (COGS + FET Tax).
- **Margin Expansion at Scale:** As annual volume expands from initial production runs (~3,000 cases) to full scale (~50,000 cases), unit COGS drop from **\$15.40** down to **\$11.12 per bottle**, expanding supplier gross margins to **57.6% – 60.5%**.
- **On-Premise Commercial Pull:** Delivers craft cocktail bars an **86.2% gross margin (13.8% pour cost)** on a \$15.00 signature cocktail, driving strong menu placement.

U.S. ROUTE-TO-MARKET FINANCIAL FLOW	
Hook Hand Rum Landed Unit Cost + Tax: \$14.71 Launch: \$11.12 Scale	
Park Street LLC Park Street Fee 18%: \$6.30 Shipping: \$2.50 CBMA Tax: \$0.37	
[On-Premise Accounts]	[Off-Premise Accounts]
• Wholesale: \$35.00 (\$210/case) • Pour Cost: 13.8% @ \$15 Menu • Bar Margin: 86.2% (\$12.93/dr)	• Wholesale: \$35.00 (\$210/case) • Shelf SRP: \$49.99 • Store Margin: 30.0% (\$14.99/bot)



2. Product Positioning & Category Benchmarking

Pricing at **\$49.99 SRP** positions Hook Hand Rum in the high-growth **Super-Premium Craft Tier**. This price point stays below the \$60.00 threshold where consumers expect 12+ year age statements or barrel-proof whiskies, while establishing enough premium brand equity to support its signature cherry oak char finish.

U.S. Category Competitive Grid (750mL)

Brand	Category Tier	ABV / Proof	750mL SRP	Strategic Context
The Kraken Spiced	Commercial Premium	47% / 94	\$22.99 – \$24.99	Mass volume benchmark
Plantation Stiggins' Pineapple	Craft Artisanal	40% / 80	\$34.99 – \$37.99	High-velocity craft benchmark
Bumbu Original	Craft Flavored	35% / 70	\$35.99 – \$39.99	Direct category competitor
Hook Hand Rum	Super-Premium Craft	35% / 70	\$49.99	Cherry oak char & natural flavors
Ron del Barrilito 3-Star	Super-Premium Aged	43% / 86	\$44.99 – \$48.99	Puerto Rican craft benchmark
Papa's Pilar Dark	Super-Premium Craft	43% / 86	\$44.99 – \$49.99	Boutique craft benchmark
Ron Zacapa 23	Ultra-Premium Aged	40% / 80	\$59.99 – \$64.99	High-age statement ceiling



3. U.S. 3-Tier Financial Waterfall

The model accounts for all clearing fees, freight logistics, Federal Excise Tax (CBMA craft rate at 70 Proof), and retailer margins.

6-Bottle Case Unit Waterfall (\$35.00 Wholesale / \$49.99 SRP)

Financial Waterfall Metric	Per Bottle (750mL)	Per 6-Bottle Case	% of Wholesale
Suggested Retail Price (SRP)	\$49.99	\$299.94	142.8%
Retailer Gross Margin (30.0%)	(\$14.99)	(\$89.94)	-42.8%
Wholesale Price to Account	\$35.00	\$210.00	100.0%
Park Street Service / Clearing Fee (18.0%)	(\$6.30)	(\$37.80)	-18.0%
Outbound Freight & Shipping Logistics (\$15.00/case)	(\$2.50)	(\$15.00)	-7.1%
Supplier Net Realized Revenue	\$26.20	\$157.20	74.9%
Launch Landed Cost (COGS + FET Tax)	(\$14.71)	(\$88.26)	-42.0%
Supplier Net Gross Profit (Launch)	\$11.49	\$68.94	32.8%



Supplier Net Gross Margin %	43.9%	43.9%	—
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4. Production COGS & Margin Expansion Forecast

Based on the **2026 Cost of Goods Forecast Plan**, Hook Hand Rum's manufacturing economics improve significantly as bottling runs transition from initial small batches to contract manufacturing scale.

COGS & Profitability Scaling Matrix

Scale Milestone	Case Volume	Units (Bottles)	Landed Cost / Bot PDF	Net Profit / Bot	Net Profit / Case	Supplier Gross Margin %
Early Launch	2,999 cases	17,904 bottles	\$15.40	\$10.80	\$64.80	41.2%
Year 1 Target	~4,000 cases	24,000 bottles	\$14.71	\$11.49	\$68.94	43.9%
Expansion Phase	20,000 cases	120,000 bottles	\$12.50	\$13.70	\$82.20	52.3%
Full Maturity	50,000 cases	300,000 bottles	\$11.12	\$15.08	\$90.48	57.6%

- **Key Takeaway for Investors:** The launch model generates immediate positive cash flow (\$11.49 net profit per bottle), ensuring operational stability before volume scale is achieved.

5. Commercial Trade Unit Economics

On-Premise Accounts (Bars, Restaurants, Nightclubs)

On-premise accounts purchase by the bottle (\$35.00) and sell by the cocktail. A 750mL bottle



yields **16.9 pours (1.5 oz pour)**.

