

Lift Anticipated for Holiday Sales

Known for their resiliency through both prosperous and difficult economic times, Army & Air Force Exchange Service (AAFES) alcoholic beverage category sales weathered the physical storms that impacted the South and Puerto Rico during last year's hurricane season to finish the year up, but sales in November and December reeled in the aftermath of the hurricane season.



MacFawn

Cumulative sales for the three major subcategories during the all-important holiday months of November and December fell more than 3 percent, with beer hit the hardest, with a more than 7-percent decrease.

If Puerto Rico sales during November and December are taken out of the equation, AAFES's cumulative alcoholic beverage sales during these two important months would still have been less than the prior year, but with a smaller decrease.

stack-outs and gift sets on the best sellers," MacFawn said. "For the beer category, it is dollars-off the larger packages, the 24- and 30-packs, and we are doing some buy one-get-one (BOGO) promotions on our 12-packs for both domestic and imports."

In the spirits area, MacFawn said that AAFES "will be featuring brands such as Bacardi, Johnnie Walker and Grey Goose on the end caps. We also have featured promotions/stack-outs on Crown Royal, Jack Daniel's and Jim Beam, and we will feature gift sets on the top-selling brands that offer free goods, such as glasses, flasks and special holiday packaging."

In wine, the DMM said that AAFES "will feature best-selling brands on the end caps as well as sparkling wines and champagne to ring in the holidays."

MacFawn said that headquarters provides stores with a monthly Set Sell Planner "that provides the display priorities for each category. We ask our managers to focus on these key promotional opportunities to ensure a successful holiday selling season."

CHARTING SALES

During fiscal 2017, Bridget MacFawn, AAFES's divisional merchandise manager (DMM) responsible for beverages and tobacco, reported that alcoholic beverage sales across these three Exchange subcategories totaled \$616.74 million, a 1.44-percent increase from the prior year (see chart).

Spirits led the way with nearly \$315 million in sales; it was the only one of the three major alcoholic beverage subcategories to register increased sales during fiscal 2017.

AAFES Alcoholic Beverage Sales Fiscal 2017 Versus Fiscal 2016

Alcoholic Beverage	FY17 Sales	FY16 Sales	% change
Spirits	\$314,876,260	\$302,031,892	+4.25%
Beer	\$197,725,758	\$201,040,687	-1.65%
Wine	\$104,139,481	\$104,929,710	-0.75%
Total	\$616,741,499	\$608,002,289	+1.44%

Source: AAFES

TOP SELLERS

Several different varieties of spirits, beer and wine stood out during a tough November and December in fiscal 2017 (see "Top Sellers" chart). In general terms, brown spirits continued their recent period of strength, leading the way with the top six SKUs among the top-15 best-selling spirits in Exchange stores.

AAFES Alcoholic Beverage Sales: Planned November 2018 and December 2018 Compared with Actual November 2017 and December 2017

Alcoholic Beverage	FY18 Plan Sales	FY17 Actual Sales	% change
Spirits	\$69,603,184	\$69,016,112	+0.85%
Beer	\$37,384,010	\$35,177,371	+6.27%
Wine	\$23,823,068	\$23,268,472	+2.38%
Total	\$130,810,262	\$127,461,955	+2.63%

Source: AAFES

NEW ITEMS

In addition to the special gift sets that are often part of displays and promotions this time of year, a variety of new products and line extensions are expected in time for the festive season, some featuring innovative packaging.

"Whiskey, tequila and cognac continue to drive sales for the spirits category," MacFawn noted, and these spirits areas will have numerous new entries pegged for the holiday season.

