



RETAILER OF THE YEAR

The Good LIFE

CHRISTIAN NAVARRO EXCELS IN LOS ANGELES BY PROVIDING A GATEWAY
TO THE GOOD LIFE, FILLING HIS VENUES WITH THE BEST PRODUCTS
AND CREATING AN UPSCALE, ACCESSIBLE EXPERIENCE

BY LAURA PELNER • PORTRAIT BY MATTHEW SCOTT GRANGER
LOCATION PHOTOGRAPHY BY ANDREA D'AGOSTA

Christian Navarro has never shied away from a challenge. The president and principal of Wally's Wine & Spirits in Los Angeles has built his business around the pursuit of excellence. He's overcome challenges along the way, building upon a Los Angeles institution with a pedigree that stretches back more than 50 years. And amid the chaos of the Covid-19 pandemic this year, Wally's Wine & Spirits thrived, adapting its hybrid retail-restaurant model to serve the community.

Navarro focuses on luxury, both accessible and aspirational. He aims to feature the best products within each category and targets consumers who are striving for the best in life. Before Covid-19 unfolded, his two locations in Los Angeles were posting record sales. When the pandemic and its resulting lockdown orders dampened spending, Wally's Wine & Spirits relied on its diverse business model and product roster. Annual revenue for Wally's is more than \$60 million, led overwhelmingly by wine.

"We've evolved from being just a wine retailer to being an experiential lifestyle company," Navarro says. "We're a combination of retail, restaurant, and bar, and they all help each other. We're very fortunate for that. This model is designed for the 21st century. More than selling food and wine, we're trying to fulfill dreams and create opportunities and experiences for people that they didn't know existed." For his tireless work in building and reviving the Wally's Wine & Spirits brand, Navarro has been named the 2020 MARKET WATCH LEADERS Retailer of the Year.



Since taking the reins at Wally's Wines & Spirits in 2013, Christian Navarro (pictured) has transformed the company into a hybrid on- and off-premise business with more than \$60 million in annual revenue.



Decades Of Excellence

Wally's Wine & Spirits was founded in 1968 by 1987 MARKET WATCH LEADER Steve Wallace as a corner liquor store. Navarro joined the business in 1991, bringing with him an all-star Hollywood client roster that helped take the humble shop to a new level of upscale retail. He became a partner in 1992, and when Wallace retired in 2013 Navarro brought in Paul and Maurice Marciano, the brothers who founded denim company Guess Inc. With their help, Navarro has revitalized Wally's for modern consumers.

"The Marciano brothers' business acumen and drive to be the world's best in everything pushed us to a whole new level," Navarro says. "It's been a lot of fun. My expertise is dealing with products and people. Since we opened these restaurant-retail-bar combo locations, it's put me back in touch with people. Our job is to connect with our guests and clients. Instead of focusing on money, I focus on making people happy."

Navarro's rise in the world of wine and spirits retail is remarkable. He moved to Los Angeles as a teenager to pursue a career in the arts and took a job sweeping floors at a wine shop to pay his bills. He was homeless and had no high school diploma at the time. He fell in love with the wine industry while at that first job, embraced the effort to learn more, and eventually earned the nickname "sommelier to the stars." Today, Navarro is the face of Wally's and aims to instill a similar love of wine and learning about the industry to all of his roughly 500 employees.

Navarro has an office in his company's Culver City, California warehouse, though he doesn't spend much time there. He prefers to be at the two stores—in Beverly Hills and Santa Monica—where he spends 10-12 hours a day. He travels the world looking for new and interesting products, and he likens his employees to family. A majority of his workforce was laid off during the Covid-19 pandemic, but he hopes to hire them all back.



Navarro introduced Wally's first hybrid retail-restaurant venue in Beverly Hills (exterior top) in 2014. At 7,000 square feet, the space is a full retail store, while also offering a communal sit-down dining area (above) and takeout counter.

"Even with the people whom we've laid off, we're paying medical benefits and sending them food," Navarro says. "My family is the people I work with. These are the people I love, and I don't want them suffering." Along with taking care of his staff during lockdown, Navarro has been committed to helping first responders in his stores' communities. His company sends weekly food deliveries to the Beverly Hills and Santa Monica police and fire departments, and he also sends food to nearby hospitals, including the local Cedars-Sinai Medical

Center and Providence Saint John's Health Center. "It's at great expense, but we have a great responsibility to the community," Navarro says.

His connection to people is one of Navarro's greatest assets, and it's a part of his work that he's particularly proud of. "I learn more about my job by spending time in the locations," Navarro says. "Before computers, you had to communicate with people one on one. Then we got lost behind technology. But I've put that away and now I'm in front of people again. It's almost come full circle, and it's a gift for me."

