



Distilled Spirits Council

Montgomery County Task Force

July 14, 2016





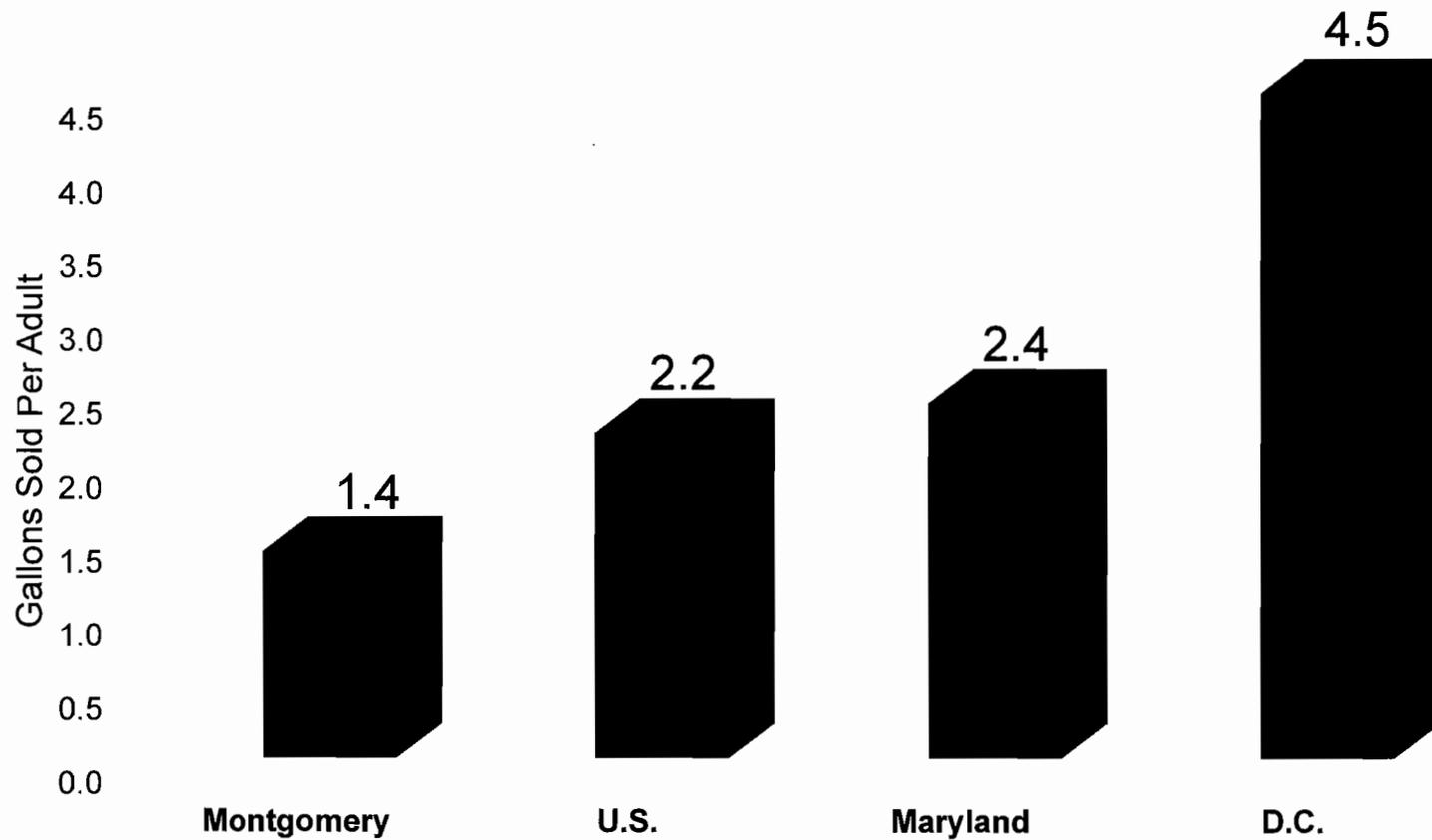
Overview

- Per capita sales volumes compared to Maryland, U.S., D.C.
- Missing sales estimate
- Importance of off-premise sales
- Outlet density analysis
- Opportunity



Per Capita Sale of Spirits

Per Capita Spirits Sales (21+)

