

beverage dynamics

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WINE, BEER & SPIRITS FOR RETAIL DECISION MAKERS

**RETAILER³
OF THE YEAR 2013**

**Premier Wine
and Spirits
and
Premier
Gourmet**

Jon, Burt and Mark Notarius

**CANADIAN
WHISKY
OVERVIEW**

**MOSCATO
ON THE MOVE**

**IRISH SPIRITS
SURGE**

**TOP
ZINFANDELS**



PHOTOGRAPHY BY JOE CASCIO

Burt Notarius (center), owner of the new, 52,000-square-foot Premier Wine and Spirits, in Amherst, NY, is flanked by his sons Jon (left) and Mark, who are co-owners of the adjacent, newly built Premier Gourmet.

Burt Notarius has created a new, larger, ultra-modern version of his long successful Premier Wine and Spirits, while his sons Mark and Jon have established a new Premier Gourmet store right next door, as their businesses reach for new heights in Western New York.

By Jack Robertiello

Even when you're the biggest guy around, change is never easy, and growing pains are inevitable.

Just ask Burt Notarius, whose wine and spirits store has dominated Western New York State for some 40

years. His latest effort - moving his well-known Premier Wine and Spirits to a new and larger location in Amherst, NY - faced a handful of potential stumbling blocks: settling environmentally sensitive problems at the



new location, leaving a business corridor where the store had operated since 1969, preparing to appeal to expanding customer demographics, not to mention designing a larger store from the ground up. At the same time, his two sons, Mark and Jon, nearly simultaneously opened another venture, Premier Gourmet, right next door. And then there was the issue of a two-month long roadwork project that choked traffic to the store just as they opened and reduced anticipated volume by about 20%.

While those early challenges might have caused a bit of concern, the Notarius family is now picking up speed – at Premier Wine and Spirits, customer count has increased, transaction volume per sale is up more than 5%, and they’ve added about 30,000 new customers to their discount card ranks.

Premier has moved locations before, but this time the change has been massive – retail space jumped by half to about 30,000 square feet, with a total building footprint exceeding 52,500 square feet. Storage space soared by 70%, and with additional purchases of adjacent land, there’s room in the more than six-acre spot for a 320 car parking lot and perhaps later on, a brewpub restaurant.

Making things more than a little interesting has been the near-simultaneous opening of the gourmet retail store, Premier Gourmet – a new take on the food and housewares business that Burt operated and sold years ago as Premier Cheese, now brought back into the family fold under the auspices of his two sons (Jon and Mark also independently own Prestige Wines and Spirits in Orchard Park, NY, and Premium Wines and Spirits, in Williamsville, NY.).

Notarius moved Premier three times since 1969, locating at different spots along the same road in the suburban Buffalo area, most recently in 1981. While the recent move took him barely 3.5 miles away, it resulted in a broader customer demographic and awareness as a regional destination that have customers flocking to the store.

A Go-To Destination

“I didn’t move just to get bigger,” says Burt, who notes that retail changes in the area of suburban Buffalo where he did business for so long made staying problematic, as did people’s shopping patterns. His previous location had become

more of a neighborhood shopping area rather than a regional destination. “With that happening, I was faced with the prospect of fighting the trend.” Instead, with the encouragement of son Mark, he started looking around for a larger real estate parcel. “In all honesty, this was a very challenging project. I wanted it to be different and interesting, not just big.”

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He started combing the area for a location with the greatest promise in late 2010, and settled on a former car dealership that required environmental abatement. Located across the road from the Boulevard Mall, considered one of the most upscale in the area and the second largest in Buffalo, the new Premier is close to two major roadways, two major university campuses, the state’s largest Tops supermarket and one of its busiest Wegman’s supermarkets.



At Premium Wine and Spirits, customers can scan a QSR code on the shelf to read product reviews; there are more than 25,000 current reviews in the computer database.

It's also closer to Canada, and the many northerners routinely flooding across the border in search of a wider selection of better-priced wines and spirits; there's also been a spurt in online sales to go with the mega store's enormous selection, making it a go-to destination for Western New Yorkers and one of the largest beverage alcohol retailers in the country.

Outstanding Selection, Competitive Prices

“Our position statement for the new store plays to two of our strengths – world class selections and amazing prices,” he says. “Not the lowest, but we have very good prices over time, and the selection we have is outstanding.”

Along with the significantly bigger footprint, the new wine and spirits store is taller, too, 25 feet at maximum with some step downs, creating a spacious and open feel. But first Notarius needed to develop store lighting and fixtures to prevent what was essentially a warehouse-type

space from seeming too much like a Big Box store.

