



OFFICE OF THE CITY MANAGER

NO. LTC# 349-2015

## LETTER TO COMMISSION

TO: Mayor Philip Levine and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 3, 2015

SUBJECT: **MB MIAMI BEACH SUNCARE UPDATE**

The purpose of this Letter to Commission is to provide you with an update on MB Miami Beach Suncare following the first full year of sales.

The City partnered with Destination Brands International and launched MB Suncare in March, 2014. Since then they have worked diligently to continue growing the brand; locally, nationally, and internationally.

Following the first year of sales, gross revenues totaled \$271,526.

Destination Brands began 2015 with an aggressive growth strategy. New direction included focusing on building a strong local base, and building international relationships. Based on these new added goals, in 2015 the following initiatives were put into place:

- Signed an exclusive agreement with Boucher Brothers Management
- Began targeting hotels in Miami Beach for possible retail outlets and launched with Eden Roc
- Launched five new products, including a tanning oil and a kids line, bringing the total product assortment to 10 products.
- Expanded distribution to Europe, including Spain, Italy, and Portugal
- Continue to explore markets in Germany, England, Caribbean, Mexico, Hong Kong, China and the Middle East
- Installed 50 free sunscreen dispensers throughout Miami Beach

Results of these new initiatives have proven successful. Financial reports from the first two quarters of 2015 show current gross sales at \$454,660, an increase of over 67% from year one. We are not expecting much more increase in that number as sales for suncare are seasonal and typically are finalized in the first two quarters.

Initially, the suncare line included five different products and was available for sale regionally in Walgreens, and Nationally in Bed Bath and Beyond. Based on the new strategies, Destination Brands has positioned the brand in hotel and resort properties including the Eden Roc, Menin Hospitality Group (including Sanctuary, Bentley and Gale properties), Courtyard Cadillac Miami Beach Oceanfront, Hilton Bentley South Beach, Miami Marriott Biscayne Bay and Ritz-Carlton Biscayne Bay. Product is now also sold at Navarro (Owned by CVS), Bed Bath and Beyond (limited distribution), Walgreens (limited distribution), Amazon.com, Boucher Brothers (nationally) and MiamiBeachSun.com. Internationally, products are available in El Cortes in Spain as well as in beach shops and boutique stores along the coast of Spain, Italy and Portugal.

The City will begin to receive royalty payments on net sales beginning 90 days following the end of the second calendar year. Royalty payments will be accompanied by audited financials. Royalty rates received will be based on 2015 net sales.

JLM/KGB/MAS/TD