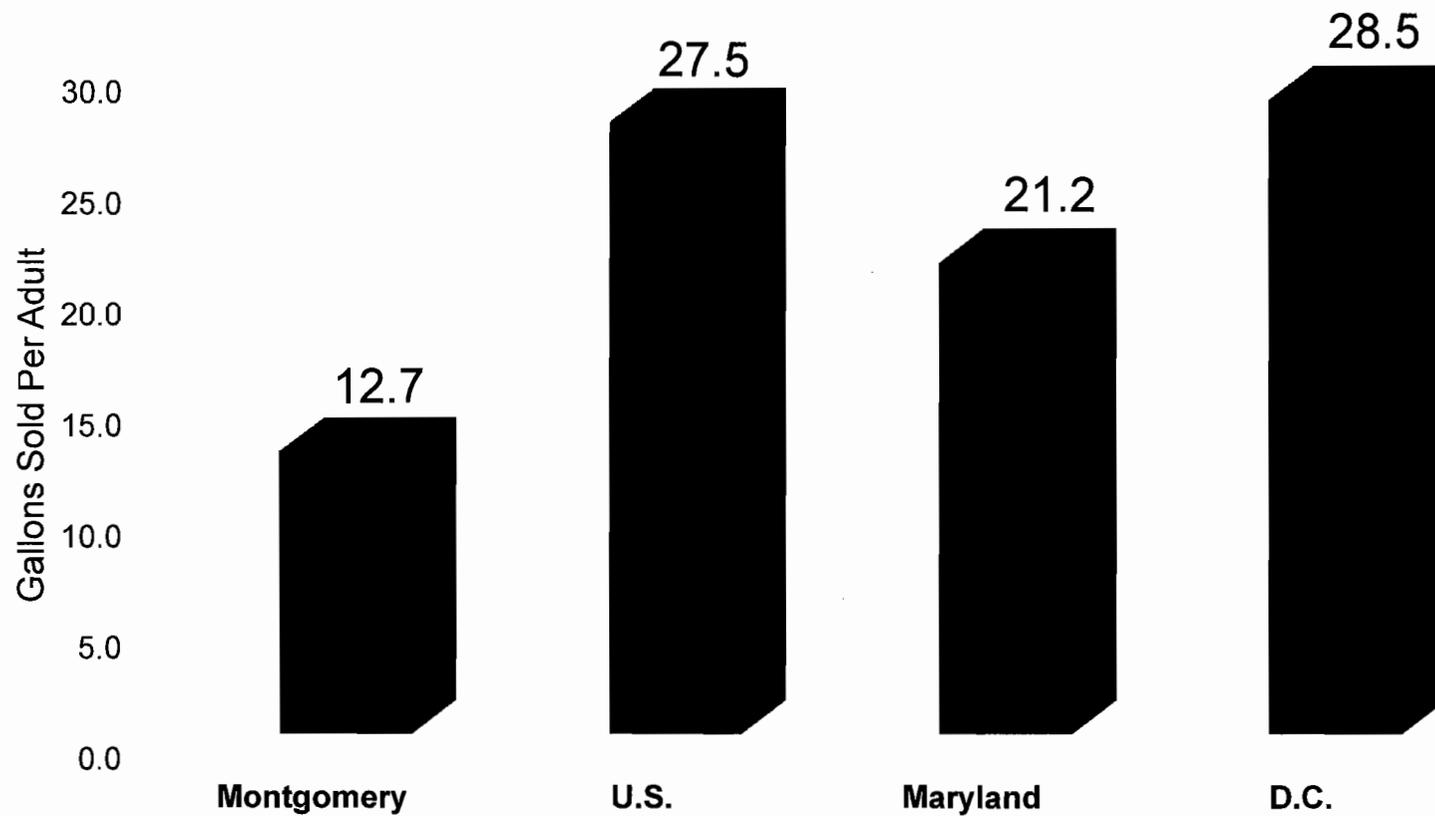


Sources: Comptroller of Maryland, National Institute of Alcoholism and Alcohol Abuse, U.S. Census.



