REQUEST FOR PROPOSAL

2010-01

Product Pricing and SKU Optimization

September 30, 2009

Issued by:

NH State Liquor Commission

State of New Hampshire

Liquor Commission

PO Box 503, Concord, NH 03302

TABLE OF CONTENTS

APPENDICES **1**
TABLE 1: SCHEDULE OF EVENTS **2**
PART I - GENERAL INFORMATION FOR RESPONDENTS **3**
1. PURPOSE 3
2. ISSUING OFFICE 3
3. SCOPE 3
4. PROBLEM STATEMENT 3
5. NHLC FINANCIAL STORE DATA & RESEARCH 4
6. PROJECT NEED 4
7. KEY SUCCESS CRITERIA 4
8. PROJECT DELIVERABLES 4
9. NEW HAMPSHIRE SKU RATIONALIZATION PROCESS GUIDELINES 6
10. NEW HAMPSHIRE PRICING OPTIMIZATION PROCESS GUIDELINES 8
PART II - RFP TERMS AND INSTRUCTIONS **9**
1. TYPE OF CONTRACT 9
2. RFP INQUIRIES AND RESPONSES 9
3. PRE-PROPOSAL CONFERENCE 9
4. AMENDMENT TO THE RFP 10
5. PROPOSAL FORMAT 10
6. ECONOMY OF PREPARATION 10
7. PROPOSALS AND AWARDS 10
8. PROPOSAL SUBMISSION 11
9. PROHIBITED COMMUNICATIONS 12
10. VALIDITY OF PROPOSAL 12
11. NON-COMMITMENT 13
12. RESPONDENTS' COSTS AND EXPENSES 13
13. PROPERTY OF STATE 13
14. STORES TOURS 14
15. DISCUSSIONS FOR CLARIFICATION 14
16. PRESENTATIONS 14
17. INFORMATION TECHNOLOGY COMPLIANCE REQUIREMENT 14
18. CONTRACT TERMS AND CONDITIONS 14
19. CONFIDENTIALITY/SENSITIVE INFORMATION 15
20. DISCLOSURE OF PROPOSAL 15
21. BEST AND FINAL OFFERS 15
22. NEWS RELEASES 16
23. RESPONDENT'S REPRESENTATIONS AND AUTHORIZATIONS 16
24. METHOD OF AWARD 17
25. USE OF ELECTRONIC VERSIONS OF THIS RFP 17
PART III - INFORMATION REQUIRED FROM THE RESPONDENT **18**
1. STATEMENT OF THE PROBLEM 18
2. MANAGEMENT SUMMARY 18
3. WORK PLAN 18
4. PRIOR EXPERIENCE 18
5. SUBCONTRACTOR 18
6. OBJECTIONS & ADDITIONS TO STANDARD CONTRACT TERMS & CONDITIONS AND/OR AGREEMENT STANDARD 18
PART IV - CRITERIA FOR SELECTION **20**
1. MANDATORY RESPONSIVENESS REQUIREMENTS 20
2. REVIEW AND EVALUATION 20
3. CRITERIA FOR SELECTION 20

APPENDICES

Appendix A - Contract Terms and Conditions (General Provisions, Form P-37 (v. 1/09))

Appendix B - Financial, Store and Research Data

TABLE 1: SCHEDULE OF EVENTS

The following table sets forth the Schedule of Events for this RFP. The Schedule of Events is subject to change at the sole discretion of the NHLC. Any changes will be posted on the N.H. Liquor Commission official website located at www.nh.gov/liquor. Respondents are responsible for checking the website for any schedule changes.

Events	**Responsibility**	**Date**
Request for Proposals Issued:	Issuing Office	Wednesday, September 30, 2009
Pre-proposal Conference at NHLC Enforcement Office – 10 Commercial St.	Potential Respondents	Thursday, October 15, 2009 at 2:00 pm
Stores Tour	Potential Respondents	Tuesday, October 20, 2009
Deadline to Submit Inquiries By Electronic mail to NHLC Issuing Officer ("Closing Date")	Potential Respondents	Tuesday, October 27, 2009 at 4:00 pm
NHLC Anticipated Date to Issue Responses to Potential Respondent Inquiries	Issuing Office	Tuesday, November 10, 2009
Deadline for Submission of Sealed Proposals to Issuing Office at: ATTN: George Tsiopras NH State Liquor Commission 50 Storrs St, PO Box 503 Concord, NH 03302-0503	Respondents	Tuesday, November 24, 2009 at 9:00 am

PART I - GENERAL INFORMATION FOR RESPONDENTS

1. PURPOSE

The N.H. Liquor Commission ("NHLC") seeks to procure consulting services for product pricing services ("Pricing Services") and/or stock keeping unit optimization services ("SKU Services"). The NHLC is issuing this request for proposal ("RFP") as a vehicle for soliciting and evaluating proposals from interested parties. This RFP describes the project and the NHLC's requirements. A respondent may submit a proposal for Pricing Services and/or SKU Services as further described in Section 24 of this RFP governing "Method of Award."

2. ISSUING OFFICE

This Request for Proposal ("RFP") is issued by the N.H. Liquor Commission ("NHLC") that shall serve as the Issuing Office for this RFP. The Issuing Officer responsible for managing the RFP and serving as the sole point of contact is:

Mr. George Tsiopras, Chief Financial Officer
NH State Liquor Commission, P.O. Box 503
Concord, NH, 03302-0503
(tel: 603-271-2788)
(email: gtsiopras@liquor.state.nh.us).

All inquiries regarding this RFP must be submitted electronically to the Issuing Officer.

3. SCOPE

This RFP contains instructions governing the required content of proposals, terms governing this procurement process, a description of the services sought by the NHLC, requirements that a respondent must satisfy to be eligible for consideration, evaluation criteria, a description of standard contract terms and conditions, and other requirements that must be satisfied in each proposal.

4. PROBLEM STATEMENT

Setting prices for goods sold is one of the most fundamental management disciplines. The NHLC recognizes that pricing is a key lever in effectively managing its operations.

Although New Hampshire is a "control state," over 50% of all NHLC retail sales are to individuals who reside outside of New Hampshire. As a result, the NHLC has traditionally been a low price leader to preserve and protect its substantial sales position with respect to buyers who reside outside of New Hampshire in this unique market.

New Hampshire law requires the NHLC to maximize profits. Accordingly, the NHLC seeks to utilize a pricing strategy that reflects its value proposition, and ensures that it is fully maximizing pricing levers for all products and across all channels.

The NHLC, while skilled in adjusting prices on a macro basis, seeks to retain the assistance of highly skilled professionals to identify and develop a sophisticated pricing strategy that may include use of data processing software products and other materials to implement this strategy.

Additionally, to determine optimal store assortments, the NHLC recognizes it must consider financial and strategic objectives, historical sell-thru and missed opportunities, local demographics, out-of-state buyers and many other factors. Much of this data is available, but is voluminous and complex. The NHLC seeks to effectively leverage this data, and avoid rendering SKU decisions based on incomplete data that can result in unnecessary missed sales opportunities, excessive markdowns, and excess inventory.

A major national consulting firm prepared a brief, top line study of NHLC pricing, SKU and other store issues. This firm identified a significant opportunity gap, specifically in the area of product pricing and improved SKU management. Through this engagement, the NHLC seeks to retain the professional resources needed to validate, quantify and fully capture the revenue enhancements identified by the consulting firm.

5. NHLC FINANCIAL STORE DATA & RESEARCH

See Appendix A for complete financial store data and research.

6. PROJECT NEED

This project must improve the NHLC's gross and net profits, make the NHLC's sales promotions more efficient and less prevalent, and reinforce the NHLC's customer, market, and brand positions as an outlet provider of value and premium wines and spirits.

7. KEY SUCCESS CRITERIA

To succeed, this project must achieve the following goals, with an impact in FY '10 and a heavy impact in FY '11 and beyond:

- Drive gains in key business metrics: gross margin, discount rate, net profit, etc. **More specifically, $9 million in annual incremental net profit gains from pricing and SKU optimization in FY'10 and $14 million in FY'11**.
- Deliver a strong strategic and operational foundation.
- Clear pricing strategies, processes, and operational guidelines.
- Drive improvement on key customer metrics, price / value perception, in particular among out-of-state customers.

8. PROJECT DELIVERABLES

The NHLC's mandatory Pricing Services' and/or SKU Services' deliverables for this engagement consist of the following:

Strategic / Operational

- Review recently concluded consulting recommendations and validate or make recommendations for modifications of the opportunity gaps and revenue estimates.
- Develop clear and comprehensive price management guidelines within and across product lines and channels, and with the operational support to make them stick.
- Scaleable, fact-based approach to resetting prices for approximately 4,000 SKUs.
- Create process to better manage price setting / design adjustment for product launches.
- Create ongoing process to better understand elasticity of the NHLC top selling brands.
- Create seasonal overlays to recommendations to help guide promo choices.
- Provide a written summary containing top-line engagement findings and recommendations for distribution to the Governor and Legislative leaders.

Tactical

- Develop a reliable and regular system to determine competitive pricing on key products. This includes a competitive analysis and determination of the most appropriate competitive set to regularly access market pricing.
- Create plan to lower overall price discounting promotions while maintaining and/or growing sales levels.
- Deliver plan to improve ticket/average price performance, focused on key SKUs.
- Perform targeted price diagnostics to help support key deliverables & overall understanding.
- Develop model for managing market price tracking.
- Provide clearance improvement recommendations, including timing, minimum price rules (% and $), discount cadence, and other shop guidelines.
- Develop plan to optimize transaction-driver promotions.
- Tools and approach for assessing and improving performance of price-based promotions.
- Tools for ongoing price and promotion performance monitoring.
- Tool for determining optimal use of space in-store.
- Plan-o-gram design segmented by store clusters.
- Optimal product mix review and plan.
- Simultaneous optimization of mix and facings.
- Tool and process to measure price elasticity in two customer segment markets.
- Impact of replacing portion of existing space with beer.
- Velocity vs. margin analysis.
- Revenue and margin cost / benefit of repurposing the space for beer vs. spirits.

9. NEW HAMPSHIRE SKU RATIONALIZATION PROCESS GUIDELINES

Completing a value driving SKU rationalization project for New Hampshire's liquor stores involves multiple process steps including:

- Developing project goals and strategic guidelines
- Clustering stores by store size and shopper based groups
- Segmenting items and completing data attribution
- Selecting / implementing a methodology to identify items for deletion
- Managing facings allocation within available space
- Modeling the financial impact of the SKU rationalization

The following provides a detailed guideline for each of the SKU rationalization process steps. The respondent should comment on these proposed guidelines and what, if any, changes the respondent recommends.

Project Goals & Strategic Guidelines:

The recommended start point is to define clear project goals. NHLC's main goals for the SKU rationalization project include:

- Eliminate unproductive items to re-allocate space to more productive use;
- Improve ease of shopping for NH customers; and
- Accelerate sales/profit growth. The starting goal is to reduce assortment by 10% to create space for in-store merchandising and to add facings to top selling items. A critical component to achieving the project goals will be the development of actionable merchandising ideas to drive incremental sales.

Store Clustering

Grouping stores by size facilitates adjusting the breadth of assortment to the available space. In addition to store size, matching item variety to shopper preferences must be considered in the clustering solution. In doing so, NH stores will eliminate SKU proliferation while ensuring focus on the most productive items. Other benefits of clustering include: ease of regularly replicating the assortment optimization and presenting consistent variety of core SKUs to shoppers.

Item Segmentation/Data Attribution:

Shopper based segmentation of the item assortment should be utilized to adjust NH's current segmentation. An example would be breaking out single malt scotch from blended scotch to ensure single malts are properly represented in the final item mix. The selected optimization methodology (see below) should be applied within each sub-category as determined by the segmentation. Secondarily, adding attributes to each item (e.g. segment, price tier, size, etc) allows for back-end analytics / reporting of assortment changes.

Methodology:

There are 3 basic options to select from to perform the SKU rationalization analysis:

- Adjust current NH thresholds

  Suggested adjustments include separating flavored / classic vodka, cordials by type, whiskey into Canadian / Bourbon.
- Define minimum sales coverage levels by sub-category (e.g. higher coverage for core segment like vodka).

  Suggest retaining items representing 95% coverage for core sub-categories (vodka, rum, whiskey, tequila); lower for cordials, scotch, etc.
- Set specific targets for % item reduction based on how fragmented the assortment is ensures de-proliferation of SKUs.

There are also some critical call outs that require consideration:

- Shopper insights indicate broader variety and proper spacing for well known brands is warranted.
- Unique / high loyalty items contribute more incremental sales.
- Understanding the level of sales that will transfer from delisted SKUs is critical. Care should be taken to avoid cutting too deep into an individual segments item mix.

Shelf Space Utilization:

- The space generated by reducing item assortment should be used to minimize out-of-stocks on top items.
- Setting minimum days of supply standards for these items is recommended. It is important to utilize peak demand for the top items (e.g. summer Saturdays) to measure the potential out-of-stocks when store traffic is at its highest. After expanding facings on these SKUs, developing / implementing sales driving merchandising concepts will be the key to accelerating sales growth. Shopper based category solutions examples include (e.g. ready to serve section, reserve / ultra premium section, etc).
- In summary the benefits to NH of the SKU rationalization would be fewer out-of-stocks on core items, improved space productivity, and increased repeat trips due to the improved shopping experience. Realizing these gains is dependent on eliminating the most unproductive / non-incremental items, maintaining optimal variety across sub-categories, and maximizing the sales generated by the freed up space.

10. NEW HAMPSHIRE PRICING OPTIMIZATION PROCESS GUIDELINES

Project Goals & Strategic Guidelines:

The recommended start point is to define clear project goals. NHLC's main goals for the pricing optimization include:

- Establish a fact based competitive set and review process from which prices can be analyzed.
- Through review and testing, establish relative price elasticity for major product categories.
- Determine what longer term pricing strategies (and trade off's) are associated with various pricing options.
- Recommend what, if any, price by channel changes should be considered for NHLC or legislative review (discounts to the on-premise and off-premise are established by law.)

Ongoing Project Expectations:

Our chosen contractor will provide a dedicated team that will be augmented by expert support as needed by the contractor. This team should be on-site for 3-5 days every week with complete focus on the project. The NHLC will commit an internal director to the project, ensure the senior NHLC team is heavily involved, and provide access to other internal staff for targeted input. We also expect to have Senior Staff committee reviews approximately every 30 days, beginning in September 2009.

PART II - RFP TERMS AND INSTRUCTIONS

1. TYPE OF CONTRACT

a. **Fixed–Fee Contract**. Any contract resulting from this RFP shall be structured as a fixed-fee contract.

2. RFP INQUIRIES AND RESPONSES

a. **Inquiry Submission**. Respondents must submit all inquiries, exceptions, or additions regarding this RFP, including without limitation, requests for clarifications or modifications to the RFP, by electronic mail (with the subject line titled "Pricing-SKU RFP Questions") to the Issuing Officer identified in RFP, Part I, Section 2: *Issuing Officer* no later than the deadline to submit inquiries to NHLC Issuing Office specified in Table 1: *Schedule of Events*. Respondents must cite the relevant RFP title, RFP number, page, section, and paragraph in the inquiry submission. Respondents must not contact the Issuing Officer by telephone with any inquiries.

b. **NHLC Responses to Inquiries.** The NHLC intends to issue official responses, in its discretion, to inquiries submitted on or before the deadline specified in Table 1: *Schedule of Events*. The NHLC may consolidate and/or paraphrase inquiries for sufficiency and clarity. Oral statements, representations, clarifications and modifications shall not be binding upon the NHLC. The Issuing Officer anticipates posting official answers to the questions on the NHLC website at www.nh.gov/liquor by the date specified in Table 1: *Schedule of Events*.

