

XS Over-The-Counter (OTC) Marketing Tips

*Note: Always check with your team leader before trying anything new or different.

1. What is OTC?: Over-The-Counter marketing is the ability for IBO's to offer XS Energy Drinks to retail establishments for resale while staying within the Quixtar rules and regulations. The best industries to contact would be coffee bars, restaurants, bars, health clubs, etc. It is critical that the retail establishments know and follow the resale guidelines established by Quixtar rules and regulations. In short: the actual XS brand (logo) cannot be displayed and the Energy Drink must be poured out of the can and into a container (plastic cup, sport bottle, etc.) To help with this marketing venture, XS Gear offers generic branded promotional material that includes plastic cups, table tents, coasters, flyers, & posters. The XS Energy Drinks cannot be sold in the can through a retail business or in vending machines. Have a Blast! How about a Citrus Blast, Tropical Blast, or a Grape-Berry Blast! Get the idea?

2. How do I promote in an OTC Environment?:

When we promote in an OTC environment, we typically promote XS as a 'Premium' energy drink, similar to the premium or 'Top Shelf' drinks that many bars and restaurants offer. When we compare XS to a premium product we compare it against the current drinks that are offered such as with vodka drinks where Smirnoff is typically a 'Well' drink or value-based product and something like Belvedere or Ketel One is usually considered a 'Premium' or 'Top Shelf' vodka. We compare the standard energy drink offered by the bar or restaurant with the the standard vodka that they mix it with (i.e., RedBull and Smirnoff) vs. a Top Shelf brand of vodka and the energy drink that they offer with it. A sample conversation is below under section 2.h.

When XS is offered for sale to 'on-premise' businesses (bars and restaurants), we recognize that IBOs typically will have to pass along some of the bonus money available to IBOs to make the pricing work. Our suggestion is to make the pricing work for the on-premise business owner in the following manner:

3. Can XS Energy Drink cans be sold through a retail store, vending machine, or gas station?

No, XS Energy Drink in the can is not allowed to be sold in a retail store or service establishment. The Retail Sales Rule (Rule 4.3) states that an IBO shall not permit the Corporation's products or services to be sold or displayed in retail stores or any similar establishments. The Rule goes on to clarify that an IBO that works in or owns a retail store must operate their IB separate and apart from the store.

*To appreciate the reasoning behind this Rule one must keep in mind that it is designed to give people from all walks of life the ability to own their own business. Allowing our products to be sold in retail or service establishments would give those IBO's that have access to them an unfair advantage and would be contrary to the person-to-person nature of the business.

OTC Suggestions:

1. **Target your market:** usually bars and restaurants with a liquor license sell energy drinks for mixers or as unique drinks. Other venues where energy drinks are sold are smoothie bars and coffee bars where blended drinks are sold (XS blended with ice and cream makes a great, energy smoothie). Probably the best venue for selling XS is via health clubs, as long as XS is sold within the guidelines of Quixtar Rules—not displayed and poured into a third-party container, such as a cup, glass or sport bottle (most gyms have their own branded sports bottles they sell there).
2. **Have your pitch planned:**
 - a. Don't waste time selling the wrong person – ask who makes buying decisions for the bar and schedule a time to meet them.
 - b. Bring a 12-pack of each flavor or at least a few cold cans of each flavor for them to try.
 - c. Look the part. Wear XS Gear so that you look like you really do represent XS.
 - d. Explain the generic marketing campaign – let the owner know that they can even keep marketing other brands, but sell XS as an alternative for taste and for people that prefer low carb options (Michelob Ultra is having significant success being marketed as a low carb product to bars and restaurants). Explain how XS is sold via the a private online channel and needs to be displayed without showing the XS brand and sold without selling cans over the counter.
 - e. Have glow cups and “Have a Blast” cups to show for dramatic effect, explain that the glow and blast promo will get XS imbedded in people's minds.
 - f. Offer to sample to people in the establishment during popular times to demonstrate success.
 - g. Explain the benefits of your referral marketing program, where if the establishment refers other people to buy XS, they can extend their sales beyond their four walls to online profits that operate 24 hours per day / seven days per week.
 - h. **SAMPLE DIALOG:**

Getting an appointment:

Hi, my name is Joe! Who is the buyer or decision maker here for beverage purchasing? When is a good time to call

them? (Usually mid-afternoon is best time when the buyer is there and business is slow.)