Per Capita Sale of Beer

Per Capita Beer Sales (21+)

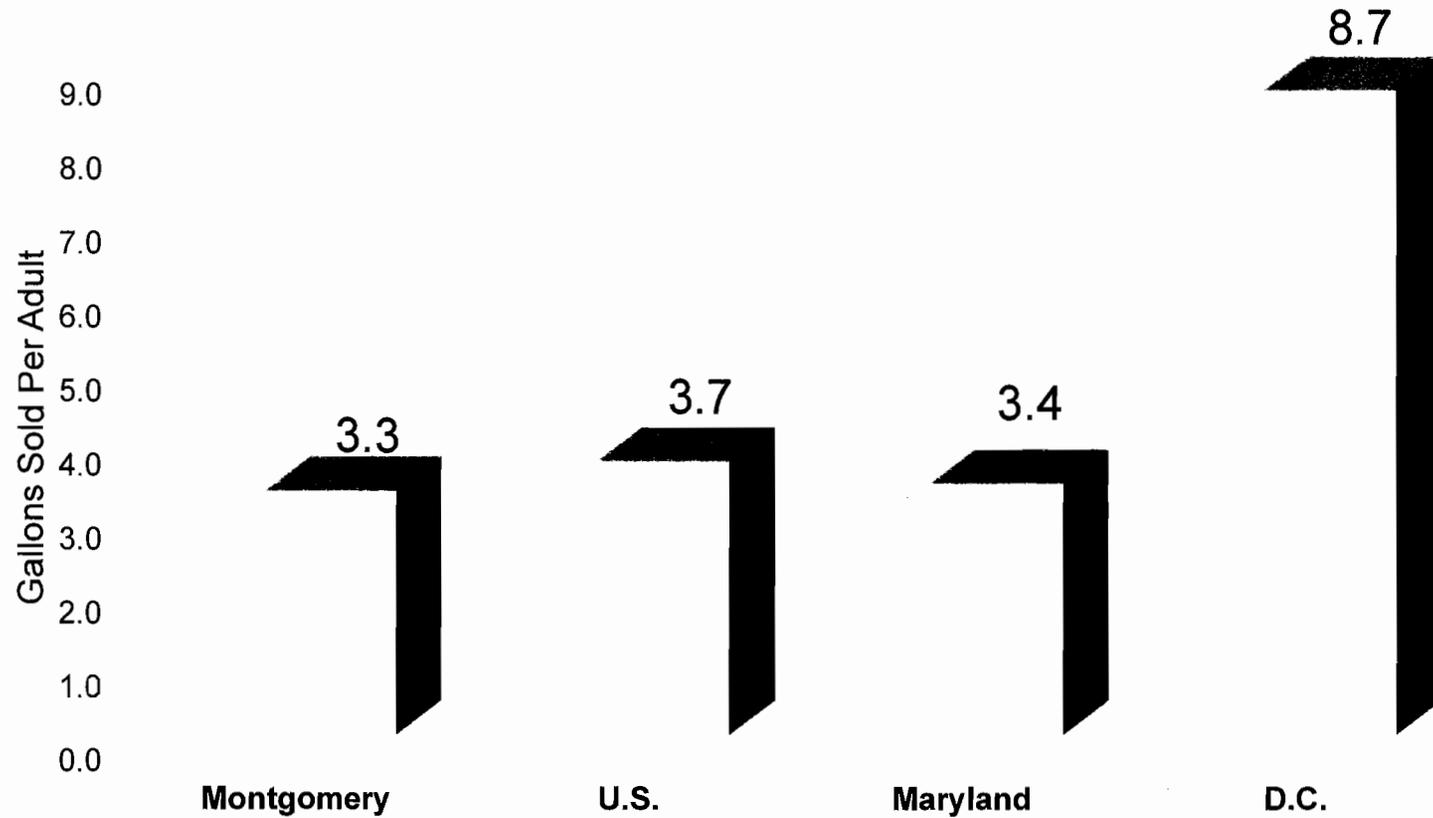


Sources: Comptroller of Maryland, National Institute of Alcoholism and Alcohol Abuse, U.S. Census.