3. PRE-PROPOSAL CONFERENCE

A pre-proposal conference will be held at the NH State Liquor Commission Enforcement office, 10 Commercial Street, Concord, New Hampshire on Thursday, October 15 at 2:00pm. The pre-proposal conference is for informational purposes only. Respondents will have an opportunity to ask questions about the RFP which may include, without limitation: a request for clarification or changes to the RFP; suggestions that could improve the RFP competition or lower the offered price; and review of any applicable documentation. Inquiries should be submitted to the Issuing Officer no later than twenty four (24) hours prior to the pre-proposal conference. Responses furnished during the pre-proposal conference will not be official unless verified, in writing, by the Issuing Officer on the NHLC official website located at www.nh.gov/liquor.

4. AMENDMENT TO THE RFP

The NHLC may amend this RFP at any time and at its sole discretion. The NHLC will post any amendments to the RFP on the NHLC official website located at www.nh.gov/liquor. In the event the NHLC determines it necessary to amend this RFP, the NHLC may extend deadlines and/or invite submission of additional information from respondents at any time, as the NHLC deems appropriate and at its sole discretion. Respondents are responsible for checking the website periodically for any new information or amendments to the RFP. The NHLC shall not be bound by any verbal information, and any written information that is not contained within the RFP or formally issued as an amendment by the Issuing Officer.

5. PROPOSAL FORMAT

Respondents must submit a complete response to this RFP using the format specified in Part III of this RFP. An official authorized to bind the respondent to the proposal must sign the proposal. If the official signs the Proposal Cover Sheet and the Proposal Cover Sheet is attached to the proposal, the requirement will be met. Proof of signatory authorization must be included with the proposal submission.

6. ECONOMY OF PREPARATION

Proposals should provide a straightforward, concise description of the respondent's ability to meet the requirements of the RFP.

7. PROPOSALS AND AWARDS

The NHLC intends to award one or more contract(s) to one or more respondents as a result of this RFP that may include:

(1) One contract award to one respondent for the combination of both Pricing Services and SKU Services;

(2) Two separate contract awards to one or more respondents consisting of one separate contract award for Pricing Services and one separate contract award for SKU Services ; or

(3) One contract award to one respondent for either Pricing Services or SKU Services.

Respondents must submit proposals to perform any of the combinations of services described above as follows:

(1) A proposal to perform each of the two services, Pricing Services and SKU Services, totaling two separate proposals; or

(2) A proposal to perform one of the services, Pricing Services or SKU Services, totaling one proposal.

Each proposal must itself fully conform to the requirements of this RFP. The NHLC will evaluate proposals based upon the category under which they fall, Pricing Services or SKU Services. In order to ensure that a submission is evaluated appropriately, respondents must submit the proposal(s) in sealed envelopes that are clearly marked as follows:

(1) "Proposal in Response to Request for Proposals No. for Pricing Services"; and/or

(2) "Proposal in Response to Request for Proposals No. for SKU Services."

Notwithstanding the foregoing or any provision of this RFP to the contrary, the NHLC reserves the right, at any time and in its sole discretion, to reject any or all proposals, wholly or in part, and/or to award to multiple contracts to one or more respondents, wholly or in part.

The Issuing Office will not accept multiple proposals from the same respondent for the same type of service, e.g. multiple proposals for SKU Services, or multiple proposals for Pricing Services.

A contractor will not retain any exclusive rights to provide the services and supplies described in this RFP process during the term of a contract or any extension thereto. The NHLC may, at its sole discretion, obtain Pricing Services and SKU Services and related materials from other contractors.

The NHLC has identified the basic approach to meeting its requirements and encourages respondents to be creative and propose their best solution to meeting these requirements.

8. PROPOSAL SUBMISSION

a. **Proposal Submission Deadline**: Proposals must be submitted in hard copies and CD-ROM format and clearly marked "State of New Hampshire Liquor Commission, Response to RFP 2009-01" and as specified in Section 7: *Proposals*. Proposals must be submitted to the Issuing Office no later than the Closing Date and Time in Table 1: *Schedule of Events.* Any respondent who elects to mail its proposal must allow sufficient mail delivery time to ensure timely receipt of its proposal. The NHLC accepts no responsibility for mislabeled, damaged or delayed mail. Proposals will not be accepted via electronic mail or facsimile transmission. The receipt of a proposal by the state's mail system does not qualify as receipt of a proposal by the Issuing Office.

i. If due to inclement weather, natural disaster or any other cause, the location to which proposals are to be returned is closed on the Closing Date and Time in Table 1: *Schedule of Events*, the deadline for submission shall be automatically extended until the next NHLC business day on which the Issuing Office is open, unless the respondents are otherwise notified by the Issuing Office. The time for submission of proposals shall remain the same. Proposals not submitted by the Closing Date and Time in Table 1: *Schedule of Events* or as otherwise extended pursuant to this RFP will be rejected.

b. **Proposal Receipt**: A proposal will be considered received on the date and time of the NHLC's receipt as officially documented by the NHLC.

9. PROHIBITED COMMUNICATIONS

From the issue date of this RFP until the effective date (date of N.H. Governor and Council approval) of a resulting contract with any respondent, the Issuing Officer shall serve as the sole point of contact concerning this RFP. Respondents are prohibited from distributing any part of their proposals except to the Issuing Office as required under this RFP. Except for contacts with the Issuing Officer as permitted by this RFP, respondents are prohibited from contacting or lobbying any NHLC personnel or evaluation committee members regarding this RFP. Any respondent's attempt to improperly influence the evaluation of proposals and selection of a respondent may result in the disqualification and elimination of that respondent from this RFP procurement process. If the NHLC later discovers that the respondent has engaged in any communications prohibited under this RFP, the NHLC may reject the offending proposal or rescind a contract award, without any liability to the respondent. Respondents are prohibited from distributing any part of their proposals except to the Issuing Office as required under this RFP.

10. VALIDITY OF PROPOSAL

a. By submitting a proposal, a respondent acknowledges and agrees that:

i. Its proposal shall remain in effect and is binding on the respondent for a period of one hundred and eighty (180) days following the Closing Date and Time in Table 1: *Schedule of Events*;

ii. The contents of the proposal of the successful respondent will become contractual obligations, except to the extent the contents are changed through best and final offers or contract discussions, and if a contract is finalized. The finalized and approved contract language shall prevail over the respondent's proposal in the event of any inconsistency or ambiguity;

iii. The respondent waives any right to withdraw or modify its proposal, except

as permitted in the RFP;

iv. Proposals are irrevocable unless the proposal is withdrawn as permitted under this RFP or the expiration of 180 day(s) from the Closing Date and Time in Table 1: *Schedule of Events*. A respondent must submit a written request to withdraw a proposal that is signed by an authorized representative of the respondent and submitted to the Issuing Officer prior to the Closing Date and Time in Table 1: *Schedule of Events*. If a respondent attempts to provide such written notice by facsimile transmission, the NHLC shall not be responsible or liable for errors in facsimile transmission; A respondent may modify its proposal by withdrawing its proposal and submitting a new sealed proposal that complies with the requirements of this RFP, but only if the respondent withdraws and resubmits its proposal prior to the Closing Date and Time in Table 1: *Schedule of Events*.

11. NON-COMMITMENT

Notwithstanding any provision of this RFP to the contrary, this RFP does not commit the NHLC to award a contract. By submitting a proposal, a respondent acknowledges and agrees that the NHLC may, at any time and in its sole discretion, and without any liability to a respondent, reject any and all proposals, or any portions thereof; cancel this RFP; and solicit new proposals under another acquisition process.

12. RESPONDENTS' COSTS AND EXPENSES

By submitting a proposal, a respondent acknowledges and agrees that the NHLC is not responsible or liable for any costs or expenses incurred by a respondent in connection with its participation in this procurement process, including, but not limited to: (1) any costs or expenses incurred by a respondent in relation to the preparation of a proposal or a respondent's participation at the pre-proposal conference or oral presentation and discussions, and other RFP processes and events; and (2) costs and expenses associated with any work performed by a respondent prior to the effective date (date of N.H. Governor and Council approval) of a contract with the respondent.

13. PROPERTY OF STATE

The proposal and all material received in response to this RFP shall become the property of the NHLC and will not be returned to respondents. By submitting a proposal, a respondent acknowledges and agrees that the NHLC may, at its sole option, use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any respondent copyright designations contained on proposals, the NHLC shall have the right to make copies and distribute proposals

internally and to comply with public record or other disclosure requirements under the provisions of any the State of New Hampshire or United States statute or regulation, or rule or order of any court of competent jurisdiction.

14. STORES TOURS

On the dates and times specified in Table 1: *Schedule of Events*, the NHLC will conduct stores tours of up to four (4) NHLC liquor stores, representing different store sizes which will include an overview of the NHLC existing point of sale and operating system. Respondents' attendance and participation at the stores tours is not mandatory.

15. DISCUSSIONS FOR CLARIFICATION

The NHLC may require, at its discretion, respondents who submit proposals to provide the NHLC with oral and/or written clarification of their proposal to the NHLC to ensure thorough mutual understanding and respondent responsiveness to the solicitation requirements. The Issuing Officer will initiate requests for clarification. The NHLC reserves the right to recall any respondents for additional discussions as it deems necessary.

16. PRESENTATIONS

The NHLC may, at its discretion require a respondent to participate in oral and/or written presentations on any aspects of its proposal. Respondents may also be required to demonstrate any product(s) and/or service(s) proposed at the NHLC site.

17. INFORMATION TECHNOLOGY COMPLIANCE REQUIREMENT

In the event that any portion of a respondent's proposal requires software or hardware be connected to or installed on NHLC network then all such computer products and services must comply with the requirements of the N.H. Department of Information Technology, which are available upon request. The Respondent shall stay knowledgeable with and shall abide by these standards for all related work resulting from this RFP.

18. CONTRACT TERMS AND CONDITIONS

The NHLC's standard terms and conditions are set forth in Appendix A of this RFP. In the event of any conflict between the NHLC's terms and conditions and any portion of a proposal, the NHLC's terms and conditions shall take precedence and supercede any and all such conflicting provisions contained in a proposal, at the sole discretion of the NHLC. Additionally, any resulting contract may include additional provisions provided that they are agreed to by the NHLC and in a form and substance as prescribed by the NHLC. The failure of a selected respondent to reach agreement with the NHLC on contractual terms, conditions and other provisions may result in cancellation of the selection as described in this RFP.

19. CONFIDENTIALITY/SENSITIVE INFORMATION

The selected respondent may have access to confidential/sensitive information in the course of performing its obligations under the contract, and may be required to sign a confidentiality agreement.

20. DISCLOSURE OF PROPOSAL

a. **Respondent Obligation**. A respondent must maintain the confidentiality of its proposal until the effective date (date of N.H. Governor and Council approval) of a resulting with any respondent. A respondent's disclosure or distribution of its proposal to any individual or entity, other than the Issuing Office, prior to the effective date (date of N.H. Governor and Council approval) may be grounds for disqualification at the discretion of the NHLC.

b. **NHLC Obligation**. The NHLC shall maintain the confidentiality of each proposal until a contract award is made as contemplated under N.H. RSA 21-I:13-a, II. Following an award as contemplated in RSA 21-I:13-a, II, the NHLC will disclose all proposals in accordance with applicable law and regulations, including, but not limited to, N.H. RSA Chapter 91-A, the Right to Know Law. Any respondent who determines that it must divulge any confidential, commercial or financial or other information not subject to public disclosure under applicable laws and regulations, (collectively referred to as "Respondent Confidential Information"), must submit in its proposal a signed written statement describing in detail the nature of the Respondent Confidential Information and the grounds for its position that the Respondent Confidential Information is exempt from public disclosure under applicable law and regulations, including but not limited to, the Right to Know Law, N.H. RSA Chapter 91-A; and submit a redacted version of its proposal that removes only the Respondent Confidential Information along with an unredacted proposal.

21. BEST AND FINAL OFFERS

The NHLC may, at its sole discretion, solicit Best And Final Offers ("BAFOs") from respondents who have submitted responsive proposals and which have been determined to be reasonably possible of selection for a contract award.

a. Respondents will be given opportunity to respond with a BAFO under a procedure defined by the NHLC which may include one (1) or more of the following:

   i. Enter into pre-selection discussions:

      1. Schedule written and/or oral presentations or scripted demonstrations; and/or
      2. Request revised proposals.

b. The NHLC will evaluate BAFOs against Criteria for Selection found in Part IV, Section IV-3. The NHLC will conduct BAFO proceedings uniformly, the BAFOs will be subject to solicitation by the NHLC and NHLC's timely receipt of responses pursuant to schedule set by the NHLC. Respondents are encouraged to submit their best price as part of their initial proposal and not to assume there will be an opportunity to provide a BAFO at a later date.

22. NEWS RELEASES

Respondents shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this project without prior written approval of the NHLC, and only in coordination with the Issuing Office.

23. RESPONDENT'S REPRESENTATIONS AND AUTHORIZATIONS

By submitting a proposal, a respondent agrees, represents and acknowledges that:

a. All information provided by, and representations made by, the respondent in its proposal are material and important and may be relied upon by the NHLC in awarding a contract;

b. Any misstatement, omission or misrepresentation by a respondent shall constitute fraudulent concealment from the Issuing Office of the true facts relating to the proposal submission;

c. The respondent has arrived at the price(s), amounts, terms and conditions in its proposal independently and without consultation, communication or agreement with any other respondent or potential respondent, and without effort to preclude the NHLC from obtaining the best possible competitive proposal. The respondent has not disclosed the price(s), the amount of the proposal nor the approximate price(s) or amount(s) of its proposal to any other firm or person, including but not limited to, a respondent or potential respondent for this RFP;

d. The respondent has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal in response to this RFP or to submit a proposal higher than this proposal or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal; and

e. The respondent makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.

24. METHOD OF AWARD

Contracts will be awarded separately for Pricing Services and/or SKU Services. The NHLC evaluation committee will select a proposal(s) based on criteria set forth in Part IV. The evaluation committee may consist of senior staff member(s) of the NHLC, representative(s) of the Governor's office, the Chairman of the NHLC, and representative(s) of the N.H. Department of Administrative Services. The evaluation committee will submit a recommendation on its selection of a proposal(s) to the NHLC Commissioners for final approval. The responsible respondent(s) whose proposal(s) the NHLC is determines to be the most advantageous to the State of New Hampshire, after taking into consideration all of the evaluation factors, shall be notified in writing of its selection for contract discussions. The resulting contract(s) will be based on the standard terms and conditions contained in Attachment A, and modifications and additions to the standard clauses acceptable to the NHLC in its discretion. If the NHLC is unable to reach agreement with a respondent(s) during contract discussions, the NHLC may, at its sole discretion and at any time, reject and cancel the first respondent selection and commence contract discussions with the next highest ranked respondent, and continue on in this manner at its discretion. The NHLC may, at its sole discretion, terminate any contract discussions, as it deems appropriate and at any time.

25. USE OF ELECTRONIC VERSIONS OF THIS RFP

This RFP is available in electronic form. If a respondent accepts the RFP in electronic form, the respondent acknowledges and accepts full responsibility to insure that no changes are made to the RFP. In the event of a conflict between a version of the RFP in the respondent's possession or relied upon by the respondent, and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

PART III - INFORMATION REQUIRED FROM THE RESPONDENT

Proposals must be submitted in the following format, including heading descriptions:

1. STATEMENT OF THE PROBLEM

State in succinct terms your understanding of the problem presented and/or the services and equipment required by this RFP.

2. MANAGEMENT SUMMARY

Include a narrative description of the proposal effort and a list of the items to be delivered or services to be provided.

