



Uncorking AI: Revolutionizing Financial Diligence in the Alcohol Substitutes Market

Sourav Bhunia, Divyanshu Sharma, Zach Farkas, Elle Carrol, Nikhila Nandgopal

Agenda

1. Alcohol Substitute Market
2. Issues with using AI as Financial Analyst
3. Our Approach
4. Evaluation Framework
5. Results
6. Q&A



Navigating the Alternative Alcohol Beverage Market

The alternative alcohol sector—including no/low alcohol and alcohol substitutes—is evolving rapidly due to a surge in health consciousness and the “sober-curious” trend.

In the U.S., the non-alcoholic beverage market is on track to exceed \$30 billion by 2025, with significant growth across subcategories such as non-alcoholic spirits, wines, and beers.



North America:
Projected 14% CAGR



Off-The-Shelf, Off-Target: The AI Challenge in Alcohol Substitutes Analysis - Problem Statement

How can we effectively segment the market to accurately identify analogues?

Core Issue:

Off-the-shelf AI tools (e.g., ChatGPT, Perplexity, Anthropic) are not inherently tuned for financial research work and specifically for industry-specific comparable research

Challenges:

- Generic outputs lack the nuance needed to capture detailed financial metrics and competitive positioning in the alcohol substitutes sector
- Traditional databases (PitchBook, CB Insights) are robust but ChatGPT or Perplexity don't have access to these high-quality sources which are paid.

Our Approach:

Evaluate and compare different versions of these tools—using custom instructions—to determine which best delivers actionable insights for industry comparables

Precision Targets: Defining Our Objectives & Scope

Primary Goals:

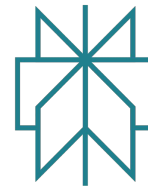
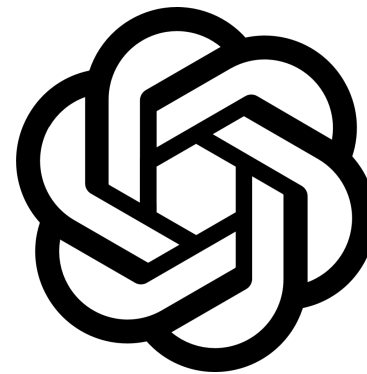
- Adapt off-the-shelf AI platforms (e.g., ChatGPT, Perplexity, Anthropic) with custom instructions to generate detailed financial analyses and industry comparables.
- Benchmark and compare AI outputs on criteria such as data completeness, clarity, and strategic actionability.

Focused Case Study: Analyze **Athletic Brewing Company** as a representative target in the alcohol substitutes market.

Evaluation Dimensions: Assess performance across multiple factors including market fundamentals, risk assessment, peer identification, and valuation metrics.

Evaluated Models:

- OpenAI CustomGPT with custom instructions
- Perplexity Pro Search
- Perplexity Spaces Deep Research with custom instructions and market research documents
- OpenAI: o3-mini
- OpenAI: o3-mini-high
- Perplexity Spaces Deep Research with custom instructions only
- OpenAI Deep Research



perplexity

Blueprint for Success: Our Comp Analysis Custom Instruction Workflow

We leverage custom instructions to configure AI models, like OpenAI CustomGPT and Perplexity Spaces with deep research capability, to mimic the rigorous, standard investment banking process of creating comparables. Our workflow is designed to replicate how professional analysts gather, benchmark, and synthesize market and company data into actionable insights.

Target Company Profiling:

- Gather detailed inputs on the target company's financials, operations, and growth drivers using structured data from diverse documents (PDFs, spreadsheets, presentations).
- Mimics how an analyst builds a comprehensive company profile to establish a baseline for comparability.

Market Research Protocol:

- Aggregate market data from prioritized sources (IBISWorld, Statista, Mintel, SEC filings) to capture industry fundamentals, trends, and risk factors.
- Similar to an investment banker's approach in contextualizing the target within its broader market landscape.