Per Capita Sale of Wine

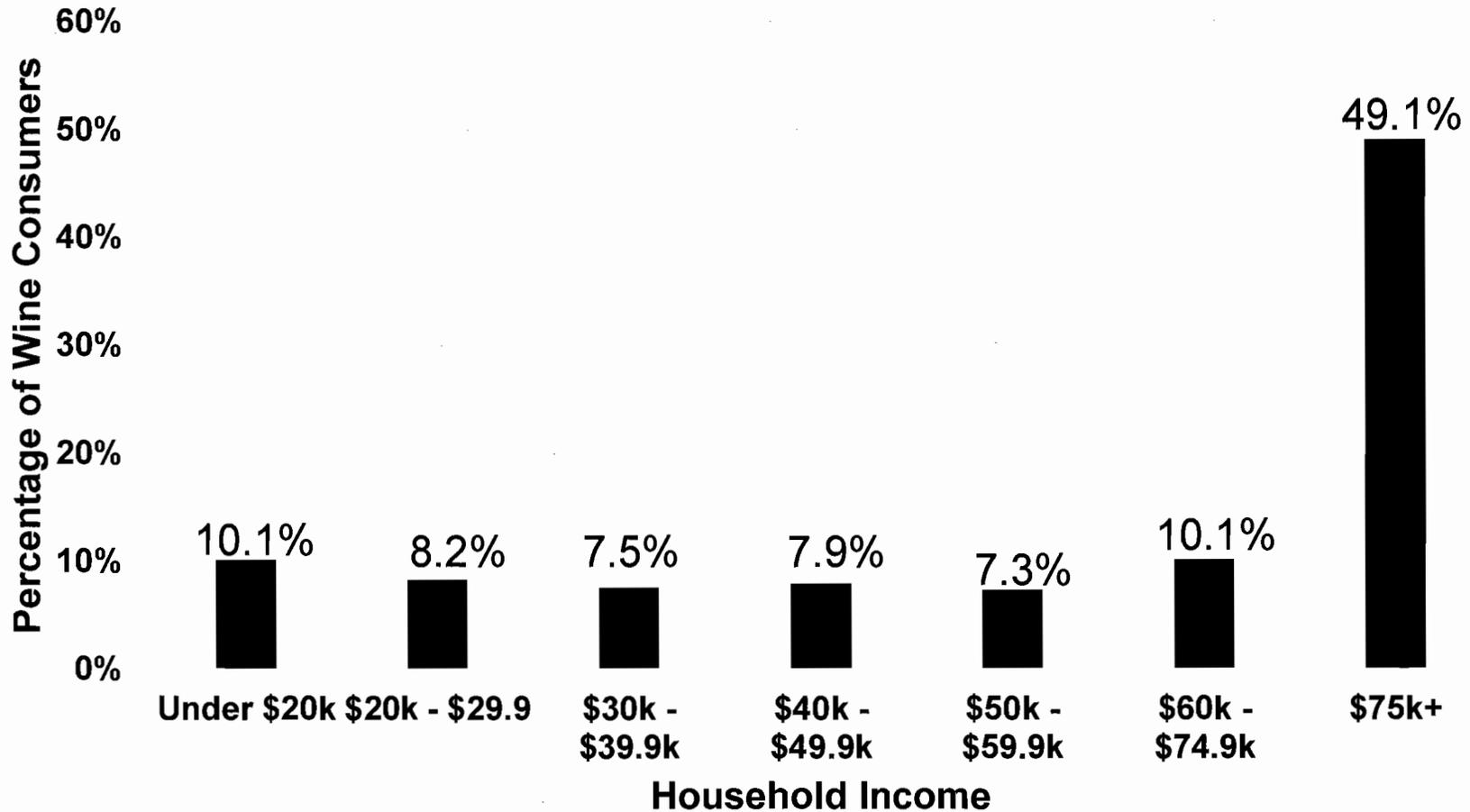
Per Capita Wine Sales (21+)



Sources: Comptroller of Maryland, National Institute of Alcoholism and Alcohol Abuse, U.S. Census.