He considers the Marciano brothers to be a gift as well. Navarro speaks with them daily, describing them as his guiding lights. "They inspire me, push me, and make me greater than I ever knew I could be," he explains. "We couldn't afford to pay someone who's as knowledgeable and powerful and entrepreneurial as them. They're our competitive advantage."

Retail Markets

Wally's Wine & Spirits stores have transitioned from purely retail spaces to full hybrid on- and off-premise outlets. They have sit-down restaurants, take-out counters, and market and gourmet specialty retail areas, with wine and spirits mixed throughout. The stores were deemed essential businesses during the lockdown and remained open seven days a week. Though the on-premise dining areas had to be shut down, the venues implemented safety measures to follow social distancing restrictions, which allowed the retail



Wine (Beverly Hills wine room top; wall above) makes up the vast majority of sales at Wally's at 80%. Each store stocks roughly 4,000 wine SKUs, with top-sellers including luxury labels Dom Pérignon, Opus One, and Château Mouton Rothschild.

components and restaurant takeout businesses to continue. Navarro says the retail operations did well, particularly online, and adds that restaurant takeout and curbside pickup ended up performing better than expected.

The Beverly Hills store spans 7,000 square feet and the Santa Monica unit is 10,000 square feet; the company's warehouse is larger than 30,000 square feet. Company-wide, Wally's carries roughly 8,000 SKUs, with each store stocking about 5,000 SKUs, led by wine, with 4,000 SKUs in each location. Wine also dominates sales, making up roughly 80%, followed by spirits at 20%; Wally's offers a handful of beer labels but doesn't emphasize it. Overall, as the popularity of the restaurants has increased, total revenue is split roughly evenly between beverage alcohol and food.

"We designed this concept for our friends and it's an idea that's never really existed before," Navarro says. "It's for the 21st-century person who loves to eat and drink. Our lives are stressful, so we want to make this fun and easy. We have the best products in the most fun, casual environment you could want."

KEY FACTS: WALLY'S WINE & SPIRITS

Name of Leader:

President and principal Christian Navarro

Founded: 1968 by MARKET WATCH LEADER Steve Wallace

Number of Stores: 2

Store Locations:

Beverly Hills and Santa Monica, California

Annual Revenue: More than \$60 million

Sales Breakdown:

For the off-premise retail components, sales are roughly 80% wine to 20% spirits. However, since the company now runs restaurants in each location, it boasts a roughly 50-50 split for overall beverage sales and food sales.

Number of Employees: About 500 pre-pandemic

Website: Wallywine.com

Future Plans:

Future growth is imminent, both in the U.S. and overseas. A handful of new locations were in various stages of planning at press time, though nothing had yet been formalized.



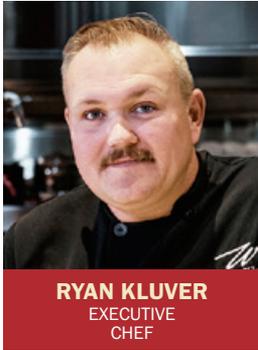
THOMAS KACHANI
CHIEF OPERATING
OFFICER



GEOFF PATTISON
VICE PRESIDENT,
PURCHASING



CARLOS DUBON
CREATIVE MARKETING
DIRECTOR



RYAN KLUVER
EXECUTIVE
CHEF



CHRISTIE BAKER
GENERAL MANAGER,
BEVERLY HILLS



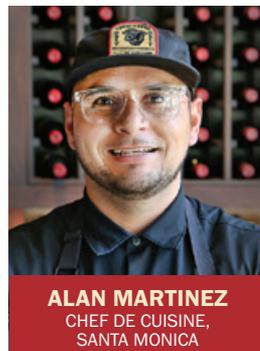
MATT TURNER
WINE DIRECTOR,
BEVERLY HILLS



MINA JONES
GENERAL MANAGER,
SANTA MONICA



ROBERT VARDANIAN
WINE DIRECTOR,
SANTA MONICA



ALAN MARTINEZ
CHEF DE CUISINE,
SANTA MONICA

Navarro describes the spaces as temples to food and wine. The stores have high ceilings and showcase 20-foot-tall displays of wine, with upscale accents like marble tables and oversized wooden display racks. Restaurant and bar dining tables are placed throughout the store so that on-premise consumption mingles with retail. Guests can enjoy an immersive experience, sipping wine or drinking Martinis while they shop. Everything for sale in the venue can be consumed at the restaurant, and the ingredients for everything on the sit-down menu are sold at the store. Navarro says the target consumer is anyone who wants the best in life, adding that price is a secondary concern but that there is something for everyone at all price points. Regardless of wealth, he adds, every guest is treated like a star.

“We have communal seating, so actual rock stars are sitting next to school teachers, who are sitting next to captains of industry,” Navarro explains. “At our tables, everyone is exactly the same, and everyone is treated like an A-list celebrity when they walk in. We have something for everyone, as long as they’re searching for the best products in the world.

