

Brian Sheehan: 0:04

<p>Welcome to Retail Intel, the podcast where we dive deep into the dynamic world of commercial real estate. I'm your host, Brian Sheehan, and I'm thrilled to be your guide on this journey through the bustling streets of retail, the aisles of shopping centers and the world of commercial property investment. With me today is Dave Alley, founder of Allman Surfboards and lead visionary behind the brand. If you're not familiar with Allman Surfboards and Design, it's a collection of surfers and craftsmen that have built a globally recognized lifestyle apparel brand, surfboard shaper and producer and community hub. Located in beautiful Costa Mesa, California, it's not just a surf shop but a one-of-a-kind experience and retail destination, curated by Dave and his team. I'm excited to learn more, Dave, welcome. Thanks for having me, Absolutely so. I'd love to start with your background. You founded Almond Surfboards close to what? 15 years ago now. What were you doing prior to founding Almond?</p>

Dave Allee: 1:05

<p>Yeah, we opened a retail store here in Newport Beach 15 years ago. We just had our 15-year anniversary in March, so very recently, and before that I was a college kid. Congratulations, thank you, thank you. So I was 22 years old when I signed that lease and I had never worked retail before a day in my life. I had an evolving but still fairly vague idea of the kind of brand I wanted to build. And so, yeah, as an eager 22-year-old, in the latter part of 2008, I signed a lease and then we opened in early 2009. And just been trying to take better steps and improve the brand marginally ever since.</p>

Brian Sheehan: 1:45

<p>I mean what inspired you to create Almond.</p>

Dave Allee: 1:49

<p>Kind of like anything. I was an eager young surfer. I loved surfing, surfboard design there's this beautiful history of surfboard building in California but then I looked at the brands and the retail that was available in the marketplace at that time and I didn't really feel like anyone was doing it the way I thought it should be done, and so that's. It's always that that tension of like, okay, if I were to do it and I think that was like even in college I was running everything I was learning through this hypothetical. You know, if I were to do a surf brand, how would what I'm learning right now apply? So that was the filter through which I kind of ran everything. So then in 2008, there's not a lot of job opportunities out there, to be honest I didn't really even look. I was just like, oh, I'm going

to give this like almond thing a shot for a year and then I'll kind of grow up and go get a real job after that. So I honestly expected to do it for a year or two, and so you've been doing this a long time now.</p>

Dave Allee: 2:52

<p>What is it that you love about the surf shop retail business, the surf shops? So we're kind of weird in the sense that, like, we are a surf shop, we are a custom board manufacturer, we are an apparel brand and we're obviously now have an e-commerce element as well. So it's like within the fold of, like the Almond brand. We kind of have these different expressions that are each their own businesses with their own like benefits and challenges, but the surf shop kind of anchors all of it and so, like, our global headquarters is right behind our flagship store and so everything kind of runs through this space. So you might be coming in to buy a t-shirt or coffee mug or ask about a surfboard, and there's eight or 10 boxed up boards leaning on the side of the building waiting for the freight company to come pick them up. So you're like, oh cool, this is not just a brand presentation, you're at Allman Surfboards, which I think is maybe a bit of a throwback.</p>

Brian Sheehan: 3:41

<p>It's really a community hub there in Costa Mesa, California. I'm curious how did it all come together? You've got this vision in mind for what Allman could be. Maybe it started out as just being a custom board maker, or maybe you started with the apparel and these other things came around it. Or did you envision it as being all of those things when you created it?</p>

Dave Allee: 4:02

<p>I wanted to do all of it. I think, looking at the trajectory of the surf industry over the last call it 60 years, like in the 50s and 60s, the first surf shops were started by board builders, shapers, who were building boards under their own label, and so they opened a store on PCH or wherever in their hometown to be a place where people could come in and order a surfboard, buy a surfboard. Then you started introducing t-shirts and branded merchandise as these shapers and labels kind of gained reputation and then, as the surf industry starts growing through the 70s, 80s, you know, into the 90s and early 2000s, like it just kind of hits this crazy growth curve where now, instead of being these like board builders who are opening a shop to sell their hard goods, it's these multinational, publicly traded soft goods brands and it's it's everyone's like very quick to

been paddling in the same direction for now 15 plus years and I think we've had to prioritize longevity over quick wins and there's probably been opportunities where we could have fast grown. And you know, here today, gone tomorrow a little bit, and I didn't want to get caught up in that. I didn't want to lose sight of the hard goods kind of being at the center of what we do, hard goods being custom surfboards, and that's really informed a lot of our decision making over the years. That was a very long winded answer. I apologize.</p>

Brian Sheehan: 8:07

<p>There's so much there and really what I wanted to touch on is I think there's a lot of people that might mistakenly overlook or dismiss a surf shop as this niche retail business or simply a lifestyle brand, and I think what they're missing is how much innovation there is in that space and has had to be throughout its existence. To your point. Going back to the 50s and 60s, these were some of the first lifestyle products that were created around a brand, and now you're taking that into the future.</p>

