

# NEXCOM Package Stores, Mini-Marts

## Wine, Spirits Show Strength

**A**the Navy Exchange Service Command (NEXCOM) entered its fiscal 2014 stretch run, it was unclear to what extent the wines and spirits categories had been impacted by alcohol deglamorization and other restrictions placed on display and sale of its alcoholic beverage assortments, in particular in Mini-Marts. Nevertheless, spirits and wine continued to generate significant sales and foot traffic for the exchange service, albeit at lower unit volumes.

“All locations are affected by last year’s deglamorization efforts, and are on bases which did have locations from which we did exit either spirits or wine and spirits,” said Debbie Scher, NEXCOM wine and spirits category buyer. “While we can see that some of the traffic has transitioned to the main selling location for the base, we cannot be certain how much we may have lost as a result of category reductions.” It is also unknown to what extent diminished tobacco sales have affected other categories.

### SALES PERFORMANCE

All told, NEXCOM wine and spirits dollar and unit volumes have dipped through September in exchange service stores, with spirits experiencing the harder sales hit. Although sales by channel gives a general idea of the broad strokes of wine and spirits sales in NEXCOM stores, Scher cautioned, “Reviewing sales by channel at this point does not paint an accurate picture, as there have been many shifts between locations as it relates to which locations on base are now the destination alcohol location.”



All alcoholic beverage sales have been under pressure, and changes have been made to assortments in different store types — as a result of increased alcohol deglamorization efforts throughout the military.

### NEXCOM Year-To-Date Fiscal 2014 Wine and Spirits Dollar Volume

Category	Fiscal 2014 Sales	Fiscal 2013 Sales	Percent change
Wine	\$24,451,942	\$24,637,783	-0.75%
Spirits	\$56,489,887	\$58,511,809	-3.46%

### NEXCOM Year-To-Date Fiscal 2014 Wine and Spirits Unit Volume

Category	Fiscal 2014 Sales	Fiscal 2013 Sales	Percent change
Wine	2,477,864	2,551,261	-2.88%
Spirits	2,837,821	3,132,594	-9.41%

### NEXCOM Year-To-Date Fiscal 2014 Share of Spirits Sales Volume By Store Type

Store	Fiscal 2014 Sales	Percent of total
Main Store	\$33,646,789	59.56%
Package	\$18,949,389	33.54%
Mini-Mart	\$3,893,706	6.89%

### NEXCOM Year-To-Date Fiscal 2014 Share of Wine Sales Volume By Store Type

Store	Fiscal 2014 Sales	Percent of total
Main Store	\$14,738,648	60.28%
Package	\$6,979,103	28.54%
Mini-Mart	\$2,734,191	11.18%

Note: Through September 2014.  
Source: NEXCOM



Scher

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— NEXCOM Wine and Spirits Category Buyer Debbie Scher

### TOP LOCATIONS, BEST SELLERS

Although wine and spirit sales were cumulatively down throughout the NEXCOM system, Scher said that most of the exchange service’s top-selling locations — eight of 10 — had managed to stem the tide, to a certain extent during year-to-date September 2014, producing some sales gains as they became more important destinations for these categories.

### NEXCOM Top-Selling CONUS Wine and Spirits Locations

- NS Norfolk, Va.
- NAS Oceana, Va.
- Pearl Harbor Exchange, JB Pearl Harbor-Hickam, Hawaii
- NB San Diego, Calif.
- Little Creek Exchange, JEB Little Creek-Fort Story, Va.
- WRNMMC Bethesda, Md.
- NSA Mid-South, Tenn.
- NNSY Portsmouth, Va.
- \*NAS Jacksonville
- \*NAS Pensacola

Fiscal 2014 sales of wine and spirits were below sales for same period through September fiscal 2013.

As some stores have been able to keep their heads above water with their wine and spirits assortment during this transitional period, numerous products have generated steady sales for the exchange service during this period.

“The top 10 in spirits have relatively little change from year to year,” Scher noted. “They are the heavy hitters and continue to be powerhouses year after year.”

Some of the system’s largest stores, such as WRNMMC Bethesda, Md., seen here, had greater success in staying ahead of the alcoholic beverage category sales curve.



The spirits assortment — like these pictured at NAS Oceana, Va. — bore the brunt of the recent deglamorization effort, as space allocated to the category assortment shrank, as did the resultant sales activity.

“Wine, on the other hand, is showing a shift away from the sweet Moscato brands which have dominated the top sellers for the past two years. Red blends have been important, but there is definitely a shift this year, which we have not previously seen.”



### NEXCOM YTD Fiscal 2014 Top-Selling Spirits By Dollar Volume

PRODUCT	SALES
1) Crown Royal (1.75 L)	\$2,846,876
2) Jack Daniel's Black (1.75 L)	\$1,886,499
3) Captain Morgan Original Spiced Rum (1.75 L)	\$1,213,379
4) Absolut Vodka (80 proof, 1.75 L)	\$1,188,806
5) Jim Beam (80 proof, 1.75 L)	\$1,182,958
6) Smirnoff Vodka (80 proof, 1.75 L)	\$1,167,059
7) Bacardi Superior (1.75 L)	\$886,314
8) Hennessy VS (750 ml)	\$870,798
9) Crown Royal (750 ml)	\$820,701
10) Jack Daniel's Black (750 ml)	\$498,519

Note: Total sales of this top-10 list are \$12,561,909, or 22.24 percent of total spirits sales in NEXCOM stores through September 2014.

