



RETAILER OF THE YEAR

Modern Retail In COLORADO

JIM SHPALL IS A DRIVING FORCE IN COLORADO BEVERAGE RETAIL
AT THREE-UNIT APPLEJACK WINE & SPIRITS

BY LAURA PELNER • PHOTOGRAPHY BY MATT NAGER

Beverage alcohol retail wasn't Jim Shpall's first career calling but it has definitely been his most treasured. Shpall, a seasoned lawyer, took a gamble on the drinks business in the mid-1990s when his father-in-law, then owner of Colorado's Applejack Wine & Spirits, decided to sell the store. Now 30 years later, Shpall, a 2011 MARKET WATCH LEADER, says managing the business fills him with pride.

"I saw this as a fun opportunity," says Shpall, who at the time had been practicing law for 12 years. "The idea of being my own boss was enticing. My career as a lawyer would have been great, but this has been a very good life."

Under his guidance as CEO, Applejack has expanded from its original location in the Denver suburb of Wheat Ridge, Colorado to also include stores in Colorado Springs and Thornton, as three units is the maximum currently allowed for beverage alcohol retailers in the state. Shpall has updated and modernized each location, creating clean, bright, and easy-to-shop outlets that are well stocked and attract a wide array of consumers. His efforts have paid off and the business is thriving.

"We have everything that anyone could ever want or need, and we do it with great pricing," Shpall says. "If we don't have it, you don't need it—that is our goal. We have something for everyone in terms of flavor, experience, and price point."

For his efforts to carry on a family legacy while guiding Applejack Wine & Spirits into the modern age with multiple locations, Shpall has been named the 2024 MARKET WATCH LEADERS Retailer of the Year.



Applejack CEO Jim Shpall left a career in law to try his hand at beverage retail. Three decades later, Shpall has grown Applejack to three units in Colorado and the company is thriving.



Applejack stocks a full roster of wine, spirits, and beer in its stores. Over the years, Shpall has renovated and modernized each location, making sure they're clean, well lit, and easy to shop (cooler doors above; wine shelving top).

Family Tradition

Shpall follows in the footsteps of his father-in-law, Alan Freis, who was named a MARKET WATCH LEADER in 1985 and Retailer of the Year in 1992. Freis, who passed away in 2014, was a guiding light in Shpall's early days at Applejack and carrying on his legacy has been top-of-mind for Shpall. "I'm only the third person to run this business since 1961," Shpall says. "Ironically, my wife, who's also a lawyer, told me I shouldn't [buy the store]. Now, she would tell you that I was born to be a retailer."

Applejack founder Herb Becker opened the original store in 1961 in Wheat Ridge, Colorado's Applewood Village

Shopping Center and the Wheat Ridge unit is still there today, though it's grown immensely in size and scope since its founding. Becker, who had experience in the grocery store channel, sold Applejack to Freis in 1980. Freis had a beverage alcohol pedigree when he came in, having worked for Seagram's and the local distributor Midwest Beverages, and he ran Applejack for 14 years. "I came into the business in 1994 when Alan announced he was going to sell," Shpall recalls. "We worked out a deal and I wasn't owner right away, but ultimately I bought him out."

Though the business has changed immensely over the last 30 years, Shpall says both Becker and Freis would be proud of what it's become. Shpall—who never met Becker but knows his son Mark—says both the

original founder and Freis gave their all to Applejack. He notes that his father-in-law, in particular, relished the business and the opportunities it provided his family. "If he could see how Applejack has benefited his grandchildren and great-grandchildren, that's all he could ever want from life," Shpall says.

Shpall sold a piece of Applejack's ownership in 2014 to a group of local investors, though he retains the CEO title, and he says his children likely won't take over when he retires. He's heavily involved in the stores' daily operations, though he notes that he relies on his core team of executives—including