Dave Allee: 8:39

<p>Yeah, and, like you said, the surfing in and of itself is aspirational because it's rare. Not only do you have to be on the coast, you have to be in, like these little places on the coast where the waves hit the beach at the right angle and the right tide and the right direction and, you know, make surfable waves. So the comparison would be like snowboarding and if you were just like only doing backcountry, if there was no groomed trails with ski lifts, it's like you know, it's like it, it is a fleeting thing and so, anyway, we can get into more of that later. But challenges in the surf space, but it is a small total, addressable market, if you're talking just core surf, so creating a lifestyle around these hard goods.</p>

Brian Sheehan: 9:23

<p>How much of that was by necessity and by design? You know, maybe you opened in the 50s and 60s you're having some success shaping boards, maybe customs, a big part of your product lineup but did the other product categories emerge because they had to, or do you think a lot of those brands the Hobies of the World kind of really also started out with that same vision in mind?</p>

Dave Allee: 9:49

<p>Yeah, I think finding that right product mix of surfboards, soft goods, extensions from that, is part of the art and it's like an ever moving target. And I think during seasons for us we've leaned more heavily into apparel and cut and sew and board shorts and jackets and we got more heavily into that. And there's other seasons when we're like, no, we want to kind of lean more heavily into the boards themselves. It's an interesting thing. Like you know, hobie got into sailboats and sunglasses and retail stores and clothing. They kind of took it all sorts of different directions and that's actually kind of been a common thing with surf. It's surf and blank.</p>

Dave Allee: 10:35

<p>You look at some of the brands that are doing well now, like Salty Crew is surf and deep sea fishing, or Seeger is surf and kind of this cowboy aesthetic or like as you look it's. People are kind of pairing these different activities and lifestyles together with surf in order to help grow and supplement. And even those brands when they were at the peak of their powers the quicksilvers, the billabongs, the volcans it started with surf but then it very quickly became surf and snowboarding and skateboarding and and they were trying to get all board sports kind of under one roof so that they could just reach more folks.</p>

Brian Sheehan: 11:11

<p>I want to come back to that last example in a second. I'm curious what season are you in now and why?</p>

Dave Allee: 11:17

<p>So we I'd say from 2012 to 2015,. It's kind of when we were really leaning into the apparel and soft good stuff and our SKU count got very large. The brands that I've always liked are very like evergreen, timeless. You can count on them to make the same kind of products year after year. There's not a lot of like seasonal changeover, and the part of that world that I like the least personally is spring collection, summer collection, fall collection, holiday. You're just constantly reinventing to fill a line sheet. That part to me is just like too fast. You're designing to fill a line sheet rather than designing to fill a customer need. So I guess I'm kind of an old soul in this way, where I'm like I want to be very like, I want to be known for particular products and I want to like continue to tweak and refine those products. But I want to take a long view with the way we develop our stuff. Being hard goods centric.</p>

Dave Allee: 12:15

<p>We spent three years behind the scenes developing a basically what ends up being kind of a foam board, like a soft top version of our custom surfboard models. So it was three years of development. It was kind of different than what how other people have approached making a soft board. So what that board did for us was it allowed us to have a board that was about half the price of our custom boards. It only comes in four sizes, it's durable, it's recyclable, it's made in the USA. It's like where there can be a lot of maybe menu panic when you go to order a surfboard. People come in like I don't want to order the wrong thing. This is a big investment.</p>

Dave Allee: 12:59

<p>Making something that was a little more entry level was like hey, if you're looking to learn how to surf, this is the board for you.</p>

Dave Allee: 13:06

<p>If you've been learning how to surf and you want to start exploring more parts of the wave and have a little bit more control and maneuverability, this is the one for you.</p>

Dave Allee: 13:13

<p>If you want to have one, you can just bring the beach with you and just lay it down in the sand and then all of a sudden when you realize like, oh, now is when I want to paddle out, you know, take this little five foot four one, really making an entry level version, because we aim to be a premium brand and we don't make any apologies for that, but the R series line allowed us to kind of have a more entry level product to reach a broader audience, and that is what I would say took us substantially up in our ability to just grow and have a viable, flourishing, hard goods-centric business, which traditional wisdom in my industry would be that you can't do that. Everyone would tell you you cannot build a business based on hard goods. The margins aren't good enough, it can't be done. So we've been paddling against the current in that way of stubbornly either ignorantly or stubbornly deciding like no, this is where we want to kind of hang our hat.</p>

Brian Sheehan: 14:12

<p>So part of my background is in the world of luxury brands and retail and might not jump out at you, but I think there's some similarities there. And you talked about being a premium brand, and yet you felt the need to create an entry-level product, and when you're a small format quote unquote retailer, you've got a limited product line. It's not the world's biggest surf shop, but you do a really wonderful job merchandising it. I guess I'm curious how you think about that. You know need to stay, you know, at a premium kind of brand level. That's part of your identity, but then also the desire to move in that direction, and maybe a corollary would be how some luxury brands might carry certain soft goods that you know allow you to gain entry to that brand's world. In your case, though, it's one of your key product categories.</p>