Phone conversation with a buyer (non-alcohol version):

Joe: Hi, my name is Joe. I'm a rep for XS Energy Drinks.

Do you sell energy drinks at your establishment currently?

Buyer: Yes, we sell BRAND X.

Joe: Do you sell diet or low carb sodas?

Buyer: Yes.

Joe: Do you sell low carb energy drinks?

Buyer: No.

Joe: Do you sell any energy drinks that taste good?

Buyer: No.

Joe: I'd like to bring you XS Energy Drinks, the largest US-manufactured energy drink and the fastest growing. They get the best flavor ratings and have no sugar or carbs, so they are VERY popular with the ladies. When is a good time for me to come by?

At the Establishment (non-alcohol version):

Joe: Hi, my name is Joe with XS Energy Drinks, thanks for taking the time to meet with me. I brought a few flavors of XS Energy Drink with me. I'd like to have you taste these versus the other drinks and tell me what you think. My goal is NOT to replace the other drinks, but let your customers have a choice when they drink them, ours and the standard drink. In fact, I'd like it if you kept marketing the other drinks and simply gave people samples of ours when they ask for any other brand and display our "Have a Blast!" campaign (all the XS drinks use the Blast naming convention). If I gave you a 12-pack of your favorite flavor, will you do that?

Phone conversation with a buyer (alcohol version):

Joe: Hi, my name is Joe, I'm a rep for XS Energy Drinks.

Do you sell energy drinks and liquor at your establishment currently?

Buyer: Yes we sell both.

Joe: Do you differentiate between a well drinks and premium or top-shelf drinks?

Buyer: Yes.

Joe: What vodka brands do you use for well drinks and which do you use for top shelf brands?

Buyer: We use brand X for well drinks and brand Y for top shelf brands.

Joe: How do you differentiate between energy drinks for well drinks and top shelf drinks? If someone asks for an energy drink and vodka, how do you upsell them to premium or top shelf products?

Buyer: Well we do it with the vodka, but not the energy drinks.

Joe: Would you mind trying XS based both on taste and ingredients against your well-drink version of energy drinks and our premium energy drink in multiple flavors? Maybe we could sample your customers and find out what their favorite flavors are?

Buyer: Sure, we'll try it. How much does it cost?

Joe: It depends how you buy it. The typical retail on our drinks is higher, similar to the typical retail on your top shelf drinks, but our costs are very similar to leading energy drink brands. .

3. Remember some simple talking points when sampling:

- i. **XS Tastes better** than other energy drinks, it tastes great! Ask people if they have tried other energy drinks, and let them know that XS tastes better than other energy drinks.
- j. **XS has a better product story** than other energy drinks. Let people know that most energy drinks are really just sugar and caffeine which weakens endurance athletes with a sugar crash and causes recurring insulin responses which wears on the pancreas and increases calorie storage as fat..
- k. **XS has a profitability story no other drink offers.** Simply put: at almost \$9/12-pack (\$3.99 retail mark-up and up to \$5 of performance bonus per 12), there is more profitability in XS than any other drink on the market for retailers who become IBOs. Due to the healthy nature, great taste profile and unique effect of B-12, many people become regular consumers.

4. Have information to give

- l. **Generic comparison charts** position XS via the OTC "Have a Blast" descriptor clearly describe the difference between XS and other drinks to potential customers – any energy drink without all the junk.
- m. **Table tents** use the "Have a Blast" descriptor to position XS at the point of sale.
- n. **Coasters** keep XS in front consumers via the "Have a Blast" campaign.
- o. **"Have a Blast" clear plastic and glow cups** are great for launching XS in retail settings.
- p. **Posters** using the "Have a Blast" description give more brand awareness in a retail environment without compromising the Quixtar Retail Sales Rule.
- q. **New OTC products:** keep checking <http://www.xsgear.com> for new products offered to IBOs.