



Revamping The Customer Experience

The Army & Air Force Exchange Service (AAFES) has begun to revamp the customer experience in its specialty stores, including in its roster of Express and Class Six stores, allowing for more breathing room for the products that these stores showcase.

With the successful first proof of concept of new merchandising and store flow and layouts at the Fort Riley, Kan., Big Red One Express, in mind, "The Exchange has re-envisioned the customer shopping experience for the Express stores," said Bridget MacFawn, the Exchange's divisional merchandise manager (DMM) responsible for beverages and tobacco. "This new experience opens the stores up and allows for a better flow of merchandise."

For Class Six stores, MacFawn said that AAFES has begun to roll out some new fixtures "to highlight fine wines and mixology," and it has also added a tasting station with a television "that provides recipes and educational videos about the brands."

MacFawn noted, "We enhanced the graphics to call out the different areas and make it easier for customers to navigate the store. We have upgraded our signage at the shelf to include accolades, tasting notes and food pairings."

The Big Red One Express is the first store to implement the new concept, and the DMM said, "It is a totally new experience for our shoppers."

MacFawn added that this process began in mid-2016 "and is still in the early stages of rolling out."

VOLUME

With the décor and graphics revamp program in the process of being implemented, total sales of wine, beer and spirits were \$392.3 million year-to-date fiscal 2017 through September, with the vast majority of these sales being generated



MacFawn

from among the ranks of its Class Six stores, including Class Six sections in Express stores.

SPIRITS

In spirits, MacFawn said that whiskey "continues to be a driver" for the Exchange, up 5.6 percent in sales to the prior year.

"Premium items are showing the most growth overall, with the cognac and tequila categories leading the growth for the Exchange, up 12 percent and 11 percent, respectively," the

DMM noted, adding that Hennessy and Patron are the top brands in those categories in AAFES stores.

"We don't track the sale of flavored spirits separately, but new items such as Crown Vanilla, Ciroc Mango and Jim Beam Vanilla have done very well," she said, adding that Crown Apple is among the top five SKUs for the Exchange.

WINE

In wine, MacFawn said that cans are the "fastest growing segment," as "they bring more options to casual consumption of wine, especially where bottles are not allowed." She added that the second largest growth segment in AAFES's wine assortment is 3-ltr. boxes.

AAFES FYTD 2017 TOP-SELLING SPIRITS

- 1) Hennessy VS Cognac (750 ML)
- 2) Crown Royal (1.75 ltr.)
- 3) Jack Daniel's Black Label (1.75 ltr.)
- 4) Crown Royal Regal Apple (750 ML)
- 5) Crown Royal (750 ML)
- 6) Hennessy VS Cognac (1.75 ltr.)
- 7) Jameson Irish Whiskey (750 ML)
- 8) Patron Silver Tequila (750 ML)
- 9) Jack Daniel's Black Label (750 ML)
- 10) Tito's Vodka (1.75 ltr.)
- 11) Jim Beam Bourbon (1.75 ltr.)
- 12) Captain Morgan Spiced Rum (1.75 ltr.)
- 13) Grey Goose Vodka (750 ML)
- 14) Crown Royal Regal Apple (1.75 ltr.)
- 15) Gentleman Jack (750 ML)

Note: Fiscal 2017 through September 2017.
Source: AAFES

"When talking varietals, rosé — still and sparkling — is showing double-digit growth," she noted. "Red blends may still be the hot commodity, but Prosecco, Zinfandel, and Sauvignon Blanc are outpacing red blends in growth."

BEER

According to the DMM, the biggest trends impacting the beer category for the first eight months of 2017 were in the craft and imports segments.

"In the craft beer segment, India Pale Ales (IPA) were among the most popular styles and drove a lot of the growth," she said. However, "In the import segment, the

AAFES FYTD 2017 ALCOHOLIC BEVERAGE SALES WITH PERCENTAGE OF SALES BY VENUE

Alcoholic Beverage	FYTD 2017 Sales	Percent Class Six/ Package Stores	Percent Main Store
Spirits	\$195.5 million	88.0%	12.0%
Beer	\$133.1 million	92.0%	8.0%
Wine	\$63.7 million	85.0%	15.0%

Note: Fiscal 2017 through September 2017.
Source: AAFES



A wide-lens view of the Big Red One Express, Fort Riley, Kan., the first Express/Class Six store to see AAFES's revamped customer experience concept, which allows for, among other features, more airiness and ease of customer navigation throughout the store.

growth is coming from Mexican imported brands such as Corona and Modelo," the DMM explained.

