

Red Carpet Treatment

Owners H.K. Hedlund and his wife, Lisa, have earned a cult following at Red Carpet Wine & Spirits Merchants in Glendale, California • BY DENISE SCHNURR

It was 10 P.M. on a recent Friday night—an hour past closing for Red Carpet Wine & Spirits Merchants in Glendale, California, a suburb of Los Angeles. Every last patron had left the store, except for a group of young women who were sipping wine at a lounge table, and they showed no signs of wrapping up their evening. Store owner H.K. Hedlund watched the group with a smile. “They’re just getting warmed up,” he said with a laugh. “If they’re enjoying themselves, who am I to tell them that their night is over?”

Hedlund, who owns Red Carpet with his wife, Lisa, has adapted easily to retail sales since October 2007, when he closed his importing and wholesale beer business to purchase the store. He has his finger on the pulse of the L.A. customer, who wants to relax in a chic-yet-comfortable environment that’s also upbeat and exciting. “When I visited Napa and met with the stars of the industry, I was taken aback by their humility and graciousness,” Hedlund explains. “That goes all the way down the food chain to retail; I want to transfer that positivity to the customer.”

That positivity has precipitated a loyal following: Red Carpet has become a second home for many patrons who would rather sip excellent wine and nibble artisanal cheese there than go to a local bar or spend the night at home. “Early one night, I asked a group what they were going to have for dinner,” Hedlund recalls. “They said ‘pizza,’ and five minutes later a delivery man showed up.”

Hedlund doesn’t mind if his customers want to throw an impromptu pizza and Prosecco party at Red Carpet. “Snobbery and elitism don’t work for me as a person, and they don’t work for growing your business,” he says. “The high-end clientele keeps getting older, and you have to bring in a new generation that’s both sophisticated and casual at the same time.” This approach has helped the 6,000-square-foot Red Carpet reach sales of \$3 million a year, and the company expects that number to grow next year. “Wine drinkers are getting younger,” Hedlund says. “As my customers’ financial standings change and their careers advance, I’m going to be right with them.”

Rolling Out The Carpet

Hedlund has been involved with the beverage alcohol industry since the 1990s. In 1998, he started a small importing and wholesale business, representing the only Norwegian beer brand available in the United States at the time. “The business was coming along, but it wasn’t always easy because of currency exchange,” Hedlund admits.



Husband-and-wife team H.K. and Lisa Hedlund bought Red Carpet Wine & Spirits Merchants in Glendale, California, in 2007, and have since grown sales to \$3 million a year.



The focal point of Red Carpet is its tasting bar, which features three Enomatic wine stations that pour 2-ounce samplings of 24 wines. Customers can also purchase a bottle of wine at the store and drink it in the lounge for no corkage fee.

When retailer David Dobbs put Red Carpet up for sale after operating it for 20 years, a number of key employees left. “He asked if I could give him some help in the store during the holidays,” says Hedlund, who did everything from making deliveries to stocking shelves. “I was committed through January 1st, 2007, but he kept scheduling me and I kept coming in.” Eventually, Hedlund suggested Dobbs sell the store to him.

After consulting with his wife, who is a loan officer, Hedlund closed his wholesale outfit and purchased Red Carpet in October 2007. “I was doing better selling other people’s brands than my own,” Hedlund says. “It was a big undertaking to purchase Red Carpet, but it was a lot more fun, too.” Though he took classes in wine appreciation, Hedlund is mainly a self-taught oenophile. “When I got into this business, I learned that you can read a lot and take a lot of courses, but ultimately you need to taste a lot of wine.”

Today, Hedlund is in charge of sales and buying, while Lisa takes care of finances, marketing and event planning. The couple manages five full-time and five part-time employees. “Everybody in this store is well-versed enough to sell wine—even my cashiers,” says Hedlund.

Red Carpet is a somewhat unique business in the Los Angeles market, as many retailers have switched to big box, convenience store or bodega-style formats for beverage alcohol sales. “There are very few of us left in Los Angeles,” Hedlund says. “We’re a little guy in the midst of big guys.”

