

Florida Investor Submission - "Uncorked Market"

U.S. wine sales grew 5 percent in 2005 to \$26 billion. The average American is drinking 3 gallons or 16 bottles of wine per year, compared to 80 bottles per year for the French and Italian. Even with the increase, market research shows half of all adult Americans do not drink wine. The numbers have entrepreneurs eyeing a growing and still "uncorked" market in the U.S.

In Tampa, Florida, Estate Wine Group d.b.a. Cork & Olive is leading the efforts to make wine a part of every-day American culture. German entrepreneur Michael Probst chose Tampa as the first market to launch the chain of neighborhood retail wine shops because Florida is one of the largest growth states. Tampa also has the reputation of being the birthplace to many successful chains and franchises including Outback Steakhouse, Hooters, Carrabba's, Bonefish Grill, and Checkers.

"I want to be the Starbucks of wine," Probst, President & Founder of Cork & Olive, says about his vision.

In two years, Probst has opened nine corporate stores in the area and built the preferred customer list to more than 30,000. In February of 2006, the company filed a circular with the Federal Trade Commission to sell franchises.

"The response was overwhelming, especially from customers who were familiar with our concept," said Tom Ronzino, C.E.O. of Franchise Operations.

Ronzino was a customer before signing up to lead the chain's franchise expansion. Ronzino and his wife were vacationing at a Bed & Breakfast in St. Petersburg a couple of years ago. The innkeeper suggested they walk to a new wine shop in the neighborhood to start their weekend get away. That first taste was life transforming. The couple, both wine novices, describes Cork & Olive as unpretentious. They had a great time with their wine guide and discovered several new favorites. They returned home to Orlando looking for a Cork & Olive near them. Two years later, Ronzino is ensuring his neighborhood will be one of the first Orlando suburbs with a Cork & Olive. It was a complete career change from the television production business Ronzino ran for twenty years.

Like Ronzino, two former customers turned franchisees have signed to open stores in the Tampa Bay market. Lease negotiations are also underway in Orlando, Sarasota and Bradenton. Cork & Olive plans on having 200 locations in Florida within the next three years.

In addition to franchise sales, investors are scooping up limited secured shares of corporate stores, which are sold in units of \$10,000 five-year notes. The capital is used for operations of the stores and investors receive quarterly interest. The company also sells a similar security of \$100,000 notes that create capital for the franchise corporation.

"The concept is simple. We believe wine does not have to be expensive to be good. People should trust their taste," Stephanie Nelson, Director of Operations for Cork & Olive said.

The wines come from smaller, family-owned vineyards that are committed to the traditions of wine making. The wines are reasonably priced, averaging about \$12 per bottle. Each store features a tasting table where customers can try the wines before they buy. The stores have a dozen wines opened and available for tastings All Day – Every Day.