

THE GAME CHANGER

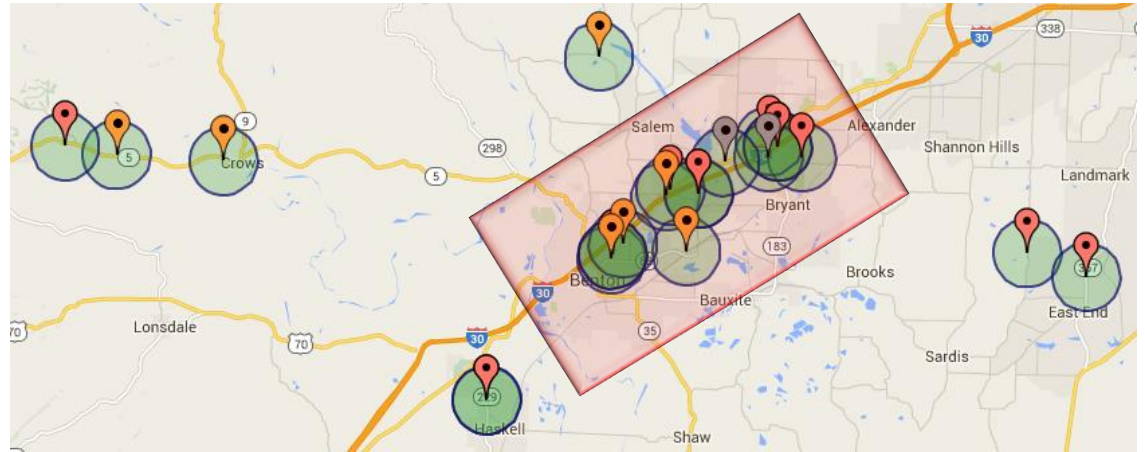
the impact of a Megastore in Saline county

Both Saline and Columbia counties now have their first batch of opened liquor stores (12 in Saline county and 1 in Columbia county). The way ABC lottery played out in Saline county has concentrated 14 stores on a 4 mile strip along I-30. Our research estimates that the alcohol spending for this primary area (marked in red) is between 16 and 20 million dollars, which would mean an estimated annual revenue per liquor store between **1.1 million and 1.4 million dollars**. This is a quite reasonable target considering the average store size presented to ABC in the 42 permit applications was 2249 sqf. Based on these numbers, each individual store could produce a generous cash flow of over \$130,000 annually if managed efficiently... And they lived happily ever after.

Great thought in a rosie world. However, what if, like in any other key, high density market in Arkansas, one or two liquor megastores (around 10,000 sqf) opened in the middle of the 4 mile strip? Our research points that half of these current stores would have to sell, relocate or gradually close shop. **This question does not start with “if” but “when”.**

10% of ABC applications mentioned projects of store sizes above 5,000 sqf, 2 were even around 12,000 sqf. The business plans are formulated, action will follow.

Exhibit 1: Map of Saline county’s 21 liquor stores to open



Stores opened
 Stores to be opened
 On ABC wait list
 1 mile convenience ring

Source: ABC, There

Our estimates indicate that when one of these megastores open, the number of liquor stores will become more concentrated with up to 30% of stores closing and another 30% to relocate in the next 18 – 24 months.

As of now, very few liquor stores who have already opened in Saline county have managed to develop a clear market positioning. No leader has yet emerged to offer a unique concept to consumers. The need for a neighborhood store with a personality is still very appealing to most shoppers. Our team can help you enhance your brand awareness and develop a unique market positioning while leveraging a new concept for customer experience. Contact us and unleash your store growth potential.

We have advised wine & spirit stores in Arkansas at all stages of their business cycle. Our team relies on our diverse industry network and thorough market research to provide you with the most accurate insights & innovative growth strategies in the industry. We guide our clients through a full range of business planning with strategies that maximize your cash flow and keep you on track toward achieving your financial goals.

OUR TEAM SOLUTIONS



Market Research



Site Selection - Geomapping



Business Plan



Back to Profit – Store Turnaround



Store Set Up



Product Selection Optimizer



Management Processes
(Inventory, customer service)



Marketing Plan



Reporting & Training



Entry and Exit - brokerage strategy



For more analysis on the wine & spirits industry:

[www.**T**here**P**erformance**G**roup.com](http://www.TherePerformanceGroup.com)