“One of the biggest changes has been that the retail capacity on the selling floor has increased by at least 35% for bottles and displays, and the increased aisle size. We had a very low ceiling in the other store, maybe 11.5 feet, and therefore everything was compressed and hard to see,” he says. Now, the store is wide open with clear vistas, multiple visible category signs and other banners and signage at the 15 foot level easily seen from almost anywhere in the store.

The new space allowed the addition of 2,000 more skus over all, about 8,500 wines and 3,000 spirits altogether. For example, Premier now stocks about 700 New York State wines, which Notarius praises for range and value, and is up to more than 280 Argentine wines.

Other categories that have been given room to grow include tequila, now double what it was two years ago; saké, which Burt thinks has recently grown due to the number of university shoppers at the new store; as well as small, craft distiller products, now up to more than 200 and growing. “There's tremendous interest in them now, almost like the boutique wine business was, and there's an advantage for us since so many ship in six bottle cases, and you don't have to invest too much to carry them. Some of the stuff is very interesting.”

Larger Wine Tasting Area

Key to wine sales in the new design is a larger wine tasting area – 55 seats up from 32 at the previous store – and three Napa Winekeeper preservation serving systems placed throughout the store: one in the tasting room, one in the wine section and another at the front of the store. In an adjacent high-end display and tasting room (Premier Reserve Room), Premier occasionally gathers sophisticated wine customers via email invites for the opportunity to sample bottles selling for up to \$100. “It's something people really appreciate,” says Burt.

In the new space, Premier also hosts more sit-down wine classes with a broader range of adventurous choices available in the multiple serving systems.

To create the intimate and welcoming feel he required in his new and imposing space, Notarius eschewed track lighting and instead relied on lightboxes, lightstrips and at least 50 banners strung through the store in an array that creates clean category and brand designations.

That kind of clearly visible information helps, especially in making the major sections more shoppable, he says. For example, the vodka area is now 120 feet long with five layers of shelving, so using lightstrips and LED hot spots to provide direct light on areas of the shelves make what could be a monotonous row stand out.



At Premier Gourmet, the growler station, with more than 20 tap lines for draft sales, focuses on higher-end and hard-to-find brews.

Impressive Shelving

Even the shelving requirements in the build-out were impressive: the style Notarius preferred, which allows convenient display and storage, was no longer made in the US. Three containers worth, 1,100 wine racks, were ordered from China and are now used to display 40% more product and 30% more skus. Similar increases in shelving are now available in the fine wine room for sparkling and still wines and luxury brown spirits as well.

Other floor improvements include end-cap display pieces that can be raised and lowered, space for more elaborate and eye-catching displays above case stackings, and well-lit gondolas. Specifically, Burt notes the installation of magnetic LED strips that invisibly attach underneath the shelf, only using 12 volts, yet lighting up entire four-foot sections, three bottles deep. Because of recent advances, these LED strips provide a variety of spectrums of light, and importantly do not affect the wine negatively. Getting the various moving parts in place, including all POS, took some time, from the grand opening at the beginning of May until September 1, says Burt.

After the move, Premier has updated store management systems as well, with iPads used on the sales floor to orchestrate replenishment, to look up all product and POS information, as well as checking inventory levels and pricing structures. The iPads are also available to view past purchases for club members, smoothing repeat sales when customers are uncertain of what they've bought previously.

Talking Gourmet

While Burt was figuring ways to design and fill up his new giant facility, sons Jon and Mark were busy buying back the old family gourmet business and planning their own move,

albeit to smaller digs, 13,000 square feet down from the previous facility's 17,000 square feet. "But the space is laid out more efficiently, and we're more efficient in selections, with a high density set more similar to European style, so that takes up less space," says Mark. For instance, the cheese, cold cut and deli section stocks about the same amount of items in roughly half the space.

Most notable are two upgrades that make Premier Gourmet stand out in the Western New York market: a custom-built cheese aging "cave" that mimics the temperature and humidity conditions in an actual cave where cheeses are ripened and aged; and a massive beer selection that includes a 20-plus tap line for draft growler sales.

The growler set-up includes its own custom line created to eliminate some of the faults inherent in a standard tap line, which inadequately serves beer meant for later consumption, says Mark. Building on the local popularity of draft beer-to-go sales, Premier Gourmet is now a beer-lovers' destination.

Beer-Lovers' Destination

"It's universally accepted in Western New York," says Mark. "Consumer's Beverage, which is a large chain in the area, has done well with them and Sunoco gas stations in Western New York have growler stations in 40 stores, so it's been mainstreamed. We're finding the higher-level consumer prefers to come to our store because the selection is more interesting."

The growler station fills 32 oz. and 64 oz. growlers through a state of the art Pegas bottle filling system, which forces CO2 into the bottle, driving out oxygen and providing longer lasting freshness and very little



Premier Gourmet carries approximately 500 varieties of cheese.

foam, and consequently waste.