Cost per Pour = \$35.00 \ 16.91 pours = \$2.07 per pour

Pour Cost= \$2.07/ Cocktail Menu Price X 100

- **Standard Specialty Cocktail (\$15.00 menu price):**
 - **Pour Cost: 13.8% | Bar Gross Margin: 86.2%** (\$12.93 profit/drink)
- **Happy Hour Featured Cocktail (\$12.00 menu price):**
 - **Pour Cost: 17.2% | Bar Gross Margin: 82.8%** (\$9.93 profit/drink)

The On-Premise Value Proposition: Target pour costs in craft cocktail programs hover between 18% and 22%. Offering Hook Hand Rum at \$35.00 wholesale gives beverage directors an **86.2% margin (13.8% pour cost)** on a \$15 signature drink, incentivizing permanent placement on signature menus.

Off-Premise Accounts (Spirits Retailers)

- **Wholesale Buy-In:** \$210.00 per 6-pack case (\$35.00/bottle)
- **Consumer Shelf Price:** \$49.99
- **Retailer Cash Margin: \$14.99 cash profit per bottle sold** (\$89.94 per case)
- **Retailer Gross Margin: 30.0%**

The Off-Premise Value Proposition: The 6-bottle case format lowers store buy-in risk to **\$210.00** (versus \$400+ for traditional 12-packs). Stores earn **\$15 cash margin per bottle**, generating strong inventory turn and profit per square foot.

6. Route-to-Market Arbitrage & Reinvestment Model

By utilizing Park Street's 18% service fee model[cite: 2] rather than a broadline distributor taking a 30%+ gross margin cut, Hook Hand Rum captures an additional **\$4.20 per bottle (\$25.20 per case)** in gross margin.

PER-BOTTLE MARGIN COMPARISON (\$35.00 Wholesale)			
Traditional Distributor Model 30% Margin		Park Street Direct-to-Retail Model 18% Margin	
Wholesale Price:	\$35.00	Wholesale Price:	\$35.00
Dist Margin (30%):	(\$10.50)	Park Street Fee (18%):	(\$6.30)



Shipping Logistics:	(\$2.50)	Shipping Logistics:	(\$2.50)
Net Revenue:	\$22.00	Net Revenue:	\$26.20
Landed COGS + Tax:	(\$14.71)	Landed COGS + Tax:	(\$14.71)
Net Gross Profit:	\$7.29 (33.1%)	Net Gross Profit:	\$11.49 (43.9%)

Strategic Reinvestment Plan

The **\$4.20/bottle margin advantage** is directly reinvested into field-level growth drivers:

- **Bartender Engagement ("Drinks on Deck"):** Funding signature cocktail recipe card decks, premium bar tools, and ambassador-led training masterclasses.
- **In-Store Sampling Activations:** Funding weekend tasting ambassadors to accelerate off-shelf velocity at retail accounts.
- **Augmented Reality (AR) Point-of-Sale:** Implementing QR neck tags ("Where Tales Are Born") that bring consumers into an interactive AR brand experience right in the retail aisle.

7. Phased Commercial Scaling Roadmap

DISTRIBUTION TRANSITION & SRP ROADMAP		
PHASE 1: Launch Phase (Months 1 – 18)	PHASE 2: Regional Scale (Months 18 – 36)	PHASE 3: Broadline Distribution (Year 3+)
Route: Park Street Format: 6-Pack Case Wholesale: \$35.00 Consumer SRP: \$49.99 Landed Cost: \$14.71 Net Margin: 43.9%	Route: Park Street Format: 6-Pack Case Wholesale: \$31.50 Consumer SRP: \$44.99 Landed Cost: \$12.50 Net Margin: 52.3%	Route: Broadline (SGWS) Format: 12-Pack Case Wholesale: \$26.80 Consumer SRP: \$38.99 Landed Cost: \$11.12 Net Margin: 57.6%

1. **Phase 1: Launch via Park Street (\$49.99 SRP / 6-Pack)**
Focus on core key markets (e.g., FL, NY, CA) using Park Street's direct-to-retail fulfillment. Protect early small-batch margins while establishing brand momentum and cash flow.
2. **Phase 2: Regional Scaling (\$44.99 SRP / 6-Pack)**
As batch volumes scale (~20,000 cases), landed COGS fall to **\$12.50 per bottle**[cite: 2]. Lower wholesale to \$31.50 (\$189.00/case) to allow a **\$44.99 SRP**, accelerating retail velocity while expanding net gross margin to **52.3%**[cite: 2].
3. **Phase 3: Broadline National Scale (\$38.99 SRP / 12-Pack)**



When entering 50-state distribution with broadline national partners (e.g., Southern Glazer's), shift to 12-bottle cases. Scaled COGS (**\$11.12 landed**)[cite: 2] absorb the traditional 30% distributor margin, unlocking a high-volume **\$38.99 SRP** with a sustainable **57.6% supplier margin**[cite: 2].