Peer Identification System:

- Automate the selection of comparable companies based on criteria such as market capitalization, geography, and industry relevance.
- Reflects standard analyst practices for constructing a peer group for benchmarking.

Financial Benchmarking:

- Extract and cross-validate key financial metrics (e.g., EV, EBITDA, revenue trends, valuation multiples) and visualize them via charts.
- Emulates the rigorous quantitative analysis performed by financial analysts to compare performance and valuation.

Integrated Reporting Structure:

- Synthesize all findings into a cohesive report featuring an Executive Summary, detailed market analysis, and a comparative company evaluation.
- Aligns with the structured, actionable reporting used in investment banking and market research to inform strategic decision-making.

Rigorous Evaluation: Adapting GAIA for Strategic Financial Analysis

Inspiration from GAIA:

- GAIA is a benchmark for general AI assistants that evaluates AI performance on real-world tasks through a hierarchical, multi-level scoring system.
- Its three-tier approach—focusing on Completeness, Analytical Depth, and Strategic Insight—ensures that not only are all necessary elements present, but the analysis is both thorough and actionable. [\[Source\]](#)

Our Adapted Framework:

This hierarchical evaluation not only mirrors best practices in investment banking analysis but also drives continuous improvement in the quality and strategic value of our financial insights.

- *Level 1: Completeness Verification* - Checks if the report includes all essential elements such as key financial metrics, data sources, and methodological details.
- *Level 2: Analytical Depth Assessment* - Assesses how comprehensively the report explains its data, methods, and underlying assumptions.
- *Level 3: Strategic Insight Validation* - Evaluates whether the report translates its findings into actionable, forward-thinking recommendations.

Focus Areas:

Part 1: Market Report Evaluation

- Key Sections: Market Size, Market Trends, Key Growth Drivers, Distribution Channels, Target Customers, Competitive Landscape, Recent Deals, Uncertainty/Risks.
- Each section is scored on the three dimensions to capture both quantitative and qualitative robustness.

Part 2: Comparable Companies Evaluation

- Key Sections: Identification of Target Industries & Comparables, Gathering Financial Data, Calculation of Valuation Multiples, Establishing Valuation Ranges.
- The same multi-level scoring system is applied for consistency and transparency.

Scoring & Aggregation:

- Scores are generated on a 0-5 scale from three independent sources: human evaluators and two AI scoring systems.
- Each score includes a brief “reasoning trace” to pinpoint areas for improvement.
- Aggregated composite scores enable a clear comparison across AI tools and continuous improvement in report quality.

From Prompt to Performance: Unveiling Athletic Brewing Insights

Uniform Prompting Across Models

All AI models received the identical, detailed prompt designed to analyze Athletic Brewing Company, ensuring a level playing field for output comparison.

Find public comparables for the company Athletic Brewing company after creating a proper market research on the no and low alcoholic beverage space and alcohol-alternative industry

Comparable Companies								
Company	Ticker	Market Cap (M)	EV (M)	Revenue (M)	EBITDA (M)	EV/EBITDA	Capex/Revenue	Beta
Anheuser-Busch InBev	BUD	\$210,530	\$246,170	\$91,850	\$18,370	13.4x	6.2%	0.89
Heineken NV	HEINY	\$58,440	\$67,890	\$34,120	\$6,120	11.1x	5.8%	0.76
Boston Beer Company	SAM	\$3,810	\$3,950	\$1,190	\$98	40.3x	4.1%	1.12
Molson Coors Beverage	TAP	\$12,110	\$14,320	\$11,240	\$1,870	7.7x	5.5%	0.94
Diageo PLC	DEO	\$92,330	\$108,200	\$23,560	\$7,450	14.5x	8.3%	0.82

Data Sources: StockAnalysis 1 3D .