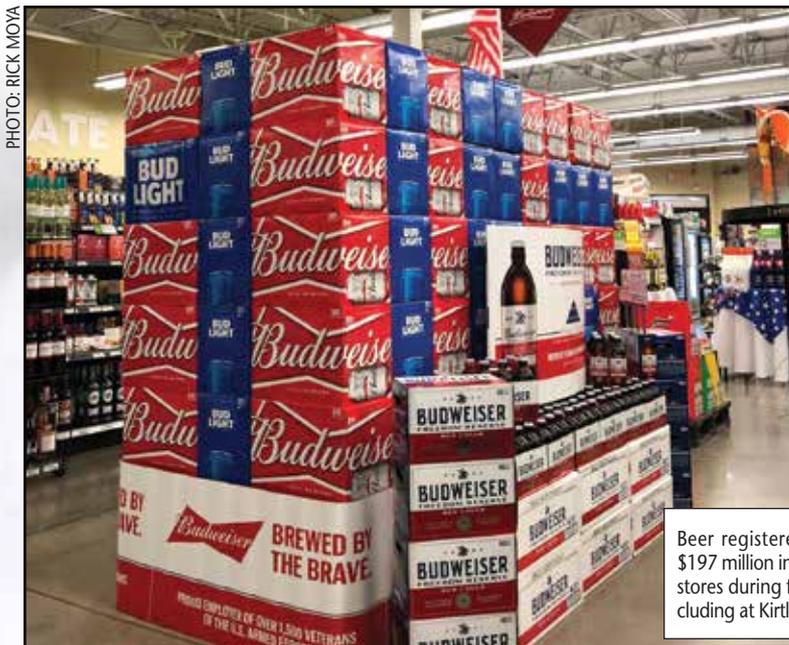
"We are adding line extensions in the whiskey category, such as the new Crown Royal Blenders Mash; Jameson Caskmates IPA; Jack Daniel's Rye; and the new TX Bourbon," MacFawn said. "We have also added new flavored whiskeys, such as the Ole Smoky Salty Caramel Whiskey and Ole Smoky Mango Habanero Whiskey."

2018 HOLIDAY SALES

For the months of November and December, MacFawn said AAFES is forecasting a 2.63-percent increase in alcoholic beverage sales (see chart).

"During the holidays, we feature promotions,

"Unfortunately our 2017 sales were impacted in November and December due to the hurricanes that hit Puerto Rico," she noted. "Sales in Puerto Rico were down \$2.9 million, or more than 22 percent, compared to 2016 for alcoholic beverages."



Beer registered more than \$197 million in sales in AAFES stores during fiscal 2017, including at Kirtland AFB, N.M.

AAFES Alcoholic Beverage Sales Top Sellers November 2017 and December 2017

Spirits	Sales
1) Hennessy VS Cognac (750 ML)	\$2,020,326
2) Crown Royal (1.75 ltr.)	\$1,835,552
3) Jack Daniel's Black (Old No. 7) (1.75 ltr.)	\$1,548,203
4) Hennessy VS Cognac (1.75 liter)	\$937,531
5) Crown Royal Regal Apple (750 ML)	\$934,181
6) Crown Royal (750 ML)	\$888,600
7) Tito's Vodka (1.75 ltr.)	\$805,821
8) Crown Royal Regal Apple (1.75 ltr.)	\$767,457
9) Jack Daniel's Black (Old No. 7) (750 ML)	\$749,444
10) Jameson Irish Whisky (0.75 ltr.)	\$737,408
11) Jim Beam Bourbon (1.75 ltr.)	\$731,704
12) Patron Silver Tequila (0.75 ltr.)	\$725,598
13) Absolut Vodka (1.75 ltr.)	\$686,868
14) Captain Morgan Original Spiced Rum (1.75 ltr.)	\$672,812
15) Grey Goose Vodka (750 ML)	\$667,914

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AAFES Holiday Class Six



AAFES PHOTO

AAFES Alcoholic Beverage Sales November 2017 and December 2017

Alcoholic Beverage	FY17 Sales	FY16 Sales	% change
Spirits	\$69,016,112	\$69,494,015	-0.69%
Beer	\$35,177,371	\$38,004,612	-7.44%
Wine	\$23,268,472	\$24,170,547	-3.73%
Total	\$127,461,955	\$131,669,174	-3.20%

Source: AAFES

AAFES Alcoholic Beverage Sales November 2017 and December 2017 Excluding Puerto Rico

Alcoholic Beverage	FY17 Sales	FY16 Sales	% change
Spirits	\$66,812,403	\$66,676,101	+0.20%
Beer	\$28,073,824	\$29,081,177	-3.46%
Wine	\$22,302,977	\$22,708,608	-1.79%
Total	\$117,189,204	\$118,465,886	-1.08%

Source: AAFES

New Class Six Design Begins Next Phase of Rollout

Also anticipated to improve the patron shopping experience and increase sales is the customer-friendly rollout of a new Class Six store design, which borrows from AAFES's early successes in redesigning its Express stores.