3. WORK PLAN

Describe in narrative form your plan for accomplishing the project. Be sure to include a detailed timeline. Indicate the approximate number of person hours allocated to each task. Include a Program Evaluation and Review Technique ("PERT") or similar type display, time related, showing each event. This work plan should include expected milestones in achieving revenue goals.

4. PRIOR EXPERIENCE

Include a detailed summary of your company's experience with emphasis on the pricing and SKU rationalization. Experience shown should be work done by individuals who will be assigned to this project, as well as that of your company. Experience should include projects completed for retail businesses where the size and scope are similar to the size of the NHLC and the size and scope of this project. Experience referred to should be identified by customer, including the name, current address and telephone number of the responsible official who may be contacted. The NHLC reserves the right to contact any and all persons listed by the respondent concerning past work experience.

5. SUBCONTRACTOR

Subcontracting any portion of the contract is not permitted.

6. OBJECTIONS & ADDITIONS TO STANDARD CONTRACT TERMS & CONDITIONS AND/OR AGREEMENT STANDARDS

The respondent must identify which, if any, of the terms and conditions contained in Appendix A of this RFP it desires to negotiate, and the additional terms and conditions the respondent would like to add to the standard contract terms and conditions. The respondent's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the NHLC may consider late objections and additional requests, if it is in the best interests of the State of New Hampshire and the NHLC. The NHLC may, in its sole discretion, accept or reject any

requested changes to the standard contract terms and conditions and/or agreement standards. The respondent shall not request changes to other provisions of the RFP; nor shall the respondent request to completely substitute its own terms and conditions for Appendix A. All terms and conditions must appear in one (1) integrated contract. The NHLC will not accept references to the respondents, or any other, online guides or online terms or conditions contained in any proposal.

PART IV - CRITERIA FOR SELECTION

1. MANDATORY RESPONSIVENESS REQUIREMENTS

To be eligible for selection, a proposal must be:

1. Timely received from a respondent; and
2. Properly signed by the respondent's authorized representative.

The NHLC reserves the right, in its sole discretion, to waive technical or immaterial nonconformities in a proposal.

2. REVIEW AND EVALUATION

The Issuing Office plans to utilize a committee of qualified personnel to review and evaluate timely submitted proposals. The Issuing Office will notify in writing of its selection contract discussions the responsible respondent whose proposal is determined to be the most advantageous to the State of New Hampshire as determined by the NHLC after taking into consideration all of the evaluation factors. Each Pricing Services proposal will be evaluated and scored against other Pricing Services proposals only, and each SKU Services proposal will be evaluated and scored against other SKU Services proposals only.

3. CRITERIA FOR SELECTION

The NHLC has established the weight for the evaluation criteria for this RFP as specified in the following table:

Criteria	Percent
Understanding the Problem	30%
Demonstrated Qualifications & Previous Results	30%
Overall Engagement Price	20%
Engagement (work plan) Execution Strategy	20%

The following criteria will be used in evaluating each proposal:

Understanding the Problem - This refers to the respondent's understanding of:

- The NHLC's needs that generated the RFP
- The NHLC's objectives in seeking consulting services
- The nature and scope of the work involved
- The services required as stated in the RFP

Demonstrated Qualifications & Previous Results - This refers to the overall qualifications of the respondent's team assigned to the engagement and the ability of the respondent to meet the terms of the RFP with regard to pricing and SKU optimization. This also includes the respondent's previous results that have made a quantifiable and significant contribution to improved company performance.

Overall Engagement Price - This refers to the professional fees and expenses.

Engagement (work plan) Execution Strategy - This refers to the soundness of the work plan, the respondent's grasp of the most critical steps detailed in the Work Statement, in providing the required services.

Appendix A

APPENDIX A

Subject: _____

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. **IDENTIFICATIONS.**

1.1 State Agency Name New Hampshire State Liquor Commission		1.2 State Agency Address P.O. Box 503, 50 Storrs St., Concord, NH 03302-0503	
1.3 Contractor Name		1.4 Contractor Address	
1.5 Contractor Phone Number	1.6 Account Number	1.7 Completion Date	1.8 Price Limitation $
1.9 Contracting Officer for State Agency George P. Tsiopras, CFO		1.10 State Agency Telephone Number 603-271-2788	
1.11 Contractor Signature		1.12 Name & Title of Contractor Signatory	
1.13 Acknowledgment: State of _____, County of _____ On, _____, before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace (Seal)			
1.13.2 Name and Title of Notary Public or Justice of the Peace			
1.14 State Agency Signature		1.15 Name/Title of State Agency Signatory Mark M. Bodi, Chairman Patricia T. Russell, Commissioner Richard E. Simard, Commissioner	
1.16 Approval by the N.H. Department of Administration, Division of Personnel *(if applicable)* By: Director, On:			
1.17 Approval by Attorney General (Form, Substance, and Execution) By: On:			
1.18 Approval by Governor and Council By: On:			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/ COMPLETION OF SERVICES.

3.1. Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement, ("Effective Date")

3.2. If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contrctor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Sercives by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agrement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.

5.1. **T**he contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.

5.2. The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services.The State shall have no liability to the Contractor other than the contract price.

5.3. The State reserves the right to offset from any amounts otherwise payable to the Contactor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4. Notwithstanding any provision in this Agrement to the contrary, and notiwthstanding unexpected circumstances, in no event shall the total of all payment authorized, or actually made hereunder, exceed the Price Limitaion set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/EQUAL EMPLOYMENT OPPORTUNITY.

6.1. In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.

6.2. During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3. If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplement by the regulations of the United State Department of Labor (41 C.F.R. Part 60), and with any rules, regulation and guidelines as the State New Hamphire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1. The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2. Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other persons, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

7.3. The Contracting Officer specified in block 1.9, or his or her sucessor, shall be the State'e representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

Contractor Initials_____
Date_____

8. EVENT OF DEFAULT/REMEDIES.

8.1. Any one or more of the following acts or ommissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1. failure to perform the Services satisfactorily or on schedule;

8.1.2. failure to submit any report required hereunder; and/or

8.1.3. failure to perform any other covenant, term or condition of this Agreement.

8.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1. give the contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absense of a greater or lesser specification of time, thirty (30) days from the date of the notice, and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2. give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3. set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Defauls; and/or.

8.2.4. treat the Agreement as breached and pursue any of its remedies at law or in equity, or both

9. DATA/ACCESS/CONFIDENTIALITY/ PRESEVATION.

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulea, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda papers, and documents, all whether finished or unfinished.

9.2. All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon terminaiton of this Agreement for any reason .

9.3. Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE.

In the performance of this Agreement the Contractor is in all respects and independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.

The contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitutue a waiver of the sovereign immunity of the State, which immunity is hereby reseved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1. The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1. Comprehensive general liability insurance against all claims of bodily injury, death or property damage in amounts of not less than $250,00 per claim and $2,000,000 per occurrence: and

14.1.2. fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2. The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance and issued by insurers licensed in the State of New Hampshire.

Contractor Initials_____

Date_____

14.3. The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under the Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modified of the policy.

15. WORKER'S COMPENSATION.
15.1. By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance, with or exempt from, the requirements of N.H. RSA chapter 281-A *("Workers' Compensation')*
15.2. To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer indentified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH No failure by the State to enforce any provisions herof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default;, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE Any notice by a party hereto to the pther party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an intrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS. This agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein be reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

Contractor Initials_____
Date_____

Appendix B

REVENUE / EXPENSE ITEM	FY 2007-08 (In Millions $)	FY 2006-07 (In Millions $)	% INCREASE (DECREASE)
Gross Sales [1]	470.2	443.7	6.0
Licensee Discounts	9.7	7.6	27.7
Cost of Goods Sold	333.0	316.9	5.1
Gross Revenue - Liquor	127.5	119.2	6.9
Operating Expenses [2]	34.7	32.2	7.7
Miscellaneous Revenue	6.0	5.9	1.7
Net Income (Not including taxes and grants) [3]	98.8	92.9	6.3
Specific Liquor Taxes	12.7	12.7	0.0
Net Grants	0.2	0.2	0.0
Total Net Revenue	111.6	105.8	5.5

OTHER MERCHANDISING STATISTICS	FY 2007-08	FY 2006-07	% INCREASE (DECREASE)
Number of Cases Sold	4,364,881	4,261,824	2.4
Average Price Per Case	107.73	104.12	3.5
Items Available (brands and sizes)	14,825	14,658	1.1
Number of Bottles Sold	40,794,143	39,356,430	3.7
Average Price Per Bottle	11.53	11.27	2.2

APPARENT CONSUMPTION STATISTICS	FY 2007-08		FY 2006-07	
	Gallons	Per Capita [4]	Gallons	Per Capita [4]
Distilled Spirits	4,637,706	3.53	4,522,802	3.44
Wine (21% alcohol or less)	6,648,022	5.06	6,493,283	4.94
Beer	41,544,007	31.59	41,566,913	31.61

NOTES:

(1) For the current fiscal year, off premise licensees accounted for 18.75% or $86.4 million of total liquor sales. On premise licensees, such as bars, restaurants, hotels and clubs accounted for 11.72% or $54.0 million of total liquor sales.

(2) Operating Expenses do not include Liquor purchases and grants. The tranfers for grants of $127,375 for FY2008 and $153,086 for FY2007 are for Grants to Enforcement for Alcohol and Drug Prevention programs. Enforcement and Licensing expenses attributalbe to General Fund are included in Operating Expenses.

(3) Net Income is computed after deduting all operating expenses including the General Fund portion of Enforcement and Licensing expenses.

(4) Based on 2007 population estimate of 1,315,000, from the Office of Energy and Planning (OEP)

New Hampshire State Liquor Commission
Balance Sheet as of June 30, 2008

JUNE 30, 2008 AND JUNE 30, 2007 (unaudited)
(expressed in thousands)

	June 30, 2008	June 30, 2007	Comparative Increase / (Decrease) $	%
ASSETS:				
CURRENT ASSETS				
Cash and Cash Equivalents	**$ 740**	$ 1,413	$ (673)	(47.64)
Receivables (Net of Allowances for Uncollectibles)	**8,507**	9,220	(713)	(7.73)
Net Due from Other Agencies	**11,612**	10,463	1,149	10.98
Inventory	**25,840**	22,288	3,552	15.94
Total Current Assets	**46,699**	43,384	3,315	7.64
PROPERTY, PLANT AND EQUIPMENT				
Land	**2,355**	2,355	-	-
Land Improvements	**877**	877	-	-
Buildings	**13,795**	13,795	-	-
Building Improvements	**6,330**	5,744	586	10.20
Construction in Progress	**208**	379	(171)	(45.12)
Equipment	**5,971**	8,969	(2,998)	(33.43)
Less Allowance for Depreciation and Amortization	**(16,648)**	(19,109)	2,461	(12.88)
Net Capital Assets	**12,888**	13,010	(122)	(0.94)
Total Noncurrent Assets	**12,888**	13,010	(122)	(0.94)
TOTAL ASSETS	**59,587**	56,394	3,193	5.66
LIABILITIES:				
CURRENT LIABILITIES				
Accounts Payable	**39,749**	36,638	3,111	8.49
Accrued Payroll	**1,477**	1,577	(100)	(6.34)
Deferred Revenue	**1,873**	1,842	31	1.68
Claims & Compensated Absenses	**998**	932	66	7.08
Other Liabilities	**123**	131	(8)	(6.11)
Total Current Liabilities	**44,220**	41,120	3,100	7.54
NONCURRENT LIABILITIES				
Compensated Absences Payable & Uninsured Claims	**2,602**	2,395	207	8.64
Other Noncurrent Liabilities	**364**	487	(123)	(25.26)
Total Noncurrent Liabilities	**2,966**	2,882	84	2.91
Total Liabilities	**47,186**	44,002	3,184	7.24
NET ASSETS				
Invested in Capital Assets, net of related debt	**12,401**	12,392	9	0.07
Total Net Assets	**$ 12,401**	$ 12,392	$9	0.07

New Hampshire State Liquor Commission
Commonsize Comparative Income Statement

FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007 (unaudited)

	July 01, 2007 through June 30, 2008	July 01, 2006 through June 30, 2007	**Commonsize % FY 08**	% FY 07	Comparative Increase / (Decrease) $	%
SALES						
Sales - Retail	**$ 329,906,211**	$ 307,472,230	**71.63**	70.50	$ 22,433,981	7.30
Sales - On-Premise	**53,981,260**	53,479,293	**11.72**	12.26	501,967	0.94
Sales - Off-Premise	**86,355,454**	82,784,718	**18.75**	18.98	3,570,736	4.31
Total Sales	**470,242,925**	443,736,241	**102.11**	101.74	26,506,684	5.97
Less Discounts,						
Credit Card Fees, Etc.	**(9,702,509)**	(7,601,547)	**(2.11)**	(1.74)	(2,100,962)	27.64
Net Sales	**460,540,416**	436,134,694	**100.00**	100.00	24,405,722	5.60
COST OF SALES						
Inventory Change	**(3,552,177)**	(2,166,717)	**(0.77)**	(0.50)	(1,385,460)	63.94
Purchases - Net	**333,910,782**	316,558,868	**72.50**	72.58	17,351,914	5.48
Buy-In, Storage/Handling	**815,081**	787,941	**0.18**	0.18	27,140	3.44
Freight to Stores	**1,874,256**	1,707,853	**0.41**	0.39	166,403	9.74
Total Cost of Sales	**333,047,942**	316,887,945	**72.32**	72.66	16,159,997	5.10
Gross Profit From Sales	**127,492,474**	119,246,749	**27.68**	27.34	8,245,725	6.91
OTHER REVENUES						
Liquor Rep Fees	**17,792**	18,333	**-**	-	(541)	(2.95)
Licenses - Liquor	**2,849,015**	3,057,699	**0.62**	0.70	(208,684)	(6.82)
Check & Administrative Fines	**301,651**	286,756	**0.07**	0.07	14,895	5.19
Warehouse Bailment	**1,138,460**	1,086,924	**0.25**	0.25	51,536	4.74
Wine Tax	**51,997**	38,159	**0.01**	0.01	13,838	36.26
Sweepstakes Income	**530,149**	526,945	**0.12**	0.12	3,204	0.61
Inventory Information	**5,064**	5,112	**-**	-	(48)	(0.94)
Direct Shipping Permits	**519,122**	412,653	**0.11**	0.09	106,469	25.80
Processing/Investigation Fees	**60,875**	51,025	**0.01**	0.01	9,850	19.30
Miscellaneous	**85,816**	11,252	**0.02**	0.00	74,564	662.67
Total Other Revenues	**5,559,941**	5,494,858	**1.21**	1.26	65,083	1.18
Total Gross Profit	**$ 133,052,415**	$ 124,741,607	**28.89**	28.60	$ 8,310,808	6.66

New Hampshire State Liquor Commission
Commonsize Comparative Income Statement

FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007 (unaudited)