Unlike some of the big guys, Red Carpet hosts myriad wine events, including a June book signing (\$45 per person) featuring Rocky Fino, author of “Will Cook for Sex: A Guy’s Guide to Cooking,” and Jewels Elmore, Jennifer Aniston’s chef and author of “The Family Chef: Make Your Kitchen the Heart of

Your Family.” Red Carpet employees served wines, craft beers and mini-portions of 10 food recipes, including lamb quesadillas and cucumber soup, to more than 85 attendees. “The authors didn’t sit behind desks,” Hedlund says. “This was a meet-and-greet style event because I didn’t want them to be tied down to a table. They were mingling.”

But every day is a bit of a party at Red Carpet. The store has 24 wines available daily for sampling at a tasting bar that is the focal point of the store. “The wine bar craze has really taken off,” Hedlund says. “We were always known for pouring the best wines, and now we straddle the fence of having great wines and wines of great value.”

Hedlund uses three Enomatic wine dispensers to keep spoilage to a minimum. Pour prices vary by label and vintage, but range from \$2 to \$12 for 2 ounces. Tuesdays through Thursdays, Red Carpet offers all wines at \$2 a pour, and customers often pair them with cheese plates. Patrons can also purchase a bottle to drink in the store, sans corkage fee. “My aim was to get people happy, and it went over very well. People are pinching their pennies, but are still looking to have an enjoyable evening,” Hedlund explains.

Sweet Selection

Red Carpet caters to a demographically diverse clientele, from movie executives to blue-collar workers. The store has an attractive interior that includes full carpeting, central air conditioning and fresh flower arrangements. The shop is so elegant, in fact, that it was selected as the backdrop for an episode of the television series “Desperate Housewives” in 2009.

Hedlund requests that his employees take a laid-back approach to customer service. “It’s very easy for customers to feel like they’re being pounced on,” he explains. “I’m very low-key



Wine dominates sales at Red Carpet, making up half of total revenues, followed by spirits at 30 percent and beer at 10 percent, with the remainder comprising miscellaneous items like cigars, artisan cheeses and chocolates. The store promotes special sales and events via an e-mail newsletter and its website.



because it can be intimidating when you approach someone as soon as they walk in.” Hedlund has found that when he approaches customers too quickly, they sometimes balk. “When I step back and give them room, they will say, ‘I did have a question,’ and allow you to spend 15 minutes walking the aisles with them,” he says.

His laissez-faire attitude is all part of the effort to make customers feel comfortable in the often intimidating world of wine. “People can become flustered because they don’t understand wine and spirits,” he says. “Our job is to make them feel the opposite of intimidated.”

Overall, wine sales make up 50 percent of total beverage sales at Red Carpet, followed by spirits at 30 percent and beer at 10 percent; miscellaneous items like Godiva chocolates and artisan cheeses comprise the remaining 10 percent. The store also has a 50-square-foot, walk-in humidor that houses more than 200 cigar brands. “This is a one-stop shop for the beer, wine and spirits lifestyle,” he says. “We’re in the enjoyment business, and food, wine and cigars are part of that whole lifestyle.”

Hedlund’s previous career as an importer and wholesaler has fostered his appreciation for small producers. “We try to stay out of selling well-known California superstars, because we’ll simply wind up in a pricing war,” he says. “We’ve carved our own niche by searching wine regions for small producers, and we order direct when we can. We offer quality alternatives that we can really stand behind.”

Red Carpet specializes in Napa Valley Cabernet Sauvignons, with 100-percent Cabernets and Cabernet-based blends making up 60 percent of overall wine sales. However, the store stocks varietals from most regions of the world, offering a wide range

of Pinot Noirs, Sauvignon Blancs, Pinot Grigios, French Rhônes and domestic wines made with Rhône varietals. In addition, Hedlund views quality Proseccos as cost-effective alternatives to Champagne.

