

# CAVE DWELLINGS

By converting unused space into a beer cave, c-store operators can capitalize on their most profitable items.

By D. Gail FLEENOR,

Manufacturers and retailers may disagree on whether the space is called a beer cave or a walk-in beer cooler. There's no disagreement, however, on the sales this valuable space can generate for convenience stores, whether as a retro-fit in an existing location or a planned cooler in a new unit. It truly is a win-win situation when c-store operators can take sales of their No. 1 profit-maker and boost them even higher with a beer cave.

## Growing In Popularity

Refrigeration manufacturers are well acquainted with the recent growth of beer cave installations. They also see many reasons for this growth.

"They're catching on like wild-fire. All major c-stores are adding beer caves to new locations or adding during remodels," said Bill Hart, vice president of operations for Quincy, Ill.-based U.S. Cooler. "The number is growing because of the margins on beer sales. Operators can carry larger amounts of beer in inventory and it sells quicker because it is kept colder."

Hart said the beer cave trend took hold about eight to 10 years ago but wasn't popular at first because customers weren't used to the concept, but that's no longer a problem. "Customers like that they can walk inside the cooler, feel the cold air and get cold beer."

"When beer caves go in c-stores, there's more variety of facings in a small amount of space," said Greg Sullens, vice president

sales and marketing for Plymouth, Minn.-based CrownTonka.

"Choices range from single cans or bottles up to kegs. For the store people, there's less stocking and fewer out-of-stocks because they can take their whole back-room supply of beer and put it into a well-lit refrigerated 'envelope.' A well-lit, attractive beer cave allows a retailer to become a destination for beer. 98% of beer sold in c-stores is sold cold."

"The problem we are finding in many c-stores is the need for glass door merchandising for many of the new sports drinks, water and micro-brews from the beer companies," said Brad Sneed, vice president and partner of Tishomingo, OK-based Supermarket Services Company. "These products require a lot of merchandising space to face the various products. Thus, the typical 13- to 15-door walk-in cooler, which was adequate in years past, is very rapidly becoming too small to handle the merchandising requirement that the consumer is demanding. The answer to this problem is ultimately the beer cave."

There are other advantages to beer caves, in addition to higher sales. "The beer companies take care of your stocking and rotation of the stock," Sneed said. "The customer removes the stock and brings it to the sales counter. No longer are store employees faced with the hassle of rotating stock or lifting and moving large beer packages."



Sliding doors, eye-catching graphics and colder products have helped make beer caves a customer destination in many c-store sites.

Sneed said the majority of his company's beer cave sales have been to existing stores. "They're looking for some way to compete with newer, larger stores being built around them. The newer stores we are seeing installing these have already seen the foot traffic generated through beer caves in their area and are trying to capture that new market."

Sneed said he has not received any negative response from customers about the caves and many who have installed caves are planning to install more in new stores or existing stores, where space is available.

"The beer companies helped create the demand for larger coolers by marketing larger-size packages," said Alan Dempsey, national c-store account director for Manitowoc, WI-based Manitowoc Food Service Group. "Beer cases won't fit in the shelf of a regular cooler so retailers started stacking

cases but realized they wanted the beer to be cold."

Dempsey said most c-stores have a hole in the corner where two coolers on adjacent walls don't quite meet and this is where the beer is often stacked. "Now they can just put in a couple of panels and a roof over this space for a beer cave. It's not as expensive as a regular cooler because you're using the sides of two existing coolers."

While some c-stores buy beer caves for new units, "the majority of what we do is remodeling in the c-store industry," he said. Popularity among customers stems from ease of pick-up, lower prices by the case and frequent case specials, he said. Dempsey thinks the number of beer caves will continue to grow over the new few years.

### Create a Destination

Beer caves are generally custom fit to each c-store's space and need. "There is no set model. Everyone's floor plan is different. Many stores come up with unique names and graphics for their beer caves while others design their own lighting schemes. One thing all have in common is lighting. Customers want really bright lights. Light is a sales tool — it draws people in. And they all



The partners who own the OK One Stop Stores in Ardmore, Okla., have designed their beer caves with glass blocks and neon lighting that give the impression their beer is the coldest in town.

want plenty of space to stack product," said U.S. Cooler's Hart.