	July 01, 2007 through June 30, 2008	July 01, 2006 through June 30, 2007	**Commonsize % FY 08**	% FY 07	Comparative Increase / (Decrease) $	%
OPERATING EXPENSES						
Office of the Commissioners	**$ 661,884**	$ 637,236	**0.14**	0.15	$ 24,648	3.87
Information Technology	**1,813,650**	1,481,008	**0.39**	0.34	332,642	22.46
Financial Management	**1,263,197**	1,327,969	**0.27**	0.30	(64,772)	(4.88)
Merchandising Administration	**629,416**	628,178	**0.14**	0.14	1,238	0.20
Purchasing	**79,688**	72,344	**0.02**	0.02	7,344	10.15
Human Resources	**175,981**	139,499	**0.04**	0.03	36,482	26.15
Store Operations	**25,864,948**	23,441,669	**5.62**	5.37	2,423,279	10.34
Warehouse	**825,232**	939,414	**0.18**	0.22	(114,182)	(12.15)
Depreciation Expenses -						
• Office of the Commission	**59,087**	58,950	**0.01**	0.01	137	0.23
• Information Technology	**11,747**	115,817	**0.00**	0.03	(104,070)	(89.86)
• Financial Management	**-**	5,493	**-**	0.00	(5,493)	(100.00)
• Marketing	**-**	-	**-**	-	-	-
• Human Resources	**-**	-	**-**	-	-	-
• Store Operations	**542,561**	580,620	**0.12**	0.13	(38,059)	(6.55)
• Warehouse	**13,437**	25,760	**0.00**	0.01	(12,323)	(47.84)
Total Expenses	**31,940,828**	29,453,957	**6.94**	6.75	2,486,871	8.44
Net Profit -						
• Liquor Operations	**101,111,587**	95,287,650	**21.95**	21.85	5,823,936	6.11
• Beer Operations	**10,000,276**	10,161,667	**2.17**	2.33	(161,391)	(1.59)
Loss - Disposal of Fixed Assets	**(7,852)**	(7,970)	**-**	-	118	(1.48)
Fixed Assets - Capital Funds	**497,549**	391,597	**0.11**	0.09	105,952	27.06
Total Net Profit	**111,601,560**	105,832,944	**24.23**	24.27	5,768,615	5.45
Transfer to General Fund	**(111,592,460)**	(105,993,580)	**(24.23)**	(24.30)	(5,598,880)	5.28
Change in Net Assets	**9,100**	(160,636)	**0.00**	(0.04)	169,735	(105.66)
Net Assets July 1	**12,392,331**	12,552,967	**2.69**	2.88	(160,636)	(1.28)
Net Assets June 30	**$ 12,401,431**	$ 12,392,331	**2.69**	2.84	$ 9,099	0.07

NOTE:

Beginning Inventory	**$ 22,287,948**	$ 20,121,231	----------	$ 2,166,717
Inventory Change	**3,552,177**	2,166,717	----------	1,385,460
Ending Inventory	**$ 25,840,125**	$ 22,287,948	----------	$ 3,552,177

New Hampshire State Liquor Commission
Commonsize Comparative Income Statement - Enforcement

FISCAL YEARS ENDED JUNE 30, 2008 AND JUNE 30, 2007 (unaudited)

BEER OPERATIONS:	**July 01, 2007 through June 30, 2008**	July 01, 2006 through June 30, 2007	**Commonsize % FY 08**	% FY 07	Comparative Increase / (Decrease) $	%
REVENUES						
Beer Tax	**$ 12,463,202**	$ 12,470,074	**96.92**	96.64	$ (6,872)	(0.06)
Wine Cooler Tax	**25,750**	27,861	**0.20**	0.22	(2,111)	(7.58)
Distilled Spirits Tax	**18,603**	21,649	**0.14**	0.17	(3,046)	(14.07)
Beer Permits	**212,216**	207,928	**1.65**	1.61	4,288	2.06
Miscellaneous - Grants	**138,901**	175,637	**1.08**	1.36	(36,736)	(20.92)
Total Revenues	**12,858,672**	12,903,149	**100.00**	100.00	(44,477)	(0.34)
OPERATING EXPENSES						
Regulation - Enforcement	**1,602,965**	1,671,050	**12.47**	12.95	(68,085)	(4.07)
Regulation - Licensing	**799,034**	727,434	**6.21**	5.64	71,600	9.84
Regulation - Education	**206,862**	84,524	**1.61**	0.66	122,338	144.74
Miscellaneous - Grants	**126,848**	148,429	**0.99**	1.15	(21,581)	(14.54)
Depreciation - Enforcement	**122,160**	103,905	**0.95**	0.81	18,255	17.57
Depreciation - Licensing	**-**	1,501	**-**	0.01	(1,501)	(100.00)
Depreciation - Grants	**527**	4,639	**0.00**	0.04	(4,112)	(88.64)
Total Expenses	**2,858,396**	2,741,482	**22.23**	21.25	116,914	4.26
Net Profit From Beer Operations	**$ 10,000,276**	$ 10,161,667	**77.77**	78.75	$ (161,391)	(1.59)

New Hampshire State Liquor Commission
Sales by Type

FISCAL YEAR ENDED JUNE 30, 2008 (unaudited)

ST #	LOCATION	RETAIL	ON-PREMISE	OFF-PREMISE	DISCOUNTS	TOTAL
1	CONCORD	$4,572,987.97	$428,623.76	$38,777.70	($49,222.96)	**$4,991,166.47**
2	CHESTERFIELD	3,680,907.28	18,765.39	16,258.28	(29,124.56)	**3,686,806.39**
3	MANCHESTER	1,019,010.26	378,101.22	32,785.95	(4,735.30)	**1,425,162.13**
4	HOOKSETT	2,565,815.05	182,062.16	156,599.23	(52,689.57)	**2,851,786.87**
5	BERLIN	815,098.37	137,308.01	99,301.75	(4,547.19)	**1,047,160.94**
6	PORTSMOUTH	2,908,581.78	2,523,526.92	136,178.93	(60,131.33)	**5,508,156.30**
7	LITTLETON	3,785,417.08	660,438.73	80,610.09	(57,056.09)	**4,469,409.81**
8	CLAREMONT	2,562,687.18	364,892.92	43,240.45	(23,308.75)	**2,947,511.80**
9	DOVER	3,748,740.32	1,117,208.60	27,325.17	(41,220.50)	**4,852,053.59**
10	MANCHESTER	2,236,425.63	819,203.04	53,422.11	(9,373.92)	**3,099,676.86**
11	LEBANON	3,265,561.54	190,094.33	18,585.22	(57,348.10)	**3,416,892.99**
12	CENTER HARBOR	2,340,096.68	221,943.37	49,404.35	(38,678.68)	**2,572,765.72**
13	SOMERSWORTH	1,598,963.44	203,145.88	8,184.59	(5,050.74)	**1,805,243.17**
14	ROCHESTER	3,457,252.64	569,540.32	32,779.15	(16,541.42)	**4,043,030.69**
15	KEENE	8,705,680.21	1,011,180.94	59,040.63	(198,089.07)	**9,577,812.71**
16	WOODSVILLE	1,188,848.35	34,540.95	12,000.59	(4,092.78)	**1,231,297.11**
17	FRANKLIN	1,264,548.43	177,732.10	19,704.07	(4,394.25)	**1,457,590.35**
18	COLEBROOK	903,950.60	191,677.79	111,705.56	(6,089.06)	**1,201,244.89**
19	PLYMOUTH	1,949,576.55	91,434.62	14,848.56	(17,775.70)	**2,038,084.03**
20	DERRY	2,854,080.20	336,330.29	31,949.52	(26,715.83)	**3,195,644.18**
21	PETERBOROUGH	2,649,010.90	302,932.40	41,921.90	(62,676.09)	**2,931,189.11**
22	BROOKLINE	3,140,955.67	65,684.12	19,936.49	(46,282.38)	**3,180,293.90**
23	CONWAY	6,088,381.87	1,401,469.43	141,589.66	(74,973.31)	**7,556,467.65**
24	NEWPORT	1,101,278.37	177,335.93	31,360.62	(9,593.09)	**1,300,381.83**
25	STRATHAM	4,675,544.23	622,254.03	56,955.53	(49,908.76)	**5,304,845.03**
26	GROVETON	318,493.77	15,626.65	5,650.49	(943.08)	**338,827.83**
27	NASHUA	1,822,105.35	411,497.56	30,076.93	(11,736.40)	**2,251,943.44**
28	SEABROOK-BCH	1,001,284.92	5,970.53	-	(4,207.21)	**1,003,048.24**
29	WHITEFIELD	381,597.44	57,825.08	49,885.38	(3,195.58)	**486,112.32**
30	MILFORD	2,447,798.76	326,516.83	27,141.17	(37,072.67)	**2,764,384.09**
31	MANCHESTER	2,248,828.98	161,978.50	22,479.34	(11,210.04)	**2,422,076.78**
32	NASHUA	2,971,732.72	128,913.97	6,588.43	(30,848.43)	**3,076,386.69**
33	MANCHESTER	3,454,032.33	1,293,159.37	17,165.72	(36,949.30)	**4,727,408.12**
34	SALEM	18,209,610.58	551,743.80	82,902.99	(206,931.16)	**18,637,326.21**
35	HILLSBORO	1,461,879.37	263,705.69	48,111.91	(15,927.54)	**1,757,769.43**
36	JAFFREY	517,295.26	117,738.20	448.26	(9,445.60)	**626,036.12**
37	LANCASTER	768,161.41	124,636.55	9,177.11	(6,711.41)	**895,263.66**
38	PORTSMOUTH	21,441,177.65	30,134.02	3,464.87	(265,612.03)	**21,209,164.51**
39	WOLFEBORO	2,872,719.52	351,055.47	35,540.01	(49,335.27)	**3,209,979.73**
40	WALPOLE	1,831,857.33	51,296.52	11,166.62	(18,225.34)	**1,876,095.13**
41	SEABROOK	5,663,886.10	759,658.16	60,958.40	(33,969.57)	**6,450,533.09**
42	MEREDITH	2,350,150.86	350,824.29	38,636.56	(44,530.67)	**2,695,081.04**
43	FARMINGTON	1,362,761.06	88,834.08	10,853.95	(4,944.96)	**1,457,504.13**

New Hampshire State Liquor Commission
Sales by Type

FISCAL YEAR ENDED JUNE 30, 2008 (unaudited)

ST #	LOCATION	RETAIL	ON-PREMISE	OFF-PREMISE	DISCOUNTS	TOTAL
44	BRISTOL	$1,131,789.92	$158,724.91	$29,262.87	($15,566.28)	**$1,304,211.42**
45	PITTSFIELD	922,550.61	53,823.56	38,053.29	(4,821.73)	**1,009,605.73**
46	ASHLAND	977,488.89	476,978.89	13,399.59	(43,752.27)	**1,424,115.10**
47	N. WOODSTOCK	1,291,839.37	564,916.70	12,200.09	(25,718.80)	**1,843,237.36**
48	HINSDALE	8,130,041.38	23,467.84	20,653.88	(217,986.52)	**7,956,176.58**
49	PLAISTOW	7,366,472.67	408,204.99	63,480.07	(52,390.58)	**7,785,767.15**
50	NASHUA	12,875,054.35	325,844.06	21,832.96	(129,596.44)	**13,093,134.93**
51	PELHAM	2,679,550.43	174,881.85	21,613.28	(20,157.99)	**2,855,887.57**
52	GORHAM	1,644,039.34	193,679.52	6,822.82	(10,246.34)	**1,834,295.34**
53	HUDSON	2,578,140.05	203,643.86	9,913.56	(8,852.09)	**2,782,845.38**
54	GLEN	2,705,314.02	926,172.13	61,361.62	(62,476.39)	**3,630,371.38**
55	BEDFORD	5,164,354.25	891,959.50	69,382.75	(85,123.43)	**6,040,573.07**
56	GILFORD	3,394,177.96	1,151,084.03	66,039.71	(63,166.99)	**4,548,134.71**
57	OSSIPEE	1,709,963.92	177,422.03	68,333.00	(10,414.57)	**1,945,304.38**
58	GOFFSTOWN	2,025,719.30	268,359.02	24,409.57	(9,933.63)	**2,308,554.26**
59	MERRIMACK	1,644,622.44	266,274.86	26,011.26	(10,279.41)	**1,926,629.15**
60	W. LEBANON	9,530,995.07	566,032.84	90,359.74	(138,865.87)	**10,048,521.78**
61	FITZWILLIAM	596,839.81	13,016.95	25,755.50	(5,168.85)	**630,443.41**
62	RAYMOND	2,020,481.97	361,334.80	63,107.64	(10,862.35)	**2,434,062.06**
63	WINCHESTER	1,266,795.35	42,695.24	61.14	(5,834.98)	**1,303,716.75**
64	NEW LONDON	3,672,384.02	640,140.12	45,198.05	(93,728.93)	**4,263,993.26**
65	CAMPTON	1,010,559.35	393,946.67	6,546.23	(18,927.19)	**1,392,125.06**
66	HOOKSETT-NO	15,540,078.61	110,212.17	15,714.39	(150,565.98)	**15,515,439.19**
67	HOOKSETT-SO	12,285,429.24	31,249.35	8,622.18	(146,602.04)	**12,178,698.73**
68	N. HAMPTON	4,036,271.61	609,228.73	29,785.14	(69,365.01)	**4,605,920.47**
69	NASHUA	11,793,938.87	1,357,903.23	71,580.86	(245,243.15)	**12,978,179.81**
70	SWANZEY	960,666.54	331,081.50	34,479.19	(5,968.46)	**1,320,258.77**
71	LEE	3,643,983.60	246,918.28	27,621.38	(30,252.58)	**3,888,270.68**
72	CONCORD	3,453,957.64	747,652.08	88,024.65	(24,286.54)	**4,265,347.83**
73	HAMPTON-SO	23,579,382.51	71,584.36	4,914.57	(298,708.49)	**23,357,172.95**
74	LONDONDERRY	4,538,870.63	450,807.68	8,346.15	(28,437.96)	**4,969,586.50**
75	BELMONT	2,131,217.86	529,157.40	30,982.02	(14,736.51)	**2,676,620.77**
76	HAMPTON-NO	26,900,667.51	43,362.06	5,934.12	(351,753.77)	**26,598,209.92**
77	RINDGE	2,492,059.00	82,290.40	20,354.57	(17,006.29)	**2,577,697.68**
	TOTAL STORES	**329,900,472.10**	**30,212,594.13**	**2,924,872.08**	**(4,168,214.10)**	**358,869,724.21**
	% OF TYPE	100.00	55.97	3.39	100.00	**77.00**
	% OF LOCATION	91.93	8.42	0.82	(1.16)	
900	WHSE-CONCORD	5,738.63	328.80	698,213.62	-	**704,281.05**
905	WHSE-NASHUA	-	23,768,337.51	82,732,368.34	-	**106,500,705.85**
	TOTAL WHSES	5,738.63	23,768,666.31	83,430,581.96		**107,204,986.90**
	% OF TYPE		44.03	96.61		**23.00**
	% OF LOCATION	0.01	22.17	77.82		**100.00**
	GRAND TOTAL	**$329,906,210.73**	**$53,981,260.44**	**$86,355,454.04**	**($4,168,214.10)**	**$466,074,711.11**
	% OF TOTAL	**70.78**	**11.58**	**18.53**	**(0.89)**	**100.00**

DRAFT

New Hampshire State Liquor Commission

Survey Report

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Table of Contents

Introduction **3**
New Hampshire State Liquor and Wine Stores **4**
Satisfaction Factors 4
Patronage Frequency 5
Locating Stores 5
Patronage Habits 6
Price Advantage 6
Purchase Practices 7
Advertising 7
Border Community Consumers **8**
Demographics 8
Visitation 8
Performance of New Hampshire Stores 10
Pricing 12
Remainder of Massachusetts Consumers **13**
Demographics 13
Visitation 13
Performance of New Hampshire Stores 16
Pricing 17
Northeast Consumers **19**
Demographics 19
Visitation 19
Performance of New Hampshire Stores 21
Pricing 23
Advertising Medium **24**
New Hampshire State Liquor Commission Survey Sample Design and Data Characteristics **25**
Survey Population 25
Border Communities 25
Sample Methodology 26
Weighting 26

Introduction

Pulsar Research & Consulting conduct a survey project for the New Hampshire State Liquor Commission to aid in short and long-term strategic planning. The research was conducted among three key populations: (1) consumers from Massachusetts who live in the vicinity of the New Hampshire border; (2) consumers from the remainder of Massachusetts; and (3) New England, New York and New Jersey travelers to New Hampshire and Maine who are also consumers.