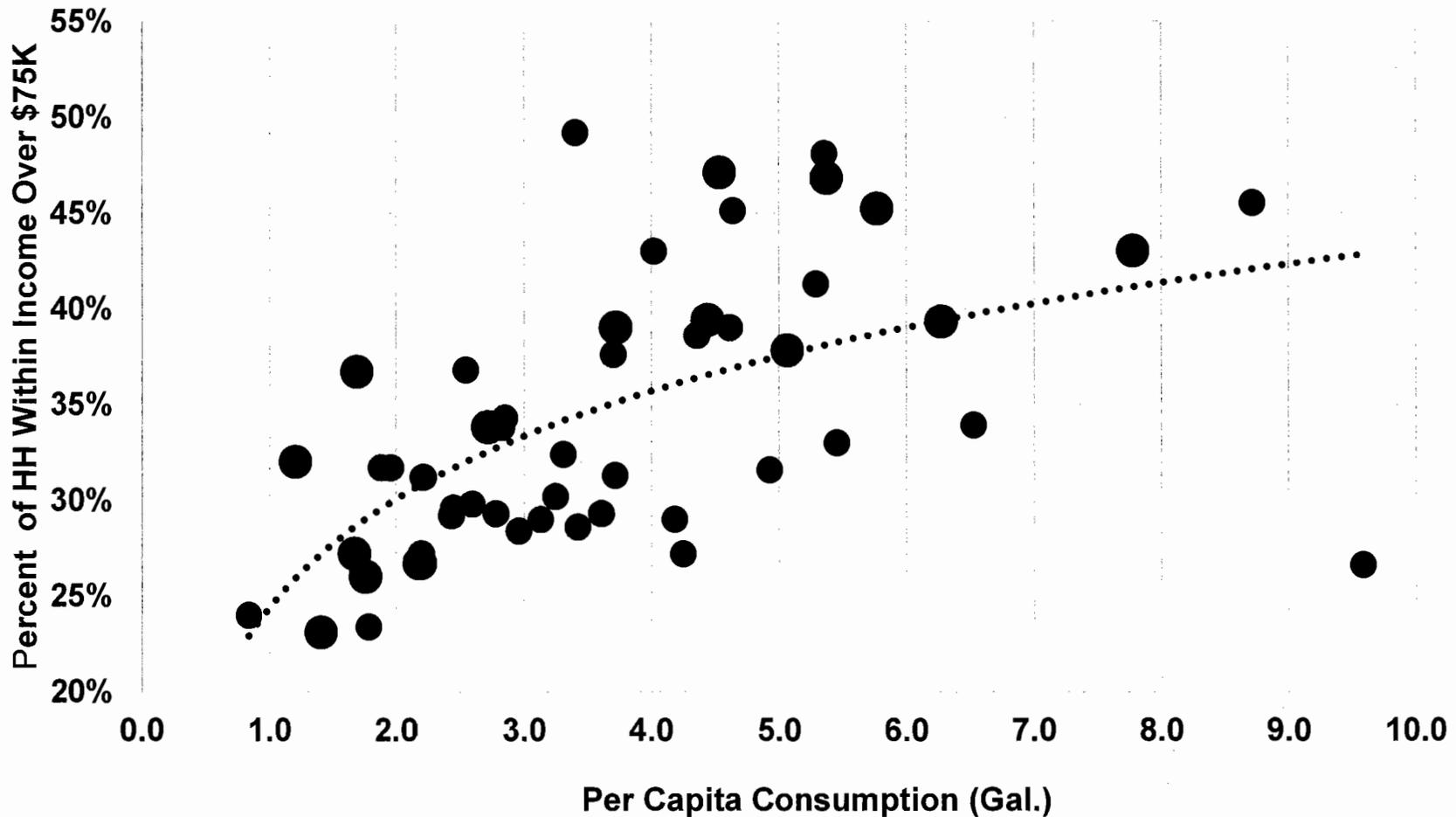
Wine Consumers Are Concentrated in Households Having Income Over \$75k



Source: Wine Handbook 2015/Simmons
Market Research Bureau, Fall 2014



Income Is the Primary Driver Behind Wine Consumption



Sources: NIAAA Surveillance Report #102: Apparent Per Capita Alcohol Consumption, U.S. Census Bureau, American Community Survey 2013



Montgomery County Wine Sales Substantially Lower than Expected

- In areas with high income we would expect higher wine sales
- \$75k+ households are key
- Average household income in Montgomery County is \$132k
- We would expect Montgomery County sales to substantially exceed U.S. average
- Howard County, with similar income has per capita wine sales of 4.2 gallons



Missing Sales

Estimated Retail Sales Deficit

	Beer	Wine	Spirits	Total
Deficit (Gal./ Capita)	8.5	0.9	1.0	
Total Gallonage Deficit	6,402,888	690,946	747,227	
Cases	2,845,728	290,613	314,285	
Retail Value	\$ 56,914,556	\$20,924,130	\$ 62,856,982	\$140,695,668



Consumers Crave Convenience

- Price, product selection and service important
- Consumers crave convenience
 - Success of Sunday sales in Control States
 - Have you ever seen a Starbucks go out of business?
- Synergies between beverages
 - 70-75% of spirits drinkers also drink beer/wine
 - Consumers prefer to purchase all three in single location
- If you lose a spirit sale to a neighboring jurisdiction, you will also lose a percentage wine/beer sales