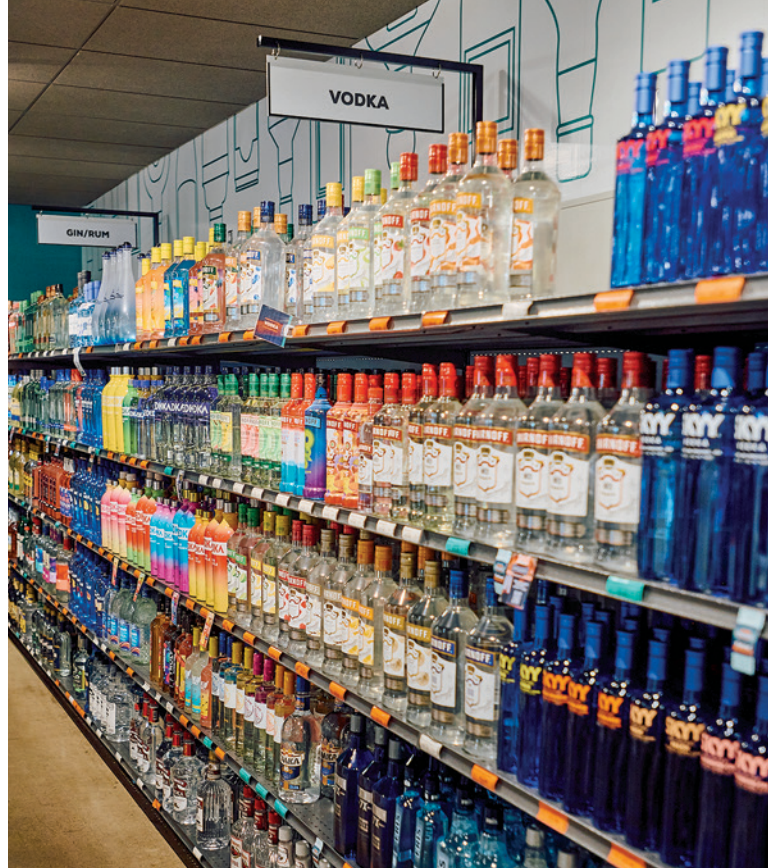
a CMO, finance director, general manager, and key business and technology people—to keep Applejack running smoothly. For his part, Shpall is a big-picture thinker and notes that he focuses on strategizing ways to keep the stores relevant in an ever-changing retail environment. And that’s the biggest challenge to modern retail, as the off-premise landscape transforms continuously.

“There’s a revolution in the retail liquor business occurring that’s quite fascinating, challenging, exciting, and motivating,” Shpall says. “There’s a plethora of products out there, and consumption is down, and the competition is changing.” He adds that since Colorado now allows grocery stores to sell beer, wine, and spirits—a move that gained traction in the state legislature in 2016 and took effect in 2017—the retail landscape in the state has changed dramatically. “Now, you have grocery stores selling wine and beer in all their stores, you have decreasing consumption, you have a proliferation of suppliers, and you have a new retail reality that comes after the pandemic,” Shpall says. “What’s fun about the retail business now is trying to thread that needle and stay relevant as a retailer.”

Destination Mindset

Applejack has always aimed to be a destination, so that piece of the puzzle hasn’t changed. “In the early days when we could only have one store by state law, we had to make the four corners of the store match the four corners of the state of Colorado,” Shpall says. “For all those years we worked to make Applejack the go-to place for people in the state. That continues today.”

He notes that as times have changed, so has the store. The original location underwent a major overhaul and renova-



Spirits dominate at Applejack, making up 44% of total sales (shelves pictured). Whiskies and Tequilas are performing well, and vodka remains steady. Top brands include Tito’s, Jack Daniel’s, Maker’s Mark, and Jameson.

KEY FACTS: APPLEJACK WINE & SPIRITS

Name of LEADER: CEO Jim Shpall

Founded: 1961

Headquarters: Wheat Ridge, Colorado

Number of Stores: 3

Annual Revenue:
Industry sources estimate between \$70-\$85 million

Sales Breakdown:
44% spirits, 39% wine, 16% beer, 1% miscellaneous items

Number of Employees: 130

Website: Applejack.com

Future Plans:

As laws in Colorado loosen to allow independent beverage retailers the chance to add a fourth location, Shpall says he will examine the possibility of opening another store in Colorado in a few years. Until then, he says the goal is to continue keeping Applejack Wine & Spirits top-of-mind for consumers.

tion in the early 2000s and again in 2022, and it’s since been joined by new locations in Thornton and Colorado Springs, which opened in 2020 and 2022, respectively. The stores boast roughly 20,000 square feet of retail space and stock anywhere from 13,800 to 19,000 SKUs, and Shpall takes pride in their clean, well-lit interiors. “People notice how beautifully the stores are merchandised, that the shelves are well-stocked, and that they’re spotless,” he says.

Spirits dominate total sales at nearly 44%, followed by wine at 39%, and beer at 16%, with the remaining 1% coming from miscellaneous items. Whiskies and Tequilas are performing well at Applejack, though Shpall says vodka sales remain steady too, and he adds that RTD cocktails are



In an effort to attract more consumers to Applejack, Shpall has worked to diversify the company's product offerings by adding cannabis drinks (above left) and broadening its beer selection (above right).

also over performing. The stores stock more than 6,000 spirits SKUs, led by Tito's vodka (\$29 a 1.75-liter), Jack Daniel's Black label (\$38), Maker's Mark (\$39), and Jameson (\$45). "The younger generation is buying and drinking more cocktails so we've expanded that section and expanded the number of spirits we have, and the accoutrements to those spirits that allow people to make cocktails at home, including glassware and the tools you need to make a drink," Shpall says. He adds that as the demand for canned cocktails increases, his stores are reducing space for hard ciders and seltzers, and replacing them with RTD drinks.