Output Showcase: Comparables table generated by Perplexity Pro with custom instructions and curated market research documents

The above table is a **good output** because it cleanly presents the key valuation and operational metrics (EV, Revenue, EBITDA, EV/EBITDA, etc.) side by side for each comparable company, making it easy to compare and benchmark. It also includes relevant columns like Capex/Revenue and Beta for risk and capital intensity assessment, and cites a data source for transparency. Such clarity and breadth of data closely follow best practices for a robust comparables analysis.

Public Comparables for Athletic Brewing Company

Athletic Brewing Company, a leader in non-alcoholic craft beer, is uniquely positioned in an industry where major global brewers are also expanding their low and no-alcohol portfolios. Public comparables in this space typically include large, diversified beverage companies that have made strategic investments in non-alcoholic and low-alcohol offerings. Examples include:

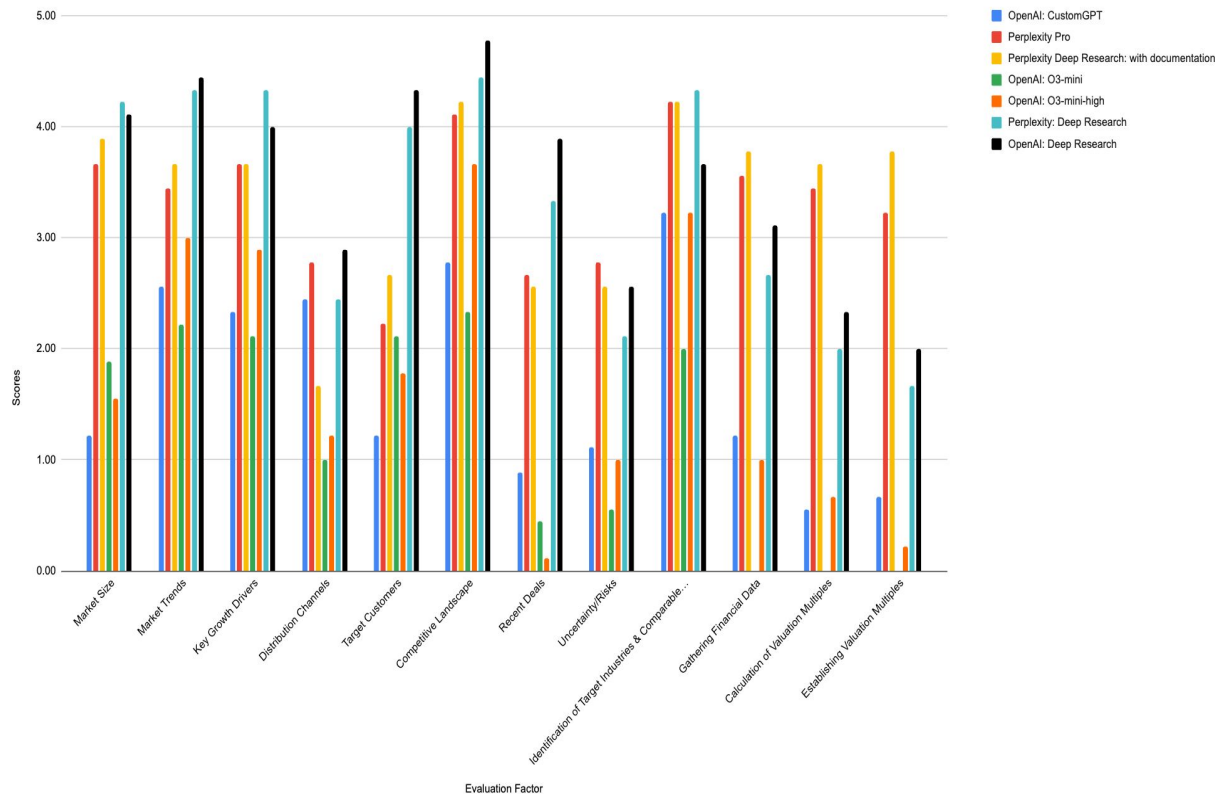
Comparable Company	Ticker	Key Non-Alcoholic Offering	Market Focus & Rationale
Heineken N.V.	HEIA	Heineken 0.0	A global leader that has successfully launched Heineken 0.0, capturing growing demand for NA beer.
Carlsberg A/S	CARL-B	Carlsberg 0.0	Actively investing in NA innovation; its strategy in low/NA segments offers a strong benchmark.
Anheuser-Busch InBev	BUD	Multiple NA variants	As the world's largest brewer, AB InBev's extensive portfolio includes several low-alcohol and non-alcoholic options.
Boston Beer Company	SAM	(Emerging NA offerings)	While primarily known for craft beers, Boston Beer Company is venturing into the NA space, making it a relevant comparator.
Molson Coors Beverage Company	TAP	Expanding NA portfolio	Molson Coors is broadening its product mix to include non-alcoholic options, reflecting a similar growth dynamic.