The re-imaging program, which began in 2017 with the Big Red One Express at Fort Riley, Kan., is continuing its roll-out to other stores, and "has been received very positively by our customers, and during 2018, we are implementing an additional four locations," noted Bridget MacFawn, AAFES's divisional merchandise manager (DMM) responsible for beverages and tobacco.

Fort Belvoir (North Post), Va.; Wright-Patterson AFB, Ohio; and Lewis Exchange, JB Lewis-McChord, Wash., are tentatively slated to be rolled-out in the fall, while Fort Leavenworth, Kan., currently in the design phase, is slated to be rolled-out at a date still to be determined.

Alcoholic beverage sales across the three main Exchange subcategories — spirits, beer and wine — totaled \$616.74 million in fiscal 2017, an overall increase of 1.44 percent from the prior year. Shown in the photo above is the new Express/Class Six store layout at the Big Red One Express, Fort Riley, Kan.

In the wine category, "We are seeing increasing trends for rosé wines and alternative packaging such as cans and tetra packs," she noted. "Around the holidays, we also bring in some more premium sparkling wines and champagnes to meet the gift-giving and celebration needs of our customers."

In beer, Budweiser's Freedom Reserve builds on the brand's long-standing support of American veterans with a portion of proceeds from product sold this summer benefiting Folds of Honor. Buyer Vicki Venables, who is responsible for wine and beer, told *E and C News*, "We do have the Budweiser Freedom Reserve in our stores worldwide, and are also featuring it in-store in June and July."

—E and C NEWS

'Unfortunately, our 2017 sales were impacted in November and December due to the hurricanes that hit Puerto Rico. Sales in Puerto Rico were down \$2.9 million, or more than 22 percent, compared to 2016 for alcoholic beverages.'

— Bridget MacFawn, AAFES Divisional Merchandise Manager (DMM), Beverages and Tobacco

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Beer	Sales
1) Bud Light (24 pack, 12-oz. cans)	\$722,407
2) Bud Light (30 pack, 12-oz. cans)	\$701,865
3) Miller Lite (24 pack, 12-oz. cans)	\$505,819
4) Heineken (12 pack, 12-oz. non-returnable bottles)	\$466,819
5) Corona Extra (12 pack, non-returnable bottles)	\$459,201
6) Bud Light (12 pack, 12-oz. cans)	\$453,889
7) Miller Lite (30 pack, 12-oz. cans)	\$428,655
8) Budweiser (30 pack, 12-oz. cans)	\$399,130
9) Coors Light (30 pack, 12-oz. cans)	\$381,481
10) Coors Light (14 pack, 12-oz. cans)	\$377,303
11) Stella Artois (12 pack, 11.2-oz. bottle)	\$349,836
12) Corona (6 pack, 12-oz. bottles)	\$323,430
13) Yuengling Lager (24 pack, 1-oz. cans)	\$312,295
14) Bud Light (12 pack, bottles)	\$296,129
15) Michelob Ultra (12 pack, 12-oz. bottles)	\$294,597

Wine*	Sales
1) Franzia Chillable Red (box, 5 ltr.)	\$374,969
2) Apothic Red	\$295,598
3) Stella Rosa Black	\$246,473
4) Roscato	\$240,996
5) La Marca Prosecco	\$238,768
6) Nuernberger Market Gluwein	\$236,208
7) Mia Dolce Moscato Di Asti	\$204,605
8) Risata Moscato D'Asti	\$202,233
9) Stella Rosa Rosso	\$189,499
10) Korbel Brut Champagne	\$158,332
11) Ménage à Trois Red	\$138,883
12) Stella Peach	\$133,139
13) Ménage à Trois Silk	\$128,288
14) Barefoot Moscato (1.5 ltr.)	\$126,996

* All entries are 750 ML unless otherwise noted.
Source: AAFES