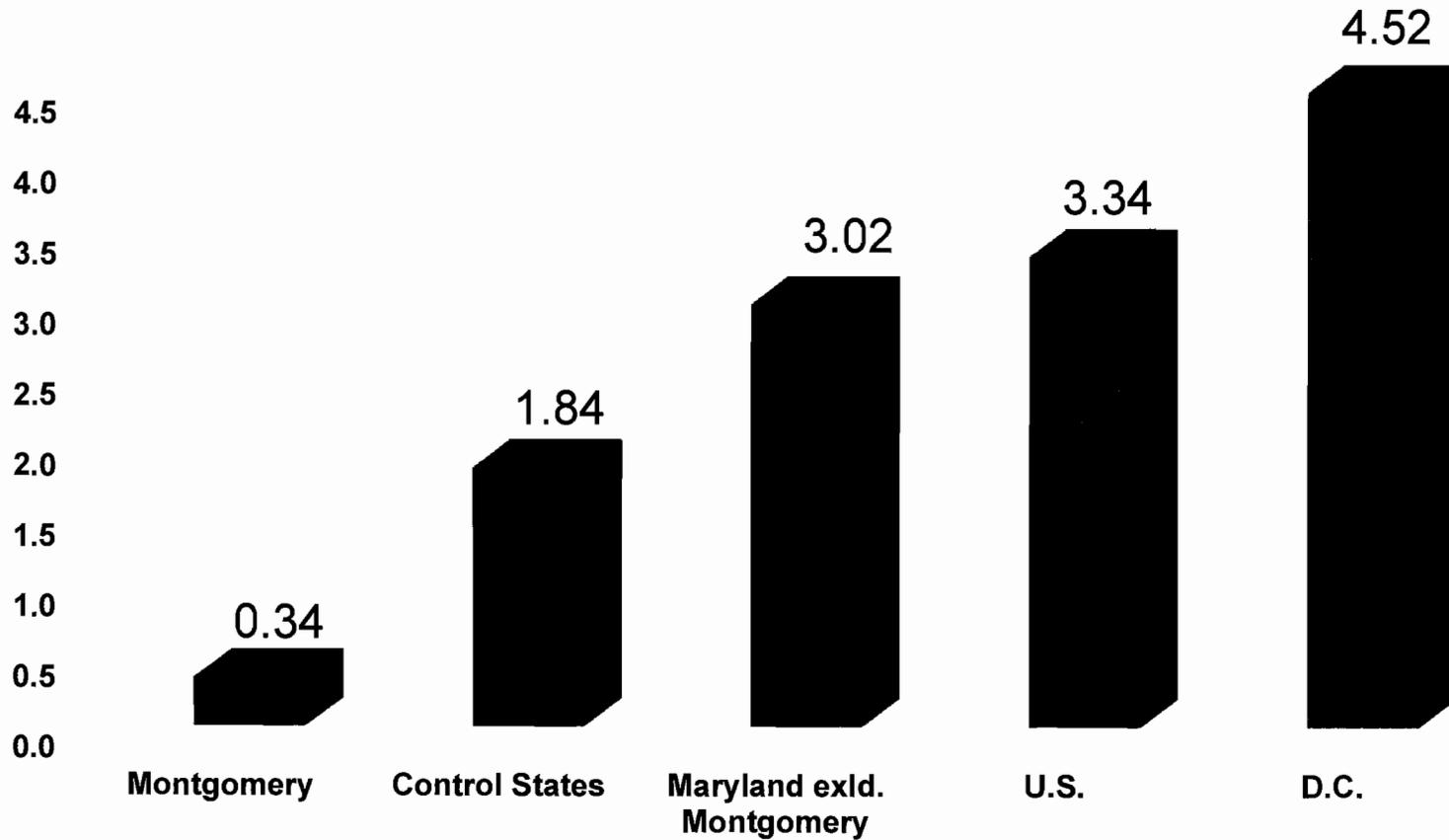
Off-Premise Sales Key County Success

- Nationwide, 75-80% of spirits, wine and beer are purchased for off-premise consumption
- Even in tourist destinations like Nevada, off-premise sales account for around 60% of volume
- To realize Montgomery county's potential, it is important that enough retail outlets be conveniently placed