"We will manufacture a cooler to fit any environment or space," said CrownTonka's Sullens. "Many times beer caves are an afterthought. There might be columns in the way, whatever. We custom fit to any space, height or angle. Some retailers are extending their cooler outside the store. The customer goes in and out of the cooler without knowing he/she is going in and out of the store. When designing a cooler, we think there should be room for at least five shoppers in a beer cave at a time."

"The customer gives us dimensions to build the cooler to their specs," said Dave Teske, customer service manager for Carroll Coolers Inc., based in Carroll, IA. "Custom building gives the retailer more flexibility."

While Supermarket Services also custom builds these coolers, Sneed described a typical beer cave: "Our beer caves are typically 12 feet wide by 10 feet deep by 8 feet tall. They consist of one 36-inch by 80-inch full glass service door and two fixed windows for glass viewing on either side of the service door."

Product is stacked on dunnage racking and beer companies generally want space allocated for specialty displays inside the cave, he said.

While the inside of most beer caves is similar, the outside design can be a sales tool for drawing in customers and can be as different as each operator wishes. Ardmore, Okla.-based OK One Stop Stores, a Supermarket Services customer, designed its own beer cave exterior.

"We tried to make it look attractive to customers and stand out," said Aldo Waters, partner in the three-location OK One Stop Stores. "We used glass bricks to imitate ice blocks. It looks like a big slab of ice and the blue neon

sign that says 'Beer Cave' gives it a cold appearance."

Visibility both in and out of the cave are important to drawing customers in to make a purchase.

"Initially, women hesitated to go into beer caves because they weren't well lit and were restrictive, not welcoming," said CrownTonka's Sullens. "Now, retailers have created a spot in their store that is well lit with glass inserts to see in and out. Many have electronic clear glass sliding doors that can't slam shut on you. Manufacturers just began offering the new parting glass door in 2005. As you approach, the door opens then slides shut. It's a nice invitation to walk in. More women shop beer caves now, increasing beer sales even further."

"Beer caves are still about as new as a product can be right now," said Supermarket Services' Sneed. "We're seeing glass door manufacturers developing new products like sliding doors and double-swing doors. New dunnage racking is beginning to appear and LED lighting used to highlight a company's logo over the door to the cave is also new."

### The Coldest Beer in Town

"We've increased our sales," said Tommy Harris, a partner in OK One Stop Stores. "We're able to make a larger margin of profit since putting in the beer cave. It's very popular with customers. People like to look around in the beer cooler for selection. They want to buy cold beer and they can see how cold it is by the thermometer we put on the cooler wall — 28 degrees."

Harris said each beer company has a section of the cooler they set. The largest beer cave in an OK One Stop, so far, is 200 square feet.

"Other c-stores in our area are putting in caves now. We see people who are having parties and other functions that stop by to purchase beer in large quantities

because ours is colder," said Waters of OK One Stop. "The beer people tell us we're No. 1 in town even though we sometimes charge more, because we offer more selection," added Harris.

Brindan Shepherd of Blackwell, Okla.-based Shepherd Oil said his company just installed a beer cave and is opening a second this month. "Our new one is going to be twice as big as the first," Shepherd said. "Customers can look around at the different beers — they love it. We can keep the beer temperature much cooler. Price is one thing but most customers think the colder the beer, the better."

"In a beer cave, beer is not competing with other products with different temperature requirements such as juice or milk so the temperature can be kept cooler," said Sullens.

People like the idea of buying 'The Coldest Beer in Town' and they also like to see and experience new, innovative ideas," said Sneed. "The trip inside the cave with the exposure to 28-degree temperatures also reinforces the customers' thought process that this truly is the coldest beer in town."

Sneed summed up the reasons c-store operators might want to consider adding a beer cave: "The beer cave takes an otherwise low-traffic area or corner of your store, drives its own foot traffic, removes the labor element of merchandising and stocking, increases space for carrying large packages and frees up about four to five doors of merchandising space previously taken by large beer packages."

Since the cooler is the largest department in c-stores, according to the 2005 Willard Bishop Con-

venience Superstudy, and beer is the key driver in cooler sales at 50 percent, beer caves may become as common as door coolers in the future.



A wider selection plus the opportunity to call their product "The Coldest Beer in Town" were two of the reasons Shepherd Oil began installing beer caves in its c-store sites.