



# KENTUCKY PROUD

Liquor Barn Returns to its Local Roots

If you've ever shopped for beer, wine, or spirits in Kentucky, chances are you've visited a Liquor Barn store. It's the largest independent chain of alcohol retailers in the state and boasts some of the largest and most elaborate bourbon allocations in the world.

Founded in 1984, the chain was family-owned until 2009, when it was acquired by a publicly traded Canadian company. In November 2017, Liquor Barn once again found itself under new ownership, when the Louisville-based private equity firm Blue Equity, LLC purchased the 15-store chain. Now that Liquor Barn is once again a Kentucky-owned company, a plethora of new resources are on hand to help elevate this powerhouse chain to the next level.

## UNDER NEW MANAGEMENT

Blue Equity is no stranger to the alcohol retail industry. Two years prior to purchasing Liquor Barn, the firm acquired two Party Mart stores, which sell wine, beer and spirits along with an assortment of party supplies. Now all of these stores operate under the Blue Equity umbrella, giving them access to corporate resources they never had at their disposal before.

"We basically run the administrative function for each member of the portfolio family of companies," explains Jonathan Blue, chairman and managing director of Blue

wEquity. "Support from Blue Equity includes things like marketing, advertising, operations and selection of certain vendor partners such as insurance and benefits, while much of the store-level management has remained unchanged."

Blue says that his firm was drawn to Liquor Barn because of the company's long history of operating in the Kentucky market. He adds that Liquor Barn's prime locations (six stores in Louisville, six in Lexington, and one each in Danville, Bowling Green and Elizabethtown) make them top destinations for consumers. Together, Liquor Barn employs nearly 300 people, and several of its largest locations are 35,000 to 40,000 square feet, allowing it to carry more products than most competitors.

"We literally can't keep bourbon in stock, and the best way we can truly serve our customers is by our size and expansion," Blue says. As a result of the acquisition, Liquor Barn is now positioned to evolve in ways it never could before.

## KENTUCKY PRIDE

Liquor Barn's move to Blue Equity is just the latest example of how grounded the company is in its home state. Perhaps the most unique aspect of these stores is how so many components of the business have a local flavor. Spirits are by far the top seller

across all store locations. That's generally synonymous with sales across all Kentucky retailers, which lean enormously toward bourbon and other "brown juice," as dark spirits are affectionately called. Local products make up a large portion of inventory across categories, and they're also top sellers among consumers. At any given time across all locations, the top 10 best-selling craft beers are all sourced from Kentucky breweries. The same trend is apparent in wine, where two or three varietals from Kentucky or neighboring Indiana are always among each week's 20 best-selling bottles. As for spirits, Kentucky bourbons constantly surpass all other spirits in total sales volume.

Although local products are a main feature at Liquor Barn, the company is also known for being a destination for consumers looking for a very carefully cultivated selection. Retailers that have such large stores have to work even harder to make sure they're not simply cramming excess product on the shelves: every item is carefully selected based on consumer demographics, specific customer requests and current trends.

Brian Price, a Certified Cicerone and Beer Merchant for Liquor Barn, reports that while IPAs are still a customer favorite across the state, he's seeing a small shift toward old-school German lagers. Gose and sour beers are also gaining in popularity, particularly among female consumers. Stouts are losing a bit of momentum, while porters seem to be experiencing a resurgence.

Price says it's extremely fun to engage with Liquor Barn customers who embrace so many different types of beers.

"People are very knowledgeable about the products and they want to learn more," he says. "And while customers are interested in what's new and popular, the support people have for local brewers here is astounding. I hope that now that Liquor Barn is locally

## Retailer Profile: Liquor Barn

owned again, we can expand our relationships with Kentucky brewers even more."

The local enthusiasm extends to the wine category, which has seen an influx of bourbon barrel wines along with many sweet wines. Tyler Mirt, a CS, CSS, and Cicerone himself, as well as Liquor Barn's Category Merchant for Wine, reports that rosés have also become much more popular over the past two years. The constant consumer demand for new varietals is also something Liquor Barn strives to meet.

"The new millennial drinkers don't have as much brand loyalty," Mirt says. "They're also very quality-driven and interested in new things. As a result, we've seen a dropoff in wines below the \$10 range, with an increase in bottles that fall within the \$15 to \$25 price point. Many of our customers also gravitate to small batches, boutique products and highly rated wines."

While bourbon makes up the largest portion of the spirits category, Liquor Barn has noticed some other growing segments as well. Brad Williams, Senior Director of Category Management and Product Development, reports that tequila has been the fastest-growing spirit category for the past two years, followed by cognac and brandy. Similar to the wine category, Williams says that sub-premium and lower-price spirits aren't performing as well as mid-priced bottles.

"I think that's really a testament to how our educated staff is lending itself to a great consumer experience, and customers are naturally learning more about product selection from our employees," Williams says.

In addition to selling wine, beer and spirits, many of the stores also feature vast food selections - which are also locally-centric. Along with offering many Kentucky cheese products, Liquor Barn stocks



Marketing and Events Manager Molly Alvier, Wine Manager Tyler Mirt, Middletown location GM Jacob Bush, SVP/COO Chris Edgerton, Senior Partner Vince Rosenblatt, Tobacco Manager Jason Lois, Beer Manager Brian Price and Sr. Director of Merchants and Product Dev. Brad Williams.

## Retailer Profile: Liquor Barn



There are 15 Liquor Barn and 2 Party Mart locations throughout Kentucky.



other gourmet food options including pastas, specialty sauces and sausages, many of which are made in-state. Other product lines include standard and customized gift baskets, specialty apparel, candles and even artwork.

One area of business that the company is looking to expand is its bottle engraving program. This is something that is extremely popular at Blue Equity's two Party Mart locations, and because Liquor Barn and Party Mart now operate under the same management, there is an opportunity for segments of the business to learn from each other.

"We're really focusing on how these brands can grow and evolve together, and feed off of each other's successes," says Chris Edgerton, Senior Vice President and Chief Operating Officer of Liquor Barn. Since being acquired by Blue Equity, Liquor Barn and Party Mart's management teams have slowly begun to integrate. Additional collaboration efforts between these two teams are expected to roll out later in 2018.

### EVENTS AND EDUCATION

Along with its local flavor and expansive product line, Liquor Barn is distinctive because of its strong commitment to engaging customers and connecting to the surrounding community. The company participates in a large number of events each year and always seeks out the opportunity to do more.

Due to the large size of each of its stores, Liquor Barn offers weekly tastings and small events at each of its locations. Many of

the stores feature large event spaces, allowing for bigger and more unique activities, and each store generally hosts at least one large-scale event per month. In February, two stores hosted a Chocolate Takeover event featuring chocolate-infused beer, wine and spirits. Representatives from numerous distilleries and breweries were on hand to interact with customers and educate them about the various products. Multiple chocolatiers were also in attendance selling various products. Attendees were charged a \$5 admission fee and could enjoy numerous product samples. (The Kentucky Alcoholic Beverage Control Board requires retailers to charge a fee for such events; otherwise Liquor Barn would prefer to make them free for customers).

"It was standing room only at both locations," Edgerton reports. "We had the event on Valentine's Day Eve, which was very timely. A lot of people did their Valentine's Day shopping that night."

Another annual event held at four store locations is dubbed "How to Derby like a Local." Held the Thursday before Derby Day, the event gives attendees the opportunity to sample mint juleps (traditionally the derby cocktail of choice), along with a vast selection of Kentucky food, beer and wine. Vendors also sell handmade bow ties and derby hats.

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