Red Carpet stocks 1,200 wine SKUs, ranging from the 2007 Redwood Creek Cabernet Sauvignon (\$5.99 a 750-ml. bottle) to the 2007 Domaine de la Romanée-Conti Romanée-Conti (\$3,900). Top-sellers are the 2007 Sean Minor Napa Valley Cabernet Sauvignon (\$15.79), 2008 Grayson Cellars Merlot (\$9.99) and the 2008 Apothic Red (\$10.49). “Some selections are no-brainers, but we try to taste and select everything we put on the shelves and in the wine bar,” Hedlund says. “That’s why our best-sellers are wines many people may not have heard of before we began featuring them.”

Red Carpet offers approximately 1,500 spirits selections, many of which are refrigerated in cooler doors. The store’s spirits range from Tamiroff vodka (\$6.99 a 200-ml. bottle) to The Macallan 30-year-old (\$1,000 a 750-ml. bottle). Customer favorites include Grey Goose (\$33.99 a 750-ml. bottle), Ketel One (\$33.99), and Blue Ice vodka (\$27.99). However, Hedlund is most excited about his locally made, eclectic selections, such as Fruit Lab’s Crism organic hibiscus and Theia organic jasmine liqueurs (each \$30.99), produced by Modern Spirits.

Red Carpet offers 800 beers, ranging from Keystone Light (\$9.50 a 12-pack of cans) to Deus Brut des Flandres (\$25.99 a 750-ml. bottle). “I drink more wine these days, but beer is near to my heart,” says Hedlund, who devotes 14 cooler doors to suds. “Beer has had amazing growth for us, and we have one of the best selections in the country.” The top-selling brands are Keystone Light (\$9.50 a 12-pack of cans), Budweiser



The Hedlunds have made Red Carpet a destination by creating a welcoming but chic atmosphere. The sales floor boasts plush carpeting and central air conditioning, and staff members are trained to be laid-back so that customers don't feel intimidated when they walk in the door.

(\$6.99 a six-pack of bottles), Miller Lite (\$6.99 a six-pack of bottles) and Coors (\$6.99 a six-pack of bottles). But it's the rare import and microbrews that attract people from miles around. The store has a waiting list for Pliny the Elder (\$4.69 a 500-ml. bottle) and Samuel Adams Utopias (\$175 a 750-ml. bottle).

A-List Events

About 15,000 customers are kept current about special events through Red Carpet's weekly e-mail newsletter. "Our newsletter is very important to our customers," Hedlund says. "It's how we communicate our hot picks, special events and news

items." However, it's not the only way the store reaches out to the public. Hedlund also relies on positive word-of-mouth disseminated online through social networking sites like Facebook and Twitter. In addition, Red Carpet's website, Redcarpetwine.com, offers videos and information that's printed in the newsletter.

Red Carpet hosts about six wine dinners (\$40 to \$70 per person) a year in its private on-site tasting room. The dinners are led by well-known winemakers and they often feature food prepared by local chefs. In addition, every December the store offers its Red Carpet Top 100 Tasting event at a local partner restaurant to coincide with the annual Top 100 Wines issue of Wine Spectator, a sister publication to MARKET WATCH. Last year, the event was held at Madeleines in Pasadena, California, and paired hors d'oeuvres with Hedlund's top 80 wines, 10 beers and 10 spirits.

For those looking to have Red Carpet all to themselves, Hedlund hosts private wine tastings for groups of 10 or more (\$10 to \$20 per person, depending on the wines served). Often, the events are held off-site.

Though it seems that Hedlund has struck a balance between business and pleasure, he admits that Red Carpet is just hitting its stride. "We took over a long-standing, go-to business, but we're still relatively new at this," he says. "I'm sure that we'll get better at keeping up with the trends and getting in tune with our customers." Judging by the crowds at Red Carpet, Hedlund is more of a trendsetter than a follower. **mw**

Denise Schnurr is a contributing editor of MARKET WATCH.

RED CARPET WINE & SPIRITS MERCHANTS AT A GLANCE

Founded	In 1964 by John Vincenti. The Dobbs bought it in 1987 and sold it to the Hedlunds in 2007.
Co-owners	H.K. and Lisa Hedlund
No. of Stores	1
Location	Glendale, California
Annual Revenue	\$3 million
Sales Breakdown	50-percent wine, 30-percent spirits, 10-percent beer and 10-percent miscellaneous items
Website	Redcarpetwine.com