Results are based on the study, completed in two portions – a telephone survey complemented by an Internet survey component. The telephone component resulted in 300 completes covering the primary market defined as the geography of Massachusetts Border Community consumers, with an additional 200 completes from the secondary market – consumers from the remainder of the State of Massachusetts. The Internet component covered the tertiary market of Maine, Vermont, Rhode Island, Connecticut, New York and New Jersey, and resulted in 257 completes of consumers who have traveled to or through New Hampshire in the past year.

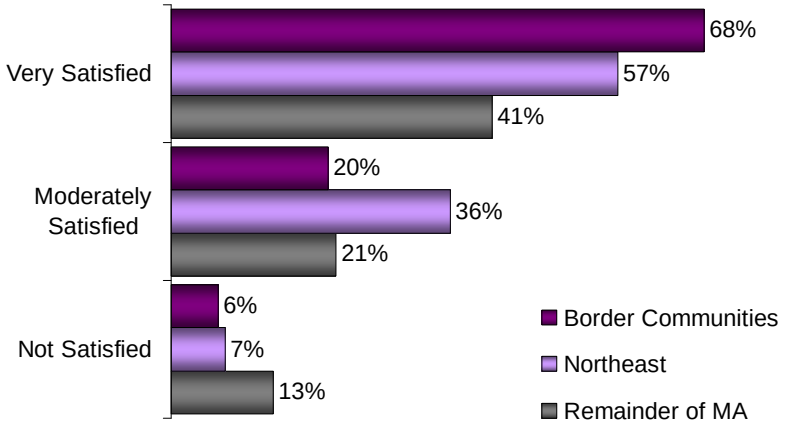
Consumers were defined as residents of the targeted geography, 21 years of age or older, who have consumed at least one glass of wine, cocktail, or prepared spirits in the past 12 months.

New Hampshire State Liquor and Wine Stores

Satisfaction Factors

New Hampshire State Liquor and Wine Stores receive strong satisfaction scores from consumers in each of the areas studied. Respondents in Massachusetts, particularly in the Border Communities, and the Northeast United States in general, have had positive experiences when patronizing New Hampshire stores. Another sign of strong performance is that, in general, customers who know the stores best are the most satisfied.

Satisfaction is highest among Massachusetts Border Community consumers, as 68% report they are very satisfied. Almost six in ten (57%) Northeast States consumers are very satisfied, while four in ten (41%) consumers in the remainder of Massachusetts are very satisfied.



For consumers living in both the Border Communities and the Remainder of Massachusetts, convenient location, competitive pricing, customer service and wine selection are the most important factors considered when selecting a store to purchase wine or spirits. Factors where New Hampshire State Liquor and Wine Stores are performing well in the opinion of these consumers include competitive pricing, spirits selection, customer service, wine selection, lines at check-out and convenient location.

Northeast consumers rank competitive pricing, convenient location, spirits and wine selection as the most important factors to consider when choosing a store, and rank the New Hampshire Stores' performance highest in competitive pricing, convenient location, wine selection, and customer service.

Patronage Frequency

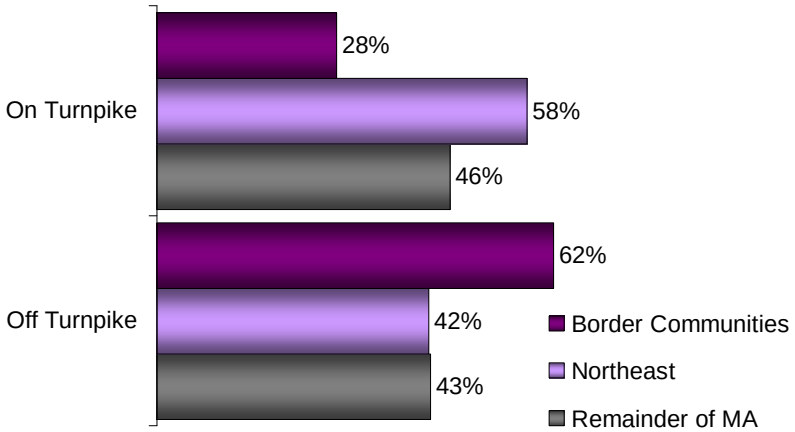
More than half (56%) of Border Community consumers frequent New Hampshire State Liquor and Wine Stores at least a few times a year; about a third (31%) of Northeast consumers frequent the Stores as regularly. One in ten Border Community and Northeast consumers frequent the Stores more often than they have in the past, about two thirds of Border Community (67%) and Remainder of Massachusetts (63%) consumers and 73% of Northeast consumers patronize the Stores about the same as they have in the past. Of those who do shop at these Stores less often than they have in the past, the most common reason for doing so is that they visit New Hampshire less often.

	Border Communities	Remainder of MA	Northeast
At least once a week	4%	1%	0%
Two or three times a month	5%	3%	0%
About once a month	13%	3%	3%
A few times a year	34%	11%	29%
Less than once a year	19%	22%	36%
Do not purchase at these stores	24%	57%	33%

Locating Stores

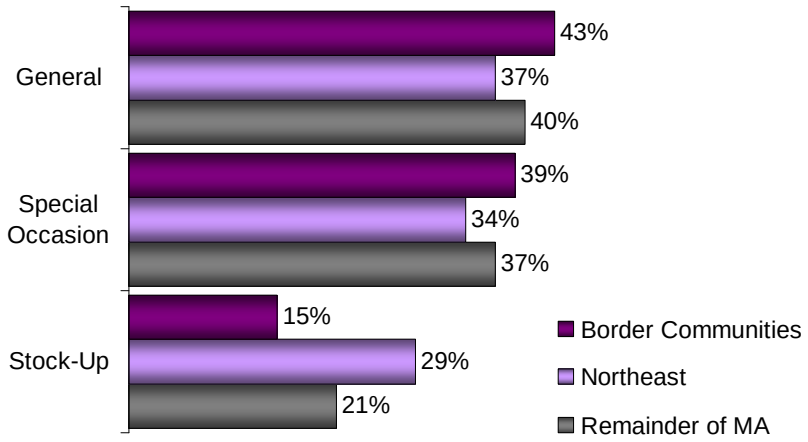
Awareness of store locations is high with 84% of Northeast consumers aware of New Hampshire locations. Awareness in the Border Communities and the remainder of Massachusetts is even higher.

Massachusetts consumers – especially those who live in Border Communities (62%) – are more likely to shop at New Hampshire State Liquor and Wine Stores off the turnpike. Northeast consumers, however, are more likely to shop at turnpike Stores (58%).



Patronage Habits

When shopping at New Hampshire State Liquor and Wine Stores, reasons for purchase are related to travel distance. Those coming from the Northeast are most likely to occasion purchase and those from border Communities to purchase for 'general use'. This pattern shows that volume discounts can be used effectively to target Northeast consumers while not lessening revenue from Border consumers.

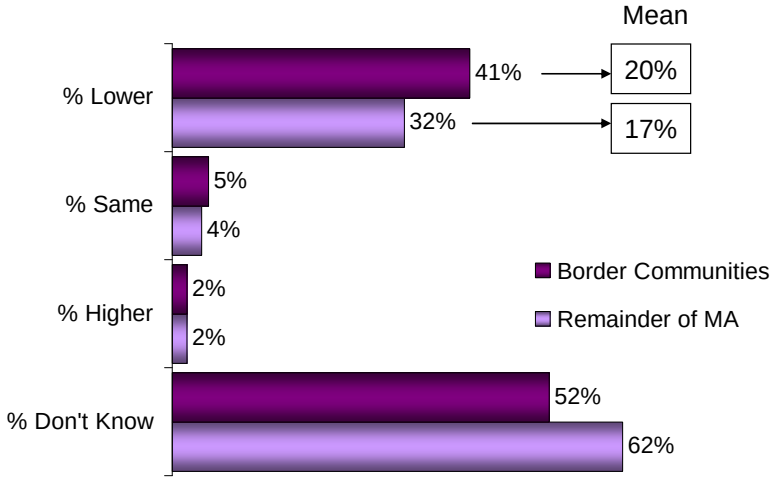


An average total purchase at New Hampshire State Liquor and Wine Stores is in the $20-49 category.

When traveling to New Hampshire, New Hampshire State Liquor and Wine Stores are the most common place consumers buy wine.

Price Advantage

Most of Massachusetts consumers – more so in Border Communities (62%) than the Remainder of Massachusetts (52%) – are not able to identify price difference between New Hampshire State Liquor and Wine Stores and local liquor and package stores. When a difference is identified, the advantage goes to New Hampshire Stores.



Border Community (49%) and the Remainder of Massachusetts (41%) consumers report that New Hampshire's price advantage over Massachusetts for wine and spirits has stayed the same in recent years. Of interest, however, are the 38% of people who have no opinion about the price advantage changing, which is more prevalent in outside of the border Communities (44%) than within (33%). These consumers are most likely to not frequent New Hampshire Stores (46% Border Communities; 84% remainder of Massachusetts), and spend less when they do shop at New Hampshire State Liquor and Wine Stores – about three quarters (73% Border Community; 75% remainder of Massachusetts) spend less than $50 on an average purchase.

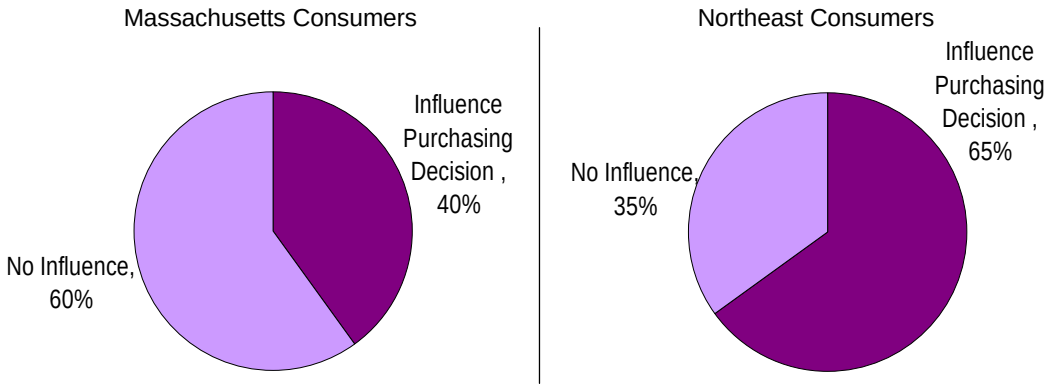
All consumers agree than on a typical purchase of $100, the total purchase price would have to be $15 cheaper in New Hampshire for them to go to a New Hampshire State Liquor and Wine Store more often.

Northeast State consumers report that the offer of discount prices on Super-Premium spirits makes them more likely (53%) to go to New Hampshire Stores. Consumer is Massachusetts say this factor will not change their frequency.

Purchase Practices

All consumers report purchasing bottles of wine priced at less than $25 a bottle most frequently. Spirits are purchased most frequently when priced at $30 or less for a bottle.

Six in ten Massachusetts consumers – both of the entire state and border Communities – report that the availability of discount coupons or mail-in rebates would not influence their purchasing decision. Northeast States consumers, however, say that the availability of these coupons would influence their purchasing decision (65%).



Advertising

Border Community consumers are more likely to have seen an advertisement for New Hampshire State Liquor and Wine Stores than those consumers living outside the border Communities. Of those who have seen advertisements, most are in a newspaper, on the radio, or on a billboard. Low prices on brands consumers buy is a more effective ad campaign than low prices in general; it is more effective on Border Community consumers. Current advertisements are more likely to have no impact on visitation rates. Consumers report having traveled to a New Hampshire Store because they saw an ad for a specific brand of wine or spirits at a discount price at a rate of 17% for both Border Communities and the remainder of Massachusetts.

Border Community Consumers

Demographics

Border Community residents are those who live in a Massachusetts town adjacent to the border of New Hampshire (see appendix for full list of towns). Within this population, frequent customers of New Hampshire Stores are more likely to be middle aged (40%, age 45-64), white (92%) males (58%). The next largest age group are those 65 years or older. Although four in ten (41%) have a bachelor or graduate degree, the majority have not completed a 4-year college education (59%), including 35% with only a high school diploma or less. These customers are evenly split between earnings of more than $75,000 and less. More than half (56%) report that 2 adults live in their household.

NHSLS Customers

Demographics	Visit Monthly or More	Visit Few Times a Year	P12M Wine Drinkers	P12M Spirit Drinkers
Gender: Male	58%	33%	39%	53%
Age: 45-64	40%	50%	45%	48%
Education: Some college or less	59%	55%	52%	49%
Income: More than $75,000	50%	53%	55%	58%
Household: 2 Adults	56%	66%	57%	56%
Race: White	92%	96%	96%	90%
Visitation				
Location: Off Turnpike	75%	56%	64%	59%
Purpose: General Use	58%	37%	41%	46%
Consumption Habits				
Quantity: Infrequent / < 4 drinks	40%	43%	39%	32%
Wine: $24 or less	40%	43%	41%	46%
Spirits: $15 - $30	53%	56%	56%	49%

Frequent Customer

Visitation

Two-thirds of Border Community residents travel to the state of New Hampshire once a month or more. The most common reasons to go to the State are to visit family and friends (25%), for a day trip (23%), or for business (21%). The motivations of frequent New Hampshire Stores customers mirror those of the general Border Community traveler.

New Hampshire State Liquor and Wine Stores attract 4 in 5 consumers from Border Towns who visit New Hampshire with any frequency. The more often the consumers go to New Hampshire, the more they shop at New Hampshire Stores.

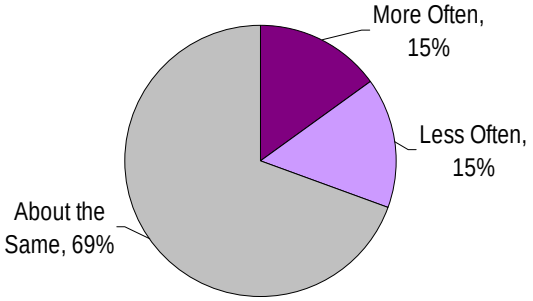
More than half (56%) of Border Community residents visit New Hampshire Stores at least a few times a year, with only a quarter (24%) reporting that they do not patronizing the Stores at all. Three in ten New Hampshire Store customers from Border Towns are frequent customers (29%). All Border Community customers are more likely to shop off the turnpike. Monthly and more frequent customers are significantly more likely to shop at Stores located off of the turnpike (75%) than on (25%).

When buying wine in New Hampshire, customers buy from New Hampshire State Liquor and Wine Stores (48%) more than supermarkets (22%). As expected, frequent New Hampshire Store visitors purchase their wine at state Stores (70%) significantly more often.

While two-thirds of residents visit these Stores about the same as they have in the past, another 12% have increased their visitation frequency. Rates of visitation maintenance (69%) and increased frequency (15%) are higher among those who already visit New Hampshire Stores at least monthly.

NHSLS Customers

Store Visitation Frequency	Total
At least once a week	5%
Two or three times a month	7%
About once a month	17%
A few times a year	45%
Less than once a year	26%



When shopping at New Hampshire State Liquor and Wine Stores, Border Community customers buy for general use (45%) and for a particular occasions or special events (35%). Frequent customers are substantially more likely to buy for general purposes (58%) and less likely to be purchasing for a special event (21%).

Consumption Habits

One in five (20%) Border Community customers are considered 'frequent drinkers' – that is they have had 13 or more drinks in the past 4 weeks. Forty-two percent are considered 'infrequent drinkers,' consuming 4 or fewer drinks in the past 4 weeks.