Output Showcase: Comparables table generated by OpenAI o3-mini

The above **subpar output** lacks the essential components of a comparables analysis. It names a few major brewers and offers broad statements about market focus, but doesn't provide key metrics (revenue, EBITDA, margins, or valuation multiples). There's no quantitative data for valuation or performance benchmarking, and no discussion of adjustments (e.g., for brand premium, differing growth rates, or profitability). As a result, the table provides only a superficial overview instead of the deeper, metrics-driven analysis required for a robust comparable companies evaluation.

Visual Scoreboard: Where Each Model Stands

All AI solutions compared



Top Performers:

- *OpenAI Deep Research* consistently scores highest, reflecting strong analytical depth and strategic insight.
- *Perplexity Deep Research with documentation* closely follows, demonstrating the positive impact of thorough documentation on clarity and completeness.

Mid-Tier & Simpler Models:

- *OpenAI o3-mini-high* and *Perplexity Deep Research (without documentation)* exhibit moderate performance, scoring lower in areas like Competitive Landscape or Peer Group Selection.
- The gap highlights how advanced reasoning and structured guidance significantly enhance overall output quality.

Notable Differences:

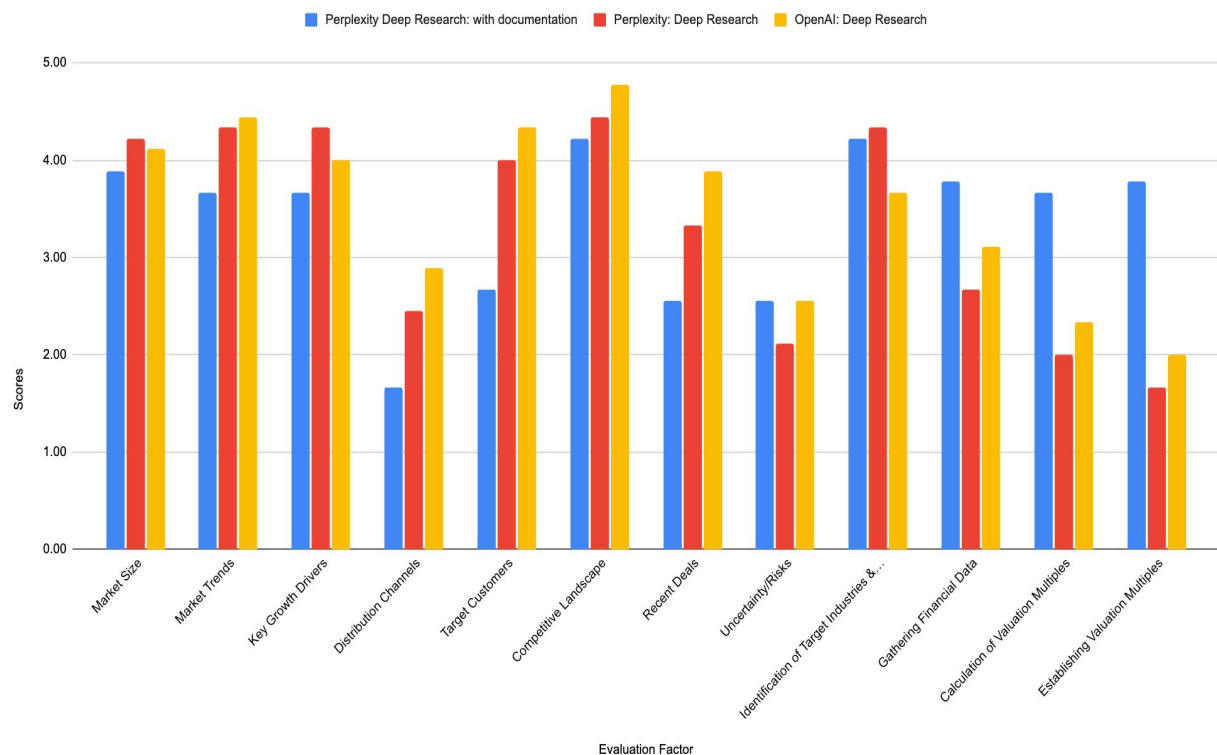
- The presence (or absence) of custom instructions and curated research documents visibly shifts scores by up to 0.3–0.5 points in critical categories like Risk Framework and Valuation Multiples.
- Faster, simpler solutions (e.g., o3-mini) trade off depth and accuracy for speed.