We carry the best wines in each category, and some are inexpensive while some are horribly expensive. It’s all interactive and laid out like a yellow brick road, with discovery points all along the course throughout the stores.”

Wally’s stores display wines by region and varietal, and Navarro says some of the world’s top labels are among his bestsellers. The company’s more popular wine offerings include Dom Pérignon Champagne (starting at \$185 a 750-ml.), Opus One red blend (starting at \$385), and Château Mouton Rothschild Bordeaux (starting at \$465). Navarro adds that top-flight Burgundies also do well, and that wines from California’s Central Coast and South America are garnering a lot of new interest. While the stores don’t offer traditional private-label wines, they do carry the full lineup of Marciano Estate wines and several exclusive bottlings (\$45-\$300 a 750-ml.), thanks to the brothers’ ownership stake in the business.

In spirits, Tequila is a top performer, though vodka, Bourbon, and Japanese whiskies also see success. Some of Wally’s best-selling spirits include Don Julio 1942 Añejo Tequila (\$175 a 750-ml.), Beluga Gold Line Russian vodka (\$150), and myriad Suntory whiskies (from \$55 for Suntory Toki blended whisky to \$400 for Yamazaki 10-year-old single malt). Beer is not a big focus for Wally’s, though the category does well as part of the company’s catering business.

“We don’t sell products—we create brands,” Navarro says. “I don’t carry everything; I only sell the very best. We develop special relationships with producers, and they understand that we care for their products the way they do. It takes a lot of work and is very expensive to house some of these products, but we believe in chasing quality. Being second will never be something we strive for. Our buyers are hungry to discover the best products for our customers.”

Innovation Moves

Wally’s has always put a premium on new ideas. Navarro debuted the company’s first retail-restaurant hybrid concept in 2014 when he launched the Beverly Hills location. Inspired by its success, he replicated the format in Santa Monica in 2018. The venues can seat more than 100 people each for on-premise dining and drinks, and they feature full bars with innovative menus. During lockdown the sit-down areas were closed, but the stores embraced the to-go format and began offering pre-made meals and pre-boxed specials. “We’ve always had a gourmet specialty store, but we expanded our offerings and it’s becoming quite successful,” Navarro says. “We’ve



The Covid-19 lockdown forced Wally's to close its on-premise operations (Beverly Hills dining area pictured). But both stores' retail components remained open for takeout, curbside pickup, and delivery, offering to-go drinks and pre-packaged meals and specials.

always offered delivery too, but we're doing more of it, which is why we've been able to transition so quickly. We're probably doing 200-300 meals a day between the two locations for takeout, curbside pickup, and delivery. It's become robust."

Wally's to-go food offerings included upscale meals (\$25-\$55), as well as raw meat and seafood boxes for consumers to prepare at home (\$200-\$400 for boxes that serve four or eight), takeout fare, and larger single entrées (\$13-\$100). Many of these highlights were taken from the regular dining menu at Wally's restaurants. When open, the on-premise venues offer more than 160 wines by the glass (\$14-\$750), as well as a full roster of specialty cocktails (\$19-\$21).

Wally's online retail sales exploded during the Covid-19 pandemic, and Navarro adds that the stores still saw regular customers, though with limited capacity and with social distancing measures. "We have a robust website as it is, but web sales tripled over the last few months," he notes. "We're continuing to change, upgrade, and evolve the website." The stores don't currently have mobile apps, but Navarro says he is interested in experimenting more with smartphone technology. The pandemic ushered in a new flock of online engagement potential, which Wally's embraced. The company hosted several events, including branded parties and tastings, through Instagram Live, Facebook Live, and Zoom.

To extend its reach even further, Wally's has a few global partnerships with similarly minded upscale companies. Navarro works with the Four Seasons Hotels and Resorts group, hosting a food and wine festival at the Four Seasons Resort Maui at Wailea in Hawaii annually. He also works closely with Christie's to stock prestige products for auction, and with Delta Airlines to host tastings and events in the airline's first class lounges.

"I really want to thank my staff. That is what makes our company so great. The business is about people... They make us great."



See the LEADERS virtual celebration at [MWLeaders2020.com](https://www.MWLeaders2020.com)

Moving forward, more growth is imminent for Wally's Wine & Spirits. Navarro has global growth aspirations and says several plans are in various stages of development, though no specifics could be revealed at press time. "We've got multiple units in the hopper," he adds. "We have a couple deals coming in the U.S. and overseas, in markets we feel have people who will understand what we're trying to communicate. We're not for everybody. We're for the people who are striving for the best in their life at every level. We keep moving and never stop learning, adapting, and listening. I love what I do and the people I have working with me." **mw**