Not unlike the rest of the Northeast, frequent New Hampshire Store customers from the Border Towns prefer wine to spirits or prepared cocktails. Four in five (82%) have had at least one glass of wine in the past 12 months, 81% in the past 3 months, and 79% in the past 4 weeks. Although less than wine, nearly half consumed at least one drink of spirits in the past 12 months (47%), 45% in the past 3 months, and 44% in the past 4 weeks. Prepared cocktails were consumed by 33% of Border Community customers in the past 12 months, 25% in the past 3 months, and 21% in the past 4 weeks.

Although wine is the most popularly consumed adult beverage in terms of occasions, the quantity of drinks consumed by frequent New Hampshire Store customers favors spirits. They report higher monthly consumption of spirits (9.3 drinks) than wine (7.4 drinks). Cocktails (7.8 drinks) and wine are consumed at approximately the same number of glasses per month.

Frequent Visitors
Past 4 Week Average Consumption

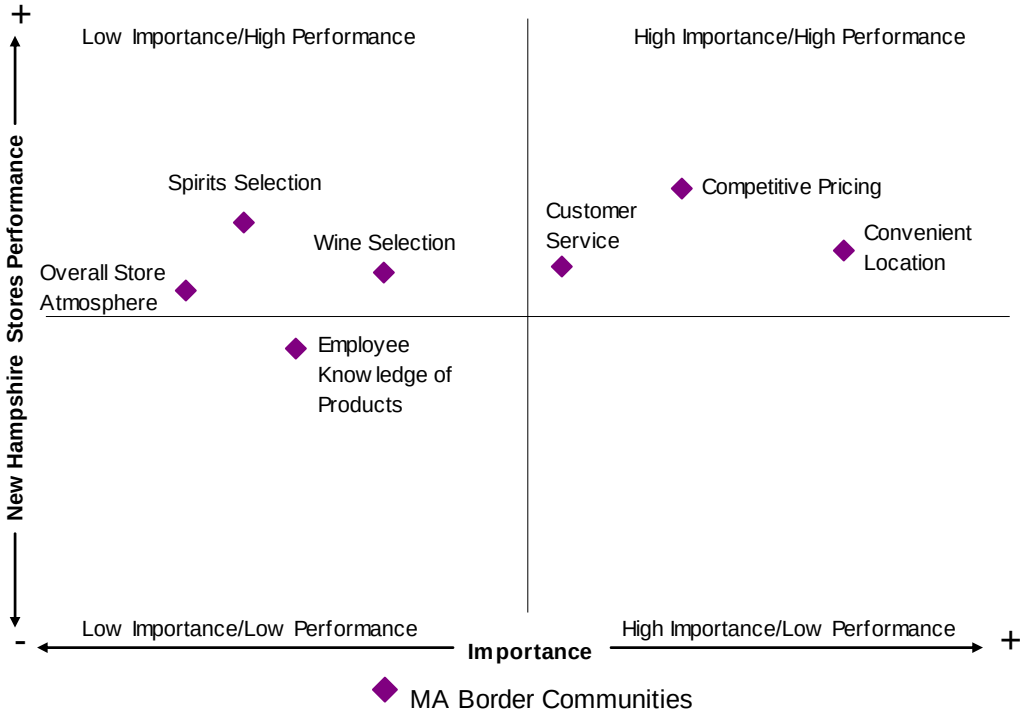
About one third (36%) of New Hampshire State Liquor and

Wine Store customers living in Border Towns spend $50 or more on an average purchase for wine and spirits at a New Hampshire Store, compared to only 16% of these customer spending $50 or more for wine and spirits at a local Massachusetts liquor or package store.

Nearly half of customers (46%) spend more than $50 on an average purchase, and $10 to $100 is the typical range for purchases made by Border Community visitors. As frequent customers are more likely to purchase for general use, they also tend to spend somewhat less on an average purchase. Frequent Border Community customers tend to buy wines priced $24 or less per bottle (40%), and spirits priced $15 to $30 a bottle (53%) most often. The general Border Community customer also prefers to buy in these price ranges.

Performance of New Hampshire Stores

Border Community consumers are very satisfied with New Hampshire State Liquor and Wine Stores overall, giving a satisfaction rating of 7.6 (on a scale of 0 to 10, where 10 is the most satisfied). In comparing importance to performance, the below chart shows Border Community consumers think New Hampshire is doing a good job on all factors with high importance, as well as on factors that are not as important.

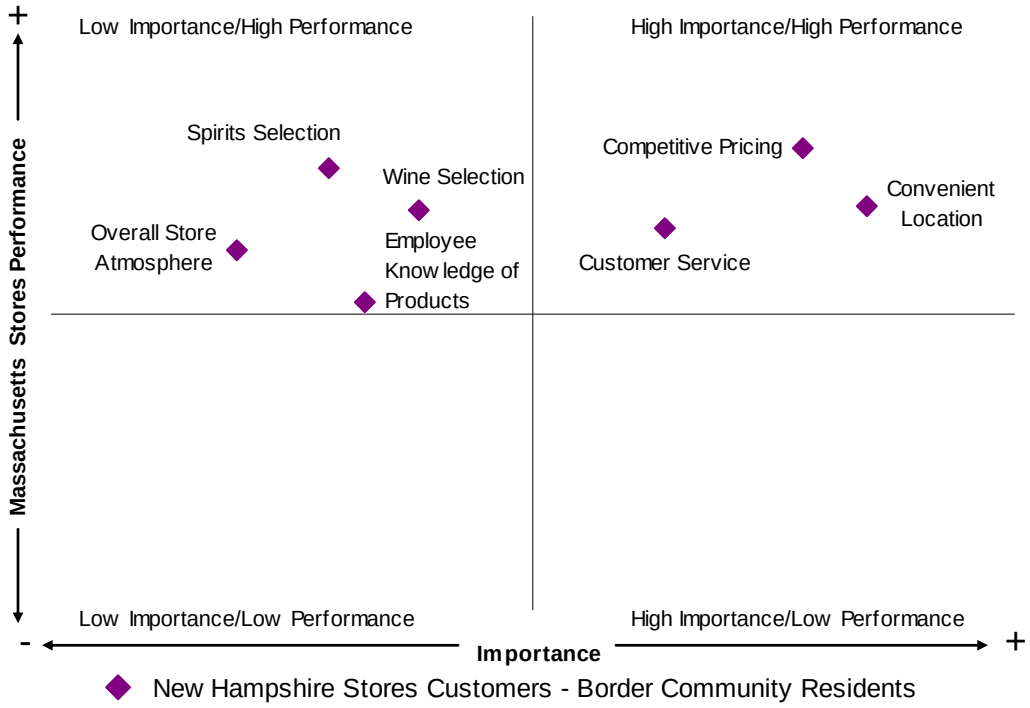


Other factors more specific to New Hampshire Stores that were evaluated include lines at check out, the availability of staff to help with selection and highway traffic. Of these, Border Community consumers report New Hampshire as performing well in lines at check out (7.4), but there is room for improvement in availability of staff (7.0). Highway traffic, certainly outside of the span of control, is seen as more of a problem with an average satisfaction rating of 6.3.

Typical of well performing organizations, customers of New Hampshire State Liquor and Wine Stores rate these Stores higher than the general population. This indicates that the stores perform well, but there is a

knowledge gap with those who have yet to shop at the Stores. Advertising to increase trial would have a significant impact on closing this gap.

As the below chart shows, what customers view as important is stable, but performance is actually higher among these consumers who know the stores best.

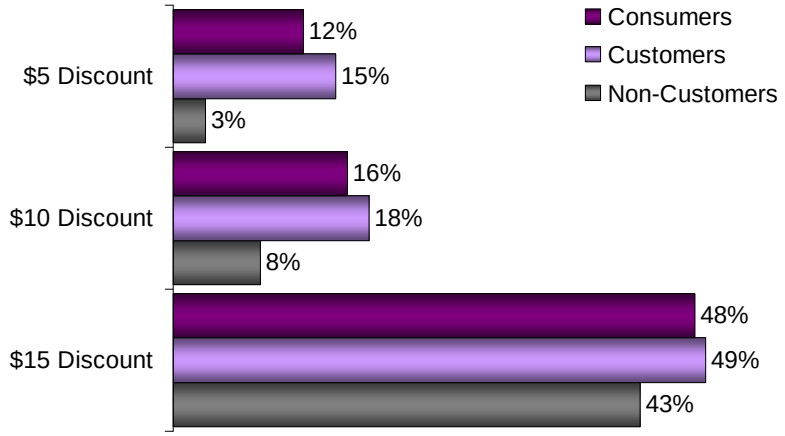


Pricing

More than half (52%) of Border Community consumers did not specifically identify a price differential between New Hampshire Stores and local liquor or package stores, another 5% say there is no price difference, and only 2% say prices are higher in New Hampshire. Four-in-ten (41%) quantified New Hampshire Stores' price advantage, with the average advantage estimated to be 20.4%. Non-customers' lack of awareness concerning New Hampshire Stores is revealed, as about three quarters (74%) cannot specify a price differential. Of those who could, the average estimate in price advantage was just 14.2%.

When asked if the price advantage has changed in recent years, one third (32%) of consumers had no opinion. Of those with an opinion, about three quarters (73%) say the price advantage has stayed the same, while 18% say it has increased, and 9% say it has decreased. Again, non-customers expose their low levels of awareness of New Hampshire Stores, as 65% have no opinion on the price advantage changing in recent years.

Several factors were tested to determine if they could influence consumers to shop at New Hampshire Stores more frequently. The first of these was a straight-forward price discount, and most consumers (48%) prefer the discount of $15 on a typical $100 purchase, which is lower than the current customer perceived advantage. Current customers of New Hampshire Stores are willing to accept smaller discounts, however: 15% say a $5 discount is sufficient and 18% say $10 is enough.



Another tested item focused on super-premium spirits; consumers were asked if discounted prices on super-premium spirits would make them more likely to go to New Hampshire Stores to purchase these beverages. While about half (53%) of consumers say that discounted prices on Super-Premium spirits does not make a difference in their tendency to shop at New Hampshire Stores, more so with non-customers (75%) than customers (46%).

The last test involved the availability of discounted coupons or mail-rebates influencing purchasing decisions. About one-third (37%) of consumers report that these would influence their purchase decisions.

Remainder of Massachusetts Consumers

Demographics

Remaining Massachusetts customers are defined as those who live in a Massachusetts town that is not geographically adjacent to New Hampshire, making their commute to New Hampshire Stores longer. As in Border Communities, frequent customers of New Hampshire Stores from this area are most likely to be middle aged (34%, age 45-64), white (81%) males (56%). For age, the remaining two-thirds are evenly spread between older and younger residents. Men (70%) are also much more likely to recall having driven by a Store than women (54%). Again, half (49%) report that 2 adults live in their household.

The most significant demographic differences between frequent visitors from Border Communities and those from the rest of the State are education and income. Frequent customers from the remainder of Massachusetts have less education and earn significantly less than those from Border Communities. They are most likely motivated to travel for savings. Additionally, education lies more solidly in the 'high school or less' category (44%), making this the most common level. In line with lower education, incomes also tend to be lower, with 71% earning less than $75,000. Yet, customers who travel to New Hampshire Stores less often have higher education and income levels that are in-line with Border Communities.

NHSLS Customers

Demographics	Visit Few Times a Year or More	Visit Less Than Annually	P12M Wine Drinkers	P12M Spirit Drinkers
Gender: Male	56%	42%	59%	46%
Age: 45-64	34%	34%	30%	25%
Education: High school or less	44%	31%	34%	45%
Income: Less than $75,000	71%	49%	60%	48%
Household: 2 Adults	49%	60%	55%	60%
Race: White	81%	88%	85%	89%
Visitation				
Location: Off Turnpike	44%	42%	41%	38%
Purpose: General Use	44%	38%	40%	46%
Consumption Habits				
Quantity: Infrequent / < 4 drinks	50%	44%	45%	33%
Wine: $24 or less	26%	40%	35%	38%
Spirits: $15 - $30	54%	40%	51%	46%

Frequent Customer

Visitation

There is potential for New Hampshire Stores to capture more business from the sizeable portion of visitors to the State who have never shopped the Stores but visit New Hampshire 'just a few times a year' (25%). New Hampshire is attracting consumers who visit once a month or more frequently, but is lagging with those who visit just a few times a year. Non-customers are a near majority (47%) of those consumers who visit the state of New Hampshire frequently – that is they visit a few times a year or more often. Forty percent of consumers in the remainder of Massachusetts shop at New Hampshire Stores.

Not surprisingly, customers from the remainder of Massachusetts travel to state of New Hampshire less often than those from Border Communities. A third travel to New Hampshire once a month or more often compared to two-thirds of Border Community customers. The majority (52%) travel to the State 'just a few times a year.' Friends and family top the list of reasons to travel to New Hampshire (38%), followed by outdoor activities (16%), vacation (16%), and business purposes (14%).

Four in ten residents from the remainder of Massachusetts have been customers of New Hampshire Stores. Although a majority of these customers (56%) visit New Hampshire Stores less than once a year, nearly 2 in 10 customers (18%) are frequent visitors of monthly or more often.

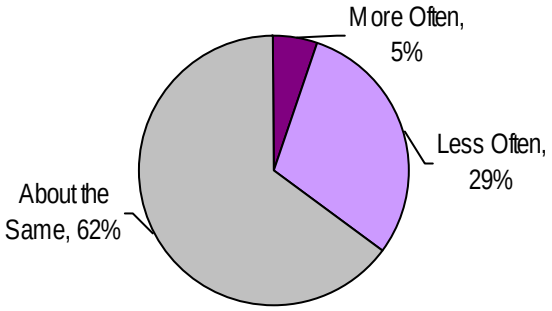
Overall, there is a relatively even split between shopping location of on versus off the turnpike for residents from the remainder of Massachusetts. Frequent visitors to New Hampshire Stores have a slight preference for off turnpike shopping. Women (53%) shop on the turnpike more often; men (46%) tend to shop at Stores off turnpike.

When in New Hampshire, customers are significantly more likely to buy their wine from New Hampshire State Liquor and Wine Stores (62%) than a supermarket (24%). This rate is substantially higher than Border Community customers' wine purchases at New Hampshire Stores (48%).

New Hampshire Stores are maintaining a large percentage of their customer base from this geography. However, the rate of those visiting 'less often' (29%) outweighs that of those visiting 'more often' (5%).

NHSLS Customers

Store Visitation Frequency	Total
At least once a week	3%
Two or three times a month	6%
About once a month	9%
A few times a year	27%
Less than once a year	56%



Visits to New Hampshire Stores are evenly split between those for general use (41%) and for a particular occasion or special event (37%). Male consumers (55%) are significantly more likely than women (27%) to purchase for general use, while women (27%) are more likely than men (13%) to stock up.

Consumption Habits

Having consumed 13 or more drinks in the past 4 weeks, 16% of customers from the remainder of Massachusetts are considered 'frequent drinkers.' Nearly half (46%) are 'infrequent drinkers' who report consuming 4 or fewer drinks in that time frame.

Customers from the remainder of Massachusetts also express a preference for wine over spirits or prepared cocktails. Most (87%) have had at least one glass of wine in the past 12 months, 80% in the past 3 months, and 77% in the past 4 weeks. One in four (44%) drank at least one glass of spirits in the past 12 months, 36% in the past 3 months, and 31% in the past 4 weeks. Prepared cocktails were consumed the least, with 35% having at least one drink in the past 12 months, 22% in the past 3 months, and only 17% in the past 4 weeks. Consumption in terms of number of drinks is evenly split between adult beverage type, with approximately 7 drinks per category consumed in the past 4 weeks.