Applejack's stocks more than 9,000 wine SKUs and Shpall says the stores' wine offerings help differentiate them from the grocery stores that now also market the category. The company's top-selling wines span from Kendall-Jackson Vintner's Reserve Chardonnay (\$12 a 750-ml.) and Kim Crawford Sauvignon Blanc (\$13) to La Marca Prosecco (\$15) and Veuve Clicquot Brut (\$63). "As supermarkets carry more of the everyday national brands, we're trying to emphasize to the consumer that we have those brands and also the wines those stores don't carry and will never carry," Shpall explains. "We've made sure we're second to none in terms of our wine selection. We want to stay ahead of the curve where we can." He adds that California remains the top region of interest for wine at Applejack, but says attention also ebbs and flows in wines from Germany, Spain, and Italy.



In beer, Applejack sees movement with both the big-name domestics and craft labels. The stores stock roughly 4,000 beer SKUs, led by Coors Light and Coors Banquet (each \$21 a 24-pack of 12-ounce cans); Modelo Especial also performs well (\$29). Shpall says his company dabbles in proprietary labels too, but doesn't put a major emphasis on them, choosing instead to focus on well-known brands that resonate with consumers. To that point, he says the notion of brand loyalty has changed a lot over his years in the retail business.

"When I first started in this business there were three brands of beer—Miller, Bud, and Coors—and people were loyal to their brands because that's all the consumer was given," he says. "As more choices were offered, consumers weren't as loyal as people thought. The same is now true in spirits. As we give people more choices, I believe there is brand recognition but not necessarily brand loyalty. Consumers are willing to try new things."

In that vein, Shpall says he aims to make his stores incubators for up-and-coming entrepreneurs and is committed to providing shelf space for new products from small businesses. "We want to be known as the go-to for giving entrepreneurs an opportunity to develop their brands and business," he adds. "They're generally young people who have a vision. Some of them catch fire and some don't, but I want to do for them what I'd want someone to do for my children." Shpall notes that Applejack was an early retailer to carry beers by Colorado craft notables Wynkoop and New Belgium brewing companies and was also an early retailer of Colorado's Breckenridge Bourbon.

Branching Out

Never one to accept complacency, Shpall has continued plans for Applejack's growth and evolution, especially as beverage laws in Colorado keep changing. One such legal shift that will benefit Applejack is Colorado's soon-to-loosen guidelines for in-store tasting events. Shpall says that over the summer months, Colorado is loosening its store sampling rules and beginning to regulate beverage tastings in-store by



the amount of alcohol served overall, not the number of products offered. Previously, Applejack could only legally serve samples of four products a day and on limited days, but by summer's end the stores and their supplier partners will be able to offer more options.

Tastings and events have become a good form of outreach for Applejack. Along with in-store samplings, Shpall hosts dinners and larger-scale tasting events in Colorado, and his business also offers concierge and event planning services. These services provide both private and corporate clients access to wine experts who can do everything from plan a wine list for a wedding or business function to build a private cellar. "The goal is long-term customer development and retention," Shpall says. "There's no one thing that will make an enormous change, but having all these things—concierge service, party planning, delivery—creates customer engagement. We've been doing that for a long time."

Technology also plays a role. Shpall says the Applejack website—Applejack.com—has risen to become a key tool for reaching and servicing customers. "We work hard to make sure the website is up to date in terms of looks and shop-ability," he explains. "We aim to provide information to consumers about what Applejack is and what we have to offer. We try to distinguish ourselves from everyone else who sells beverages."

Social media is similarly important and Shpall says Applejack has both an in-house team and an external company to manage it. The stores post on Instagram, TikTok, and Facebook, as well as utilize email blasts, billboards, and radio—both mainstream and online systems like Pandora. "We go to where the consumers are," Shpall says, adding that his marketing focus now is on promoting the stores themselves instead of specific products. "My goal is not to market the thousands of products we have, but to



The retail landscape in Colorado has changed dramatically over the years. Grocery stores in the state have added spirits, wine, and beer, creating intense competition for independent retailers. Applejack (exterior top) stays ahead with its diverse array of products and specialty services like delivery (trucks above).

focus on marketing Applejack and letting people know about us," he says. "If you come to Applejack you'll find a great selection, service, and prices. We tell people the value they get by coming to Applejack."

With its three locations in Colorado, Applejack is maxed out by current state law. However, per legislation that was recently approved in the state, independent beverage store owners will be able to add a fourth location in 2027. So far, Shpall says he has no firm plans for another Applejack unit, but the retailer says he's always open to continued growth and will examine the possibility of entering another market in the state when it's legal.

"The goal is to be a destination, but also to serve the area within a 10-mile radius of each store," Shpall says. "The days of people driving across the state to come to Applejack don't really exist anymore because there's such a proliferation of stores in general, and now grocery stores carry wine, beer, and spirits, creating a real risk to independent retailers. We want to make sure we're relevant as a destination and that our stores stand out. We want to be the go-to place for everyone." **mw**