Spirits Off-Premise Outlet Density

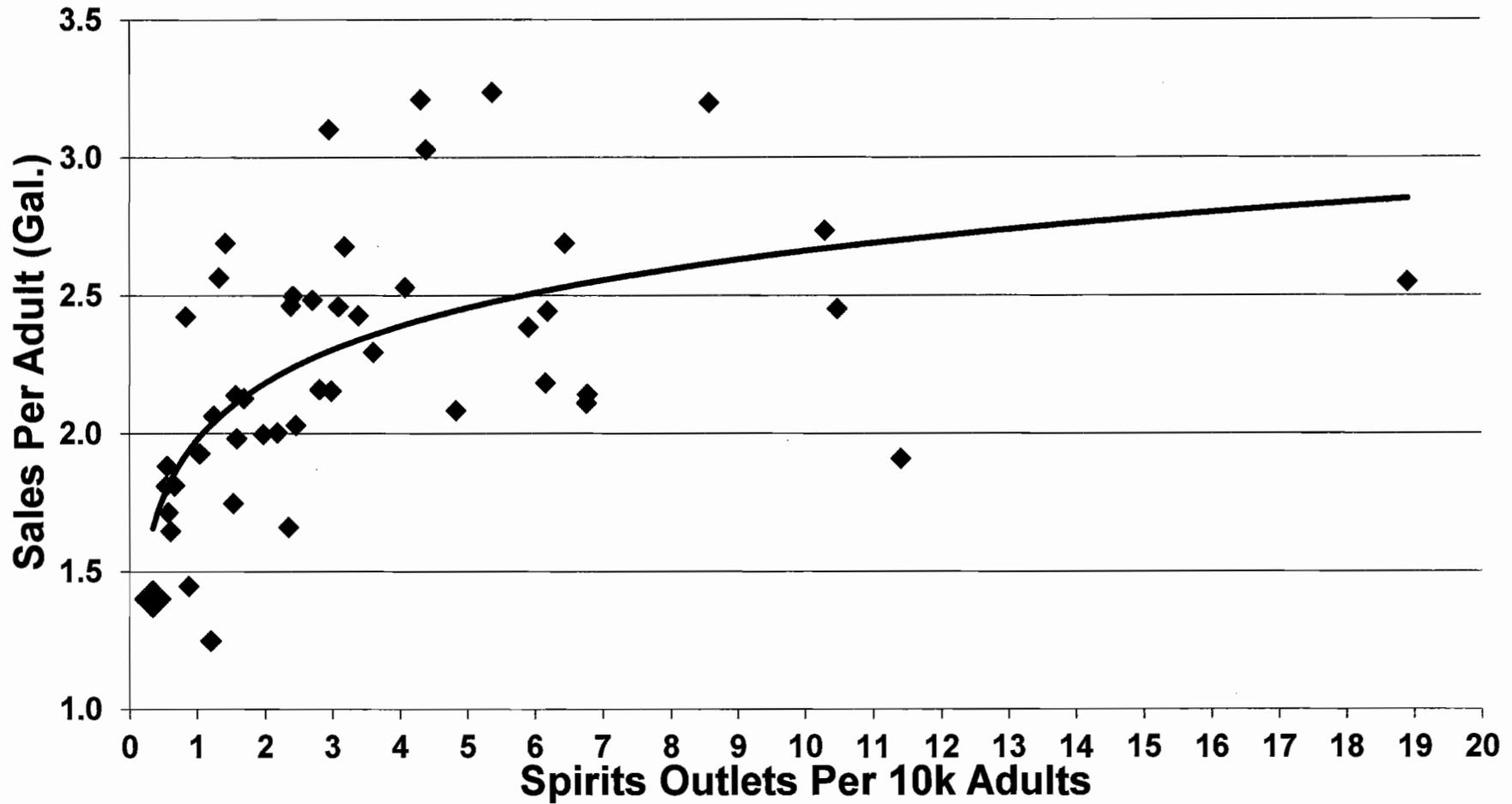
Off-Premise Spirits Outlets/10k Adults



Sources: NABCA, Beverage Information Group and state licensing web-sites.



Outlet Density: Significant Gains from Moving Montgomery Up the Curve



Sources: DISCUS, NABCA, Census



Summary

- Montgomery County per capita sales are well below expected levels – 24 to 41%
- High income county means that residents are likely purchasing elsewhere – spirits and wine are easy to “stock-up”
- Consumers crave convenience and would like to purchase all-three beverages at same location
- Big opportunity for county in adding more outlets!