Insights & Implications:

- *Advanced Reasoning & Documentation:* Models equipped with deep research capabilities and clear instructions generate more comprehensive, actionable analyses.
- *Strategic Value:* Higher scores correlate with the ability to synthesize complex inputs, handle nuanced market data, and offer meaningful recommendations—key for financial diligence in niche sectors.

Elevated Depth: How Documentation & Custom instructions elevate Deep Research

Perplexity Deep Research with and without documentation and OpenAI Deep Research



Documentation's Impact:

Perplexity Deep Research with Documentation (blue bars) consistently scores higher than the *regular version* (red), confirming that structured instructions and quality market reports significantly improve completeness and clarity.

Close Competition between OpenAI and Perplexity:

In categories like Peer Group Selection and Implementation Methodology, Perplexity's documented approach narrows the gap with OpenAI Deep Research.

Strong Performance in Comparables:

The final clusters (e.g., "Comparable Company Analysis," "Establishing Valuation Multiples") show that when models receive well-structured instructions and curated data, they produce accurate financial tables and multiples.

Insights & Takeaways:

- **High-Quality Inputs Drive Better Outputs:** Detailed documentation and reliable data sources unlock deeper analytical capabilities.
- **Actionable Analysis:** Properly guided Deep Research tools generate more precise comparables tables and valuation metrics—critical for robust financial diligence.
- **Implementation Guidance:** Providing custom instructions, annotated reports, and curated market data should be a priority for teams seeking top-tier AI-driven research outcomes.

AI can find you some form of comps all day - it just hasn't paid the **Chicago Booth** tuition yet to find the ideal EV/EBITDA ratio.

Detailed, Custom Instructions

Clear methodological guidance dramatically enhance analysis quality.

High Quality Data Sources

Well-structured curated data significantly boost analytical depth and accuracy.

Advanced Reasoning Dominates

Models with “Deep Research” capabilities outperform simpler solutions across most financial metrics. So, AI financial analyst? Still some versions away





Q&A

Appendix

Instructions for Custom LLMs

1. Target Company Profiling

Input Processing:

- Accept text prompts + uploaded files (PDFs, spreadsheets, presentations)
- Priority extraction order: Financials > Operations > Growth Metrics

Structured Output Requirements:

```
```markdown
| Category | Specific Data Points |
|---|---|
| Core Business | Product lines, Packaging types, Distribution regions |
| Financial Profile | Revenue (3Y trend), EBITDA margin, Capex ratio |
| Market Position | Primary sales channels, Key retail partnerships |
| Growth Drivers | New product pipeline, Geographic expansion plans |
```
```