“This way we’re not giving customers something flat, instead we’re serving beers that can last three to four months unopened – we’ve tested that and they are fresh as can be,” says Mark. Because of the freshness the Pegas system provides, staff can fill growlers to empty kegs and sell them from the coolers. Mark keeps the growler selection keyed to high-end or hard-to-find brews – for instance, Dogfish 120 IPA, a favorite of bitter-brew lovers, goes for \$29 for the 32 oz. and \$40 for the 64 oz. growler.

Between the growler station, beer cooler and bottles on the shelves, Premier Gourmet offers up to 1,500 different beers when fully stocked. The bottle and can business is strong as well – Mark says that beer sales have comprised about 25% of the store’s business in the first few months – with a 57x24-foot walk-in cooler dedicated to beer. “There’s been a huge increase in browsing and impulse sales, especially in larger 12-packs,” he says. Unlike many beer-focused places, Premier also features national mainstream brands and local favorite Labatt’s.

The cheese “cave,” a seven-foot tall refrigerator case that is said to be one of a kind in Western New York, simulates the conditions of a European aging cellar, says Mark. “We aim for a little higher humidity and temperature that helps soft ripened cheeses mature and develop complexity, compared to the high 30s temperature in many cases, which can cause

30 feet high with shelving reaching 24 feet – quite an upgrade from the mix of 10 and 16 heights in the old store and the three different storage areas using tired technology.

Now with wi-fi available through the entire area, staffers are capable of tracking, updating and labeling inventory more easily from anywhere, and deep reach machines can pull items more efficiently from the shelves; the stocking process is much more streamlined, Burt says.

“Our rate of pull accuracy and our speed has improved tremendously; with 11,000 items, this is a much better way of doing it.”

Also better organized is the store’s product review system; previously, bottles could become buried beneath an array of positive notices taped on the shelves. Now each item is limited to one or two shelf postings, but with as many as 25,000

current product reviews in the computer data base, customers can scan a QSR code at the shelf to read various evaluations.

While Burt’s attention was focused on filling an expanded space, the brothers had different concerns; how to fit more products into a smaller footprint.

“We took advantage of the space’s height, made major upgrades to lighting, and used the height in the way we merchandise the store,” says Mark. “That makes the store seem more spacious. Most people come in and say, ‘Wow, it’s so much bigger,’ when in fact it’s 30 percent smaller.”

Warehouse Processes Improved

While Mark and Jon came up with an advantage in cheese storage, Burt was reveling in the advantages of his newly spacious wine and spirits storage. The warehouse area is

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Mark Notarius,
Premier Gourmet



The new 30,000-square-foot retail selling space at Premier Wine and Spirits allows for 2,000 more skus than the previous store, including 8,500 wines and 3,000 spirits.

Premier Gourmet Design Advantages

The design flow in Premier Gourmet allows customers to navigate easier through the aisles, with less clutter to distract. The store's marketplace flow, with departments spread around the outer walls, housewares in the center store, and the beer and growler bar at the rear, has made store easier to shop, says Mark.

So far, like beer, grocery sales are at about 25% of total volume, with housewares, traditionally the store leader, just behind at about 20%.

The café area has been reduced, with seating for about 15, making it more of an in-store eating experience. The approach to prepared food and bakery has been similar: the number of prepared food items has

been mostly continued from the previous store, but are kept in a tighter rotation, limiting the number available at any one time. The bakery section has a reduced display area with item rotation focused on a better turnover of cheesecakes, scones, bar cookies, cakes and cupcakes.

Unlike cookies and cakes, which are baked from scratch, Premier Gourmet has taken advantage of the current high quality of parbaked artisan-style breads. Local scratch favorites like Hungarian cookies called kiefliés continue to sell well, as do other Buffalo-focused items. In fact, Mark notes that gift baskets packed with local favorites made in Western New York like Weber's mustard and Anchor Bar Wing Sauce have been flying off the shelves even in mid-summer, a significant change given the baskets were usually seen as holiday gifts.

Expanding Online Presence

While much has changed at Premier Gourmet, some things remain the same – for instance, whole bean coffee roasted on site has continued to be a major seller. And the brothers are expanding their online presence with Premiergourmet.com for national shipping of gift baskets and other products. The wine and spirits stores

have long done a vigorous business through their online outlets, and with the expanded number of items stocked at Premier Wine and Spirits, an upsurge there is expected as well.

But it's still early stages for both stores, with plenty of tweaks and refinements to come as the two major retail outlets respond to contemporary modes of shopping, eating and drinking. Both Burt and Mark note that changes in customer interest in regional food and drink and small production items continue to alter what they carry, especially with younger and more experimental shoppers frequenting their aisles. But accommodating those interests is one of the reasons why they've moved and taken on the gourmet business once again, so they welcome the opportunity. □