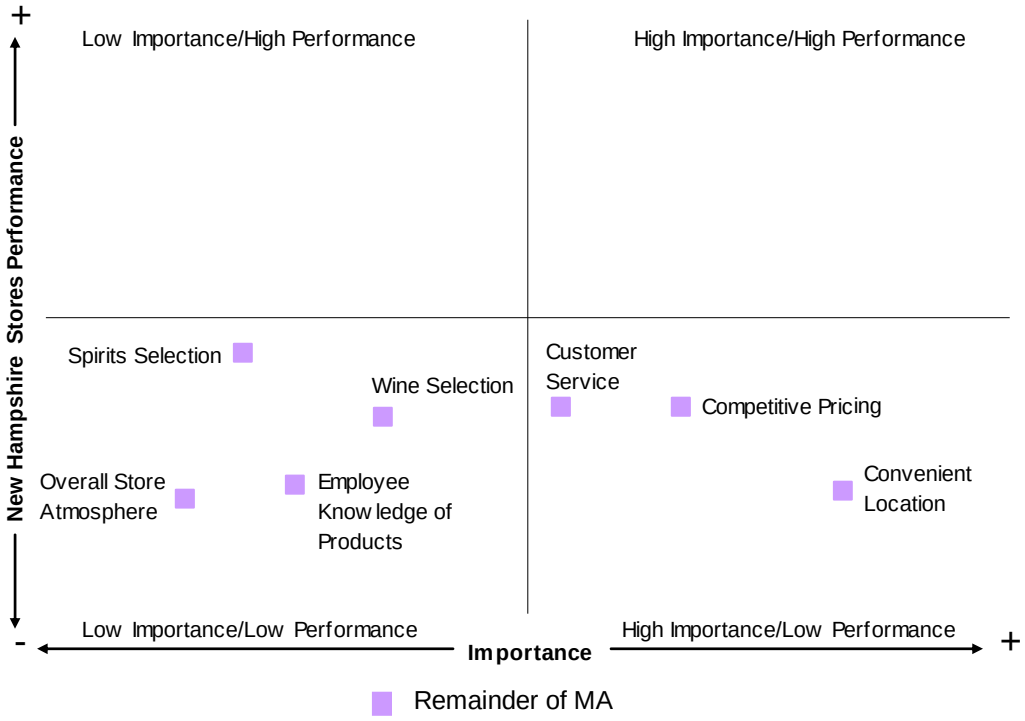
Past 4 Week Average Consumption

Almost 4 in 10 customers of New Hampshire State Liquor and Wine Stores who live in the remainder of Massachusetts spend $50 or more on an average total purchase at these Stores. In comparison, only 19% of these customers spend $50 or more on an average total purchase at Massachusetts Stores. Frequent customer expenditures are in line with this spending.

Frequent customers buy wines priced at $24 or less per bottle (26%), and spirits priced $15 to $30 a bottle (54%) most often. These are the most popular price ranges despite geography. Consumers over age 65 are much more likely to buy wines priced under $10 a bottle (60%). Those with a graduate degree (51%) are much more likely to purchase wines priced $10 to $24 a bottle.

Performance of New Hampshire Stores

Massachusetts consumers who live outside of the Border Communities are not nearly as satisfied with New Hampshire State Liquor and Wine Stores, as they give all factors a relatively low performance rating.

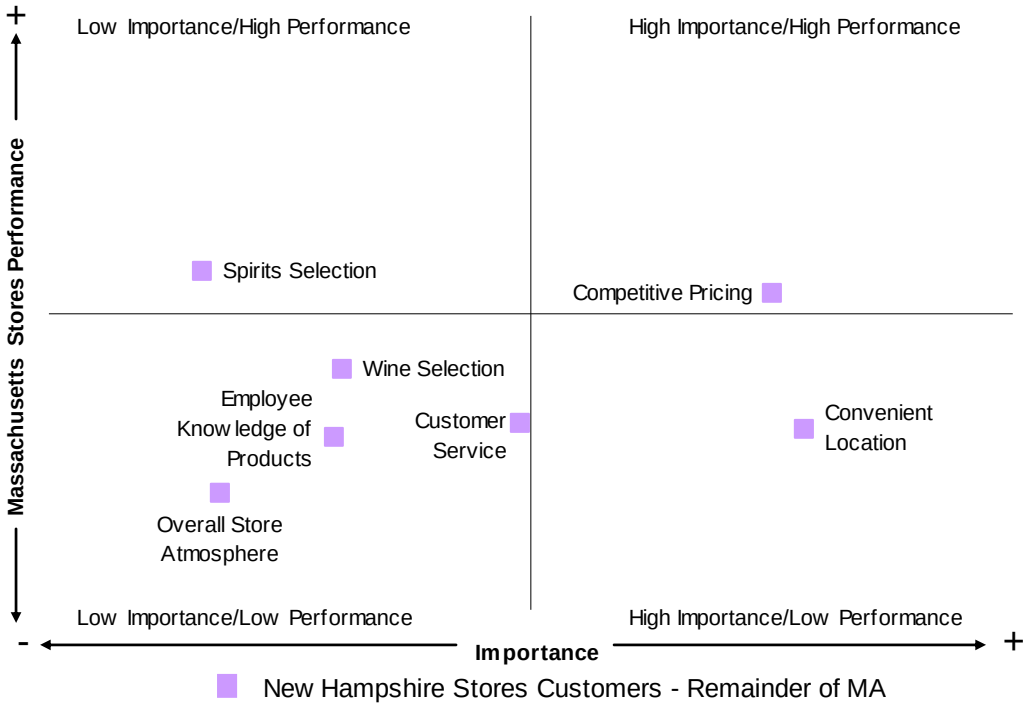


Availability of staff to help with selection and highway traffic are other factors which were not given a very high performance rating. Consumers living in the Remainder of Massachusetts give high performance rankings to lines at check-out in New Hampshire Stores.

On every factor except highway traffic, consumers with only one adult in their household score less likely to be very satisfied with New Hampshire Stores, including overall satisfaction, where only 26% of consumers with 1 adult in the household are very satisfied.

Consumers with a household income of $50,000 to less than $75,000 are most likely to be very satisfied with New Hampshire stores on every factor except lines at check-out.

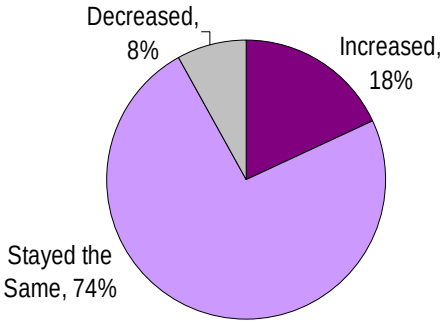
The only two factors that New Hampshire Store customers find to be of high importance are competitive pricing – where New Hampshire is doing well – and convenient location, which is not performing as well.



Pricing

More than six in ten (63%) consumers are not able to enumerate a price difference between New Hampshire Stores and local liquor or package stores, while 4% said there is no difference, and 2% said prices are higher at New Hampshire Stores. About one-third (32%) said that prices are lower at New Hampshire Stores, and estimated the price advantage at 16.6%. Again non-customers show less knowledge of New Hampshire Stores, as 74% did not specifically identify a price difference and when a difference was estimated, it was lower at only 12.4%.

A near majority (45%) do not have an opinion on whether New Hampshire's price advantage over Massachusetts changed in the past few years. Of those who do have an opinion, almost three quarters (74%) say it has stayed the same, while 18% think it has increased and 8% report decrease. On this topic, customers and non-customers opinions mirror once another.



A general price discount has potential in attracting non-customers to New Hampshire Stores, as half would be more likely to go to New Hampshire Stores with a perceived $15 discount on a purchase of $100. One third of the non-customers do not know the price difference between New Hampshire and Massachusetts Stores and would be more likely to go to New Hampshire Stores if they were aware of a 15% discount.

One in five report that discounted prices on super-premium spirits would attract them to New Hampshire Stores. This attraction is stronger in current customers (33%) than non-customers (11%). While this topic does have some potential to attract customers, that potential is limited, as 72% of consumers report that discounted prices on super-premium spirits would not make a difference in the patronage frequency. Discounts on super-premium spirits are least likely to affect consumers' visitation of New Hampshire Stores.

Another potential method of attracting customers includes offering discount coupons or mail-in rebates. This item could be effective, as 42% of consumers living outside border Communities report these would influence their purchasing decision – much more so with current customers (59%) than non-customers (30%). The availability of discount coupons or mail-in rebates has more of an influence on consumers with a graduate degree (58%) than a lower level of education.

Northeast Consumers

Demographics

This profile examines visitors traveling from throughout the Northeastern states. Frequent customers of New Hampshire Stores are typically middle aged (46%, age 45-64) and white (96%) with a majority (61%) having 2 adults living in their household. Nearly all of those that fall outside the 45-64 age range are younger patrons.

Other demographic differences include education and income levels. These customers are well educated (56% college graduates or higher) and earn more money (67% $75,000 or more). Customers are more likely to be traveling as a family, not as individuals.

NHSLS Customers

Demographics	Visit Few Times a Year or More	Visit Less Than Annually	P12M Wine Drinkers	P12M Spirit Drinkers
Age: 45-64	46%	28%	38%	32%
Education: College or more	56%	64%	65%	74%
Income: More than $75,000	67%	74%	72%	69%
Household: 2 Adults	61%	62%	62%	65%
Race: White	96%	91%	95%	93%
Visitation				
Location: On Turnpike	65%	51%	59%	58%
Purpose: Stock Up	43%	17%	31%	32%
Consumption Habits				
Quantity: Frequent / 13+ drinks	50%	39%	49%	45%
Wine: $10 - $24	61%	38%	49%	47%
Spirits: $15 - $30	49%	46%	50%	47%

Frequent Customer

Visitation

About 15% of travelers *to* New Hampshire visit the State on a regular – at least monthly – basis. This leaves 86% of travelers *to* the State doing so at a rate of 'just a few times a year' (86%). Passing through the State (23%) is second only to visiting friends and family (27%) as the reason for traveling *to* New Hampshire. Further examination of those passing *through* the State reveals that only 8% pass through on their way to another destination on a regular basis of monthly or more often.

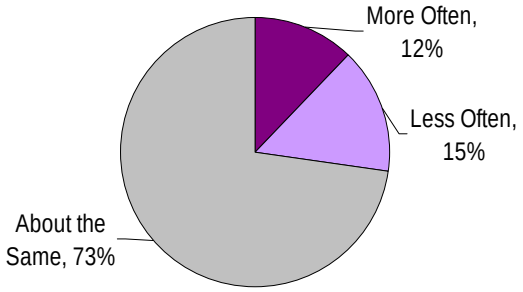
Frequent visitors from the Northeast are considered those who are customers of New Hampshire Stores a few times a year (42%) or more often (4%). Not surprisingly, the majority (54%) visit New Hampshire Stores less than annually.

Being from further distances and potentially being less familiar with the State, these travelers tend to prefer on turnpike Stores (58%), especially frequent customers (65%). Within these Northeast states, residents of Maine and Rhode Island are much more likely to shop on the turnpike than residents from other states. Lower income Northeast residents are more likely to shop on the turnpike than those with higher incomes.

Three quarters of this customer base is stable (73%), with customer growth (12%) and loss (15%) offsetting one another for the most part.

NHSLS Customers

Store Visitation Frequency	Total
Two or three times a month	<1%
About once a month	4%
A few times a year	42%
Less than once a year	54%



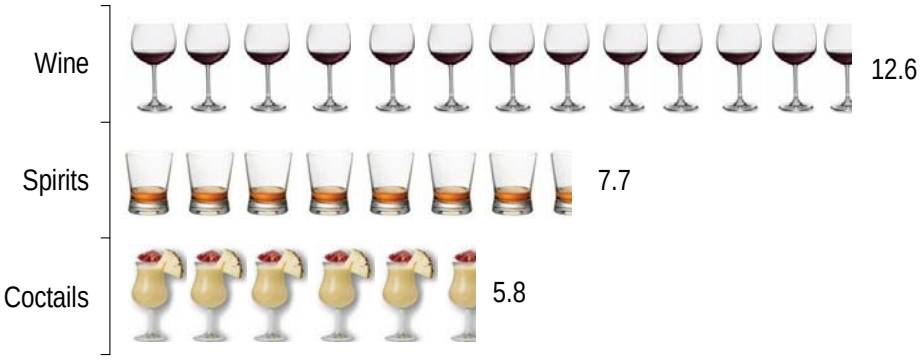
General use (37%) and particular occasions or special events (34%) are the top reasons for shopping at a New Hampshire Store. New Hampshire State Liquor and Wine Store customers from New Jersey and New York are much less likely to be shopping to stock up than residents from closer states. Northeast men (48%) are more likely to be shopping for general use than Northeast women (31%).

Consumption Habits

When they do visit, Northeast travelers have the potential to be valuable customers at New Hampshire Stores, making them an attractive target market. The percentage of 'frequent drinkers,' meaning those who have consumer 13 or more drinks in the past 4 weeks, is 44%. Among frequent customers, the percentage of frequent drinkers is a high of 50%.

Wine enjoys the most drinking occasions, followed by spirits then prepared cocktails. Eighty-eight percent of New Hampshire Store customers have had at least one glass of wine in the past 12 months, 84% in the past 3 months, and 75% in the past 4 weeks. Significantly more consumed spirits than in geographies closer to the Stores. Eighty-four percent drank at least one glass of spirits in the past 12 months, 62% in the past 3 months, and 41% in the past 4 weeks. Prepared cocktails were once again consumed the least, with 75% having at least one drink in the past 12 months, 49% in the past 3 months, and 27% in the past 4 weeks. Consumption in terms of number of drinks is heavily in favor of wine.

Past 4 Week Average Consumption



On an average liquor store purchase, New Hampshire Store customers spent $20 to $50 (51%). When shopping for adult beverages at a New Hampshire Store, this expenditure range expands to $20 to $100 (65%). More frequent New Hampshire Store shoppers follow the same pattern. These frequent customers buy wines priced at $10 to $24 or less per bottle (61%), and spirits priced $15 to $30 a bottle (49%) most often. Rhode Island residents are more likely to spend $50 or more on an average total purchase than residents of any other Northeast States. Younger Northeast consumers are more likely to spend $50 on an average trip than older ones.