2. Market Research Protocol

Data Integration Hierarchy:

1. User-uploaded market reports
2. SEC filings (10-K/Q)
3. Perplexity API results (past 18 months)
4. Tavily web search (real-time data)

Required Analysis Elements:

```
```markdown
Market Analysis Section
Market Fundamentals
- Total Addressable Market (TAM): Current size + 5Y CAGR
- Geographic Breakdown: Top 3 markets by revenue contribution
- Channel Analysis: Retail vs D2C split
```
```

Competitive Landscape

- Market Share Matrix (Top 10 players)
- Private vs Public company activity
- M&A Trend Analysis (last 36 months)

Consumer Dynamics

- Customer Acceptance Metrics:
 - Repeat purchase rates
 - Demographic penetration (Age 18-35 cohort)
 - Price elasticity studies

Risk Framework

```
```markdown
| Risk Category | Assessment Method | Output Format |
|---|---|---|
| Regulatory | FDA/EPA compliance changes | Probability-Impact Matrix |
| Supply Chain | Ingredient sourcing analysis | Heat Map (1-5 severity) |
| Market | New entrants/disruptors | SWOT Table |
```
```

3. Peer Identification System

Automated Screening Rules:

```
```python
def is_valid_comparable(company):
 return (company['similarity_score'] >= 0.7
 and company['market_cap'] >= target_co['mcap']*0.5
 and company['geo_overlap'] >= 40%)
```
```

4. Financial Benchmarking

Data Verification Workflow:

```
1. For each public comparable:
```bash
https://stockanalysis.com/stocks/{ticker}/statistics/
```
```

2. Cross-validate with latest 10-Q filing

Task:

Calculate EV/Revenue and EV/EBITDA.

Extract metrics (Enterprise Value, Market Cap, EBITDA, Capex, Equity Beta, Asset Beta, etc.) with numbers in millions.

Output: A table (companies as columns, metrics as rows) and two charts: one showing EBITDA multiples, and another relevant metric chart.

Example Table (Markdown):

| Metric | Ticker1 | Ticker2 | ... |
|-------------------------|---------|---------|-----|
| Enterprise Value | ... | ... | ... |
| Market Cap | ... | ... | ... |
| Revenue | ... | ... | ... |
| EBITDA | ... | ... | ... |
| Capex | ... | ... | ... |
| Equity Beta | ... | ... | ... |
| Asset Beta | ... | ... | ... |
| EV/EBITDA | ... | ... | ... |
| Capex/Revenue | ... | ... | ... |
| Working Capital/Revenue | ... | ... | ... |

Chart Specifications:

- Chart 1: EV/EBITDA vs Revenue Growth Bubble Chart
- Chart 2: Capital Intensity Radar Plot (Capex vs Working Capital)

5. Integrated Reporting Structure

Final Report Template

Executive Summary

- Key valuation drivers
- Immediate risk factors

Market Analysis Deep Dive

- Market Size & Growth Projections
- Competitive Positioning Map
- Consumer Adoption Trends
- Regulatory Risk Assessment

Comparable Company Analysis

- Peer Group Selection Rationale
- Multiples Benchmarking Tables
- Valuation Premium/Discount Analysis

Appendices

- Data Source Reconciliation Table
- Methodology Documentation
- Full Financial Metric Definitions

Implementation Rules:

- All market size claims require dual-source verification
- Risk analysis must reference both uploaded docs and web research
- Charts must include data provenance footnotes
- Use ISO 3166-2 codes for geographic references

Market Research Documents

- IBISWorld reports (Breweries, Beer Wholesaling, Coffee & Snack Shops, Bars & Nightclubs, Craft Beer Production, Wine Bars, RTD Mixed Spirit Production, Cider Production, Non-Alcoholic Beer Production in the UK)
- Statista Reports on Alcohol Substitutes (2024)
- Mintel Report on Alcohol Alternatives – US (2024)