MacFawn said that one category on the downturn is the "adult" hard soda category, "where we continue to see a decline in sales."

HOLIDAY SEASON

In spirits, MacFawn said that the top-selling items during the holidays "are in line with our top-selling everyday SKUs. We do see a lift in items like Bailey's Irish Cream, Disaronno Amaretto and Kahlua Coffee Liqueur."

In the AAFES assortment, the DMM said that seasonal items like Pennsylvania Dutch Eggnog, Evan Williams Eggnog and Jack Daniel's Winter Jack Cider are also among the top sellers during the holidays.

"We also do a large amount of volume in gift sets featuring our top brands like Crown Royal, Jack Daniel's and Jim Beam during the holidays," she added.

In the Exchange wine assortment, MacFawn said Cabernet Sauvignon was the top-selling varietal during the past holiday season, followed by red blends and chardonnay.

"In sparkling, Brut was the No.-1 variety, with Prosecco as a strong second," she added. "When looking at items individually, you can see the shift to more bubbly items and seasonal items such as Gluehwein during the holiday season."

DISPLAYS, PROMOTIONS

The appropriate use of displays and product promotions that are also used outside the gate are well-established methods of supporting category sales. In the middle of the holiday season in the fourth quarter, and with the Super Bowl coming up in February 2018, displays and product promotions will be geared once again to

the these occasions and events.

"With the support of our vendor partners, we plan all of our promotions to tie in with the season and/or drinking occasion, and feature easy recipes that provide our customers holiday entertaining ideas," MacFawn said, adding that for the 2017 holiday season time frame (November 2017 through January 2018), the anticipated sales volume for the category is \$92 million.

"In the spirits category, we offer displays and end caps featuring all our top brands including Patron, Crown Royal, Jack Daniel's, Jim Beam, etc.," all planned for the holiday season," MacFawn noted. "Our featured Spirit of the Month promotion for November is Absolut; in December we will feature Ciroc, and in January, we are featuring Woodford Reserve."

For the beer category, MacFawn said AAFES will offer Bud Family "Buy One, Get One Free" (BOGO) promotions again this year during the holidays, as well as promote other popular brands such as Coors Light, Miller Light, Yuengling, Heineken, Guinness, Dos Equis, Stella Artois, Blue Moon and New Belgium.

"During the fourth-quarter holidays in wine,



AAFES's wine assortment produced just under \$64 million in sales in AAFES stores through September of fiscal 2017. New wine display fixtures at the Big Red One Express at Fort Riley, Kan., shown here.

AAFES FISCAL YEAR-TO-DATE 2017 TOP-SELLING WINE

- 1) Franzia Chillable Red (5 ltr.)
- 2) Apothic Red Blend
- 3) Roscato Italia
- 4) Mia Dolcea Moscato Di Asti
- 5) Stella Rosa Red
- 6) Stella Rosa Stella Black Semi-Sweet
- 7) Risata Moscato Di Asti
- 8) Menage À Trois Red Blend
- 9) La Marca Prosecco Sparkling Wine
- 10) Barefoot White Moscato/Muscat (1.5 ltr.)
- 11) Barefoot White Moscato/Muscat
- 12) Apothic Crush
- 13) Carnivor Cabernet Sauvignon
- 14) Kendall Jackson Vintners Reserve Chardonnay
- 15) Franzia Chardonnay (5 ltr.)

Note: Fiscal 2017 through September 2017, and all 750 ML sizes unless otherwise specified.
Source: AAFES

you can expect to see strong Wine of the Month and stack-out promotions," she said. "Also, be on the lookout for the annual Moët sparkling promotion!"

At store level, MacFawn said store managers "will concentrate on creating holiday-themed destination centers using the holiday gift packs in spirits along with our monthly promotional guidance messages that call out the endcap and stack-out opportunities." All of the promotional activities, the DMM said, "are themed around Thanksgiving, Christmas, New Year's, as well as entertaining, gift-giving, holiday parties and spending time with family and friends."

—E and C NEWS

AAFES PHOTOS