Source: NEXCOM

### NEXCOM YTD Fiscal 2014 Top-Selling Wine By Dollar Volume

PRODUCT	SALES
1) Apothic Red (750 ml)	\$251,911
2) Ménage à Trois Red (750 ml)	\$247,553
3) Kendall-Jackson VR Chardonnay (750 ml)	\$246,307
4) Risata Moscato D'Asti (750 ml)	\$230,961
5) Barefoot Moscato White (1.5 L)	\$184,670
6) Barefoot Pinot Grigio (1.5 L)	\$176,431
7) Woodbridge Chardonnay (1.5 L)	\$163,623
8) Barefoot Chardonnay (1.5 L)	\$111,739
9) Barefoot Moscato (750 ml)	\$106,837
10) Barefoot Pinot Grigio (750 ml)	\$78,380

Total sales of this top-10 list are \$1,798,412, or 7.35 percent of total wine sales in NEXCOM stores through September 2014.

Source: NEXCOM

#### “PREMIUMIZATION”

“We have done a better job of getting new items in quickly,” Scher said. “The planograms were set early in spring, and for fall, the tweak in spirits took place during the September/October timeframe.”

Scher said that customers “are asking for, and are buying, better goods,” and she calls this move “premiumization,” noting that the average unit retail price of spirits added to the assortment in the spring was \$23.90, while the average unit retail price of spirits added in the fall was \$31.77.

“Last year, we added more new items, but at a lower retail,” she explained.

“This year it was single malt scotch, high-end bourbons, and high-end tequilas. Last year, it was moonshine.”

### NEXCOM's Spring/Fall 2014 Spirits Assortment Add-Ons

#### SPRING:

Product	Average Unit Retail (AUR)
Macallan Scotch Whisky (750 ml)	\$200.70
Jack Daniel's Sinatra Liter	\$167.28
Macallan Fine Oak Scotch Whisky (750 ml)	\$101.68
Johnny Walker Gold Reserve (750 ml)	\$75.77
Crown Royal XO (750 ml)	\$43.96
Tito's Vodka (1.75 L)	\$32.39
Twenty Grand (750 ml)	\$28.47
Jim Beam Honey (1.75 L)	\$21.00
Captain Morgan Caribbean White Rum (1.75 L)	\$20.80
Rumchata (750ml.)	\$18.52
Tito's Vodka (750ml)	\$16.96

#### FALL:

Product	Average Unit Retail (AUR)
Remy Martin XO Excellence (750 ml)	\$165.49
Whistle Pg Farm Rye 9750 ml)	\$68.12
Bruichladdich Port Charlotte (750 ml)	\$62.14
Bruichladdich Scottish Barley (750 ml)	\$57.35
Jameson Black Barrel (750 ml)	\$36.56
Ciroc Pineapple (750 ml)	\$29.71
Viniq (750 ml)	\$22.29
New Amsterdam Peach Vodka (1.75 L)	\$21.30
Jagermeister Spiced (750ml)	\$20.30
New Amsterdam Pineapple Vodka (750ml)	\$12.05

Source: NEXCOM

As for wine, Scher said that overall, 92 percent of the new items had been successful, enjoying positive trends in the most recent 13 weeks of selling.

“There were more than 200 new items added in spring 2014; not all are new to the market, rather existing items, but new to the NEX assortments,” she explained. “The trends for the added items show similar trends to the overall top performers. Red blends and sweets are doing well.”

#### ITEM SIZE

Scher noted that NEXCOM is seeing “premium 3-liter sizes as an emerging trend,” and as a result, she said, “the exchange system will be carving out additional space for this segment to meet the demand.”

The SKU type represents what the buyer described as “a higher ring — around \$20 — it definitely increases the average unit retail, and adds to the market basket growth. We have seen several brands [at this item size] in the spring 2015 new-item reviews.”

In some locations, additional space for the 3-liter sizes may come from the space lost when the spirits selection was downsized.

“However, most of our losses were not offset by space allocation reduction for an overall alcoholic beverage space to total merchandise carried,” she said.

### NEXCOM's Recent Add-Ons to the Wine Assortment Included:

- Carnivor Red Blend (750 ml)
- Rosatello Moscato Sweet (750 ml)
- Rosatello Rosato Sweet (750 ml)
- Rosatello Rosso Sweet (750 ml)
- Cryptic Red Blend (750 ml)
- Save Me San Francisco Jupiter Red Blend (750 ml)
- Save Me San Francisco Soul Sister Pinot Noir (750 ml)
- Handcraft Inspiration Red Blend (750 ml)
- Handcraft Inspiration White Blend (750 ml)
- Educated Guess Cabernet Sauvignon (750 ml)
- \* Seaglass (all varietals) (750 ml)
- Naked Grape (all varietals) (3 L)

\* Scher noted that item is not new to market, but new to NEX sets.  
Source: NEXCOM

#### FISCAL 2015

Given that some policies affecting alcoholic beverages have now been in place for some time, Scher said that early plans for 2015 suggest NEXCOM will be looking at a minimal increase in wine and spirits sales, and plans were expected to be finalized by the end of calendar year 2014.

—E & C NEWS