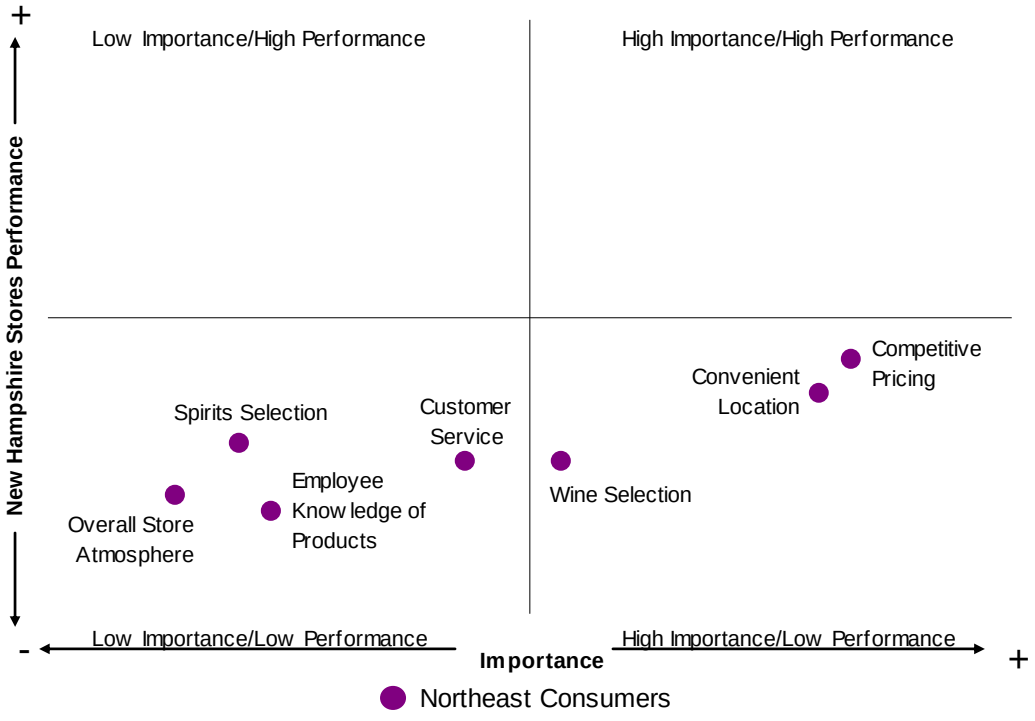
For wine in particular, Maine residents are much more likely to go to New Hampshire Stores as their shopping destination than residents from other Northeast States. Northeasterners aged 35-44 are much more likely to buy wines priced at $10-$24 a bottle than those in other age groups. Connecticut and Maine Residents are the least likely to buy wines priced at $25 or more a bottle.

More expensive spirits attract older customers. The older the Northeast resident, the less likely they are to purchase spirits priced under $15 a bottle. Smaller sized Northeast households are less likely to purchase spirits priced at $15-$30 a bottle than households with more people. The higher the level of Northeast household income, the more likely they are to buy spirits priced $15-$30 a bottle. Vermont residents drink spirits at a lower rate than other Northeast States.

Performance of New Hampshire Stores

Northeast States consumers report important factors in choosing a liquor or package store to buy wine or spirits include competitive pricing, convenient location, and wine selection. Wine is more a more important factor for Northeast States travelers than Massachusetts consumers.

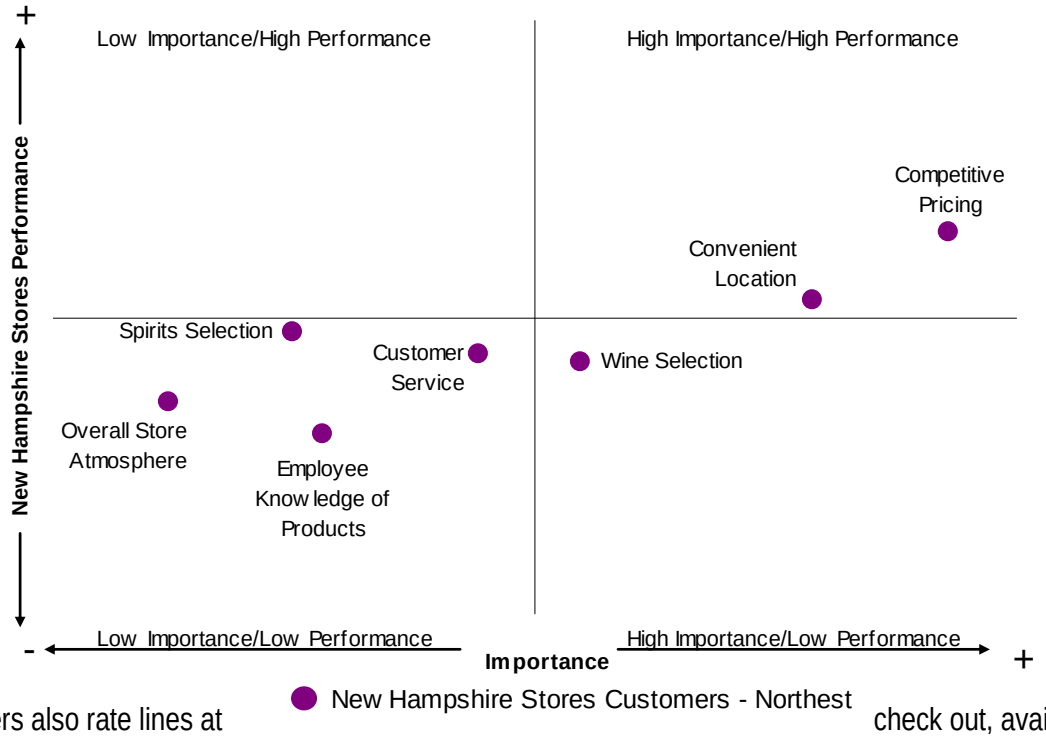
Other factors which are not as important also reveal potential for improving New Hampshire's image. There include customer service, employee knowledge of products, spirits selection, and overall store atmosphere.



Lines at check out (6.35), availability of staff to help with selection (6.14) and highway traffic (5.88) are other factors tested which also need improvement.

New Jersey (41%) and New York (50%) residents are very satisfied with New Hampshire Stores, but at a lower rate than residents from other Northeast states. Connecticut and Maine residents are much more likely to be very satisfied with wine selection (63%, 73%), competitive pricing (78%, 84%), and convenient location (69%, 73%) than residents from other Northeast states. New Jersey and New York residents are less likely to be very satisfied with these Stores' spirits selection (35%, 45%) and highway traffic (24%, 34%) than residents of closer proximity states. Connecticut, Maine and Rhode Island residents are very satisfied with the lines at check out (53%, 70%, 50%), much more so than residents from New Jersey, New York or Vermont.

Current customers of New Hampshire Stores have a higher opinion of the performance of the Stores on the factors of competitive pricing and convenient location. Wine selection is an item which customers agree needs improvement.

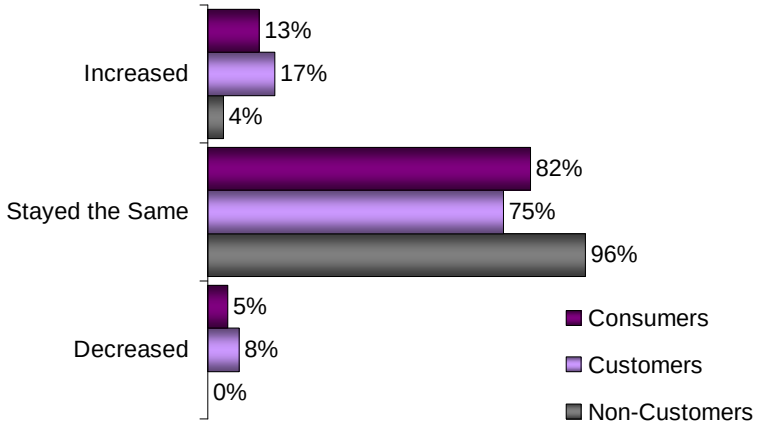


Customers also rate lines at check out, availability of staff to help with selection, and highway traffic much higher than non-customers.

Pricing

Almost half of Northeast consumers (45%) think there is no price difference between New Hampshire and local stores; another 3% feel that prices are actually higher in New Hampshire; and 53% say prices are lower in New Hampshire with a price advantage estimated to be 14.8% on average. There is significant disparity between Northeast customers and non-customers. Only 33% of customers say there is no price difference compared to 69% of non-customers. Customers are much more likely to say New Hampshire has a price advantage (66% customers, 25% non-customers) and less likely to report prices higher in New Hampshire (1% customers, 6% non-customers).

Eight-in-ten (82%) consumers report that New Hampshire's price advantage over local liquor or package stores has stayed the same in recent years. Another 13% say the price advantage has increased, with 5% say it has decreased. Again, customers differentiate themselves, as only 75% report no change in price advantage versus 96% of non-customers, and 17% of customers think the price advantage has increased in recent years compared to only 4% of non-customers.



Factors to attract more customers to New Hampshire Stores were tested, including a general discount. This factor reveals that one-in-ten consumers would accept a $5 discount on an average purchase of $100 to shop at New Hampshire Stores more often, three-in-ten would accept a $10 discount, and six-in-ten would need a $15 discount. Current customers are more likely accept a smaller discount, with 35% saying a $10 discount would influence them, and only 54% a $15 discount compared to 74% of non-customers.

Discounted prices on super-premium spirits was another factor tested in enticing more customers. In this case, one-in-five report that they do not purchase super-premium spirits, and another 28% that a discount on these products would not make a difference in their likelihood to frequent New Hampshire Stores. A discount on super-premium spirits would have the most effect on current customers, attracting 58% to come to New Hampshire stores for this product.

The availability of discount coupons or mail-in rebates would influence 65% of Northeast consumers' purchasing decisions. This influence is consistent across both customer and non-customer consumer groups. The lower the income of Northeast residents, the more they say the availability of coupons would influence their purchasing decision. Northeast females (72%) also say coupons would influence them much more than men (53%).

NOTE: In considering the price advantage New Hampshire Store have over local liquor or package stores, online respondents were forced to choose a category, and not given a 'don't know' option.

Advertising Medium

Massachusetts consumers were asked a series of questions concerning recent New Hampshire Store advertising. Based on their distance from New Hampshire, too few non-Border Community consumers were able to recall New Hampshire Store advertisements to report the two Massachusetts geographies separately. The following focuses primarily on the State of Massachusetts as a whole:

Current advertising campaigns are lacking breakthrough among Massachusetts consumers. Few (14%) Massachusetts consumers who are New Hampshire Store customers, and are thus more involved with the brand of Store, can recall seeing or hearing any advertising in Massachusetts recently for the Stores. Those geographically closer to New Hampshire, the Border Community customers, are somewhat more likely to recall Store advertisements (14%) than those that live farther away (10%).

Newspapers (57%) garner the highest recall figures to date among Store customers, followed by radio spots (39%) and billboards (19%). This mirrors New Hampshire Stores' focus on newspaper advertisements in journals, such as the Boston Globe, and on New Hampshire radio stations that are popular where available in Massachusetts.

NHSLS Customers

Seen Advertising	Total
Newspaper	57%
Radio	39%
Billboard	19%
Internet	7%
Television	5%

When the advertisements do break through, they are able to make some impact. Among those who did see an advertisement, nearly a quarter (23%) were influenced to visit a New Hampshire Store more often. However, the majority (58%) of Store customers were not swayed to increase their visit frequency. Border Community customers were more likely to be positively influenced.

This internal reaction to the advertising translates well into taking physical action. Whereas 23% percent were positively influenced by the advertising, 21% traveled to a New Hampshire Store because of the advertisement. Visitation is increased among both those who report being positively influenced as well as those who thought they were not influenced at all.

New Hampshire State Liquor Commission Survey Sample Design and Data Characteristics

Conducted by: Pulsar Research & Consulting

Pulsar Research & Consulting conduct a survey project for the New Hampshire State Liquor Commission to aid in short and long-term strategic planning. The research was conducted among three key populations: (1) consumers from Massachusetts who live in the vicinity of the New Hampshire border; (2) consumers from the remainder of Massachusetts; and (3) New England, New York and New Jersey travelers to New Hampshire and Maine who are also consumers.

Results are based on the study, completed in two portions – a telephone survey complemented by an Internet survey component. The telephone component resulted in 300 completes covering the primary market defined as the geography of Massachusetts Border Community consumers, with an additional 200 completes from the secondary market – consumers from the remainder of the State of Massachusetts. The Internet component covered the tertiary market of Maine, Vermont, Rhode Island, Connecticut, New York and New Jersey, and resulted in 257 completes of consumers who have traveled to or through New Hampshire in the past year.

Consumers were defined as residents of the targeted geography, 21 years of age or older, who have consumed at least one glass of wine, cocktail, or prepared spirits in the past 12 months.

The telephone interviews were conducted by trained interviewers from December 12th through December 21st, 2007. The internet component utilized a tightly monitored panel, ensuring that only qualified individuals responded, and collected responses from December 14th through December 18th, 2007.

Survey Population

The telephone survey data can be taken to represent a probability sample of all consumers who reside in households with residential telephone service in the State of Massachusetts. The internet survey data can be taken the represent a probably sample of consumers who have traveled to or through New Hampshire in the past year with Internet access across the states of Maine, Vermont, Rhode Island, Connecticut, New York and New Jersey.

Border Communities

The cities and towns which were included in the Border Communities includes:

Middlesex County: Townsend, Littleton, Tyngsboro, Chelmsford, Wilmington, Groton, Reading, Shirley, Westford, Dracut, Lowell, Ashby Pepperell, Ayer, Dunstable, Billerica.

Essex County: Lawrence, Georgetown, Merrimac, Wenham, Methuen, Danvers, Byfield, Amesbury, Ipswich, Manchester, Andover, Middleton, Groveland, Salisbury, Topsfield, Gloucester, North Andover, Boxford, Haverhill, Newburyport, Hamilton, Rockport.

Worcester and Franklin Counties: Sunderland, Greenfield, Northfield, Royalston, Gardner, Fitchburg, Lunenburg, Deerfield, Warwick, Winchendon, Westminster, Leominster, Turners Falls, Orange, Baldwinville, Bernardston, Millers Falls, Athol, Templeton, Ashburnham.

Sample Methodology

The telephone component utilized a Random Digit Dial (RDD) methodology to generate random samples of telephone households in the United States. Within each telephone household, one respondent was randomly selected utilizing the modified Trodahl/Carter in-house selection technique. We asked for the youngest male first, then if not available, the youngest female. This technique removes the control of the person answering the telephone from deciding who participates in the survey.

For this study, Braun Research utilized Random Digit sampling (RDD) through Survey Sampling International (SSI) using the Random B methodology. Random B methodology provides the most efficient random digit sample available. Each exchange and working block will have a probability of selection equal to its share of listed telephone households. Numbers may be protected against reuse for a period of nine months. Business numbers may be eliminated. The sample was scrubbed for non-working numbers.

Using SSI's standard RDD B methodology, a sample is drawn with a sample size equal to the number of completed interviews. For each sample element, or seed, 11 to 20 replacement numbers are generated within the same area code and exchange.

The internet component utilized the e-Rewards Market Research consumer panel. e-Rewards utilizes an array of leading-edge techniques to ensure the integrity of their panel, including:

- Member verification: utilizing a series of proprietary verification measures to ensure panelist integrity, including a verification process which requires each member to provide a physical mail address which is validated against government postal information; and
- Veracity assessment: veracity assessments are conducted frequently to ensure panelists are who they say they are by checking for consistency in answers to profiling and survey questions.

e-Rewards pioneered a very effective panel recruitment methodology to attract quality consumers and business professionals by partnering with many of the largest and most respected leading brands in diverse categories. Since inception, e-Rewards has used the "by-invitation-only" enrollment process in order to control the quality and composition of the e-Rewards panel. By avoiding "open" recruitment methods, e-Rewards does not attract the undesirable "professional survey takers" that many other panels contain.

For this study, e-Rewards invited the general population who reside in the states of Maine, Vermont, Rhode Island, Connecticut, New York and New Jersey to participate in the study, and screened out those respondents who did not qualify, after collecting basic demographic information.

Weighting

In order to make appropriate projections to the survey population, weights has been applied to this data.

WGT1 represents a compound probability weight that adjusts to match the population characteristics of the civilian non-institutionalized consumer population of the State of Massachusetts. This weight also incorporates all factors utilized in the probability weight to permit accurate estimates of individuals. The frame of the consumer population was aligned to the state population, as taken from the 2006 American Community Survey, and a weight was applied based on age and education.

WGT2 represents a compound probably weight that adjusts to match the population characteristics of the consumer population with internet access in the states of Maine, Vermont, Rhode Island, Connecticut, New York and New Jersey. While demographic characteristics were similar between survey and Census data, rate of travel has not. The travel rate was calculated by aligning the frame of consumers who completed the study with the frame of all responding panelists, and a weight was applied based on this aligned rate.