Dave Allee: 15:11

<p>Yeah, and the luxury one is an interesting comparison because we are very specialty retail. For us to be going back to the retail side of things, for us to be in a mall with high, high, high foot traffic, it would change the types of products that we would need to make. It would change kind of the focus of the brand to service a broader customer base that's coming in with less of a idea of who we are. So I would say we've just embraced the fact that we're very destination driven. We do get foot traffic but for the most part people have seen us online. They're familiar with our boards, they know we have a store and they are seeking us out. They are coming to California for a surf trip and they're like I've been following you guys online for years, I'm just so excited to finally see it in person and so they might take home a t-shirt or a hat or a coffee mug as part of their trip to California. Or they're coming in like, hey, I'm here, I'm ready to order my custom surfboard. I've been saving up for this. This is a big deal for me. Let's sit down and have a 25-minute conversation to get them to write up their perfect custom surfboard and that that custom surfboard exchange is a huge part of what occurs in our retail space. And anyway, going back to the luxury thing, it's like how do you be both like premium and in some ways there's a lot of parallels with like a luxury shopping experience where it's not like overly merchandised but also be approachable, because surf shops have this many decades long reputation for being like? I don't want to ask the wrong question, I don't want to be dumb. You know, there's a couple of guys behind the sales counter who were just goofing off and it seems like maybe I'm inconveniencing them by being here Like we hear that a lot, or especially in the early days we heard that a lot like whoa. You know, I'm so used to going into a surf shop and feeling like I'm intruding and there's just floor to ceiling product, wall to wall product. But when you come into Allman it's meant to feel a little bit more homey and inviting and we're here to have a discussion and so there's a personalization that happens there.</p>

Dave Allee: 17:26

<p>Our customer relationships are much longer. We have customers who've been coming and ordering surfboards for most of our 15-year history, or all of our 15-year history. I still have customers that I met at our grand opening party in March of 2009. And so we're kind of growing with them.</p>

Dave Allee: 17:46

<p>Surfboards range from 4'10 to 11 feet and everything in the middle, so during different seasons for different conditions, people have multiple boards and like, when it's small, they're going to write a big board, when it's bigger, they're going to write a smaller board. And so we're kind of growing with them and equipping them, like whether it's equipping them physically with the gear or equipping them with the kind of knowledge and surf tips and surfboard design theory where we're really like aiming to help people. If they start with that eight foot softboard, we're going to guide them through their multi-year journey of becoming a well-rounded surfer with a, you know, diverse quiver of boards. And one of the fun things for us is like the boards that we build are going to go see far off beaches and places that we will never visit with our own two feet and eyes. But it's a fun part of knowing like cool we are now part of your journey because we're equipping you to be able to go and do this thing that you've been dreaming of for years and years.</p>

Brian Sheehan: 18:50

<p>Yeah, I was thinking about how you describe it and it seems like your product mix is just very curated and I guess I'm hoping you could talk a little bit about the balance between wanting to maximize the footprint of your real estate you know, having enough products to drive a dollar per square foot in terms of sales number but also wanting it, like you said, to feel approachable, to have an interesting mix of products and not be overwhelmed by it when you come into the shop. Because you said, to feel approachable, to have an interesting mix of products and not be overwhelmed by it when you come into the shop, because you guys have a really great balance of that, yeah, and it's funny like I tease myself when I'm talking about almond.</p>

Dave Allee: 19:27

<p>It's like we don't really measure things in dollars per square foot like a traditional retailer should. Part of that is because the variance is so high when you have high ticket items, like a custom longboard for a must could be \$2,000. So then when you're you've got \$35 t-shirts, you've got \$12 coffee mugs, you've got \$25 hats, then you've got \$600 soft tops and \$2,000 custom boards, so like the variance can be pretty high. So I think we start looking at maybe, so the variance can be pretty high. So I think we start looking at maybe broader time horizons, year-over-year sales, monthly there is a season rhythms to help facilitate that. Like one of the things we do is like we are building stock boards to fill the racks of the store every week. So every Friday we send out an email saying it's new board Friday. Look at the new stock boards that came in this week and you're just kind of I don't want to say training your customer, but you're just kind of like building that rhythm in with them where they know every Friday they're going to get an email showing off all the new boards that came in that week. And so when things are going good, those boards are selling that weekend and then you get new ones again the next week and it helps to keep things feeling fresh and new. And fortunately, surfboards are kind of in the realm of cars and guitars, where people just like to look at them, so you don't feel as though you're spamming your customers by sending them an email every couple of days with new things that we're up to or new boards that we're working on, because it's ever evolving and growing.</p>

Dave Allee: 21:08

<p>But in terms of the store merchandising itself, obviously surfboards is like 70% of our business, so it's visually going to be the predominant thing in our store.</p>

Dave Allee: 21:20

<p>And then all of the classic soft goods things hats, teas, coffee, mugs some of those categories are like the next most important board shorts or the next most important things for us. So just making sure that we're merchandising it well in a way that's like pulling in the parts of the surfing experience that maybe you don't see in there. Like historically, we've almost always had a projector playing our like vimeo reel of our surf videos happening in there. There will be some shaping footage. My friend scott makes these awesome flags that are kind of mementos for your favorite surf spots and that's a really good product category for us as well. So it's like there's not a lot of mementos for your favorite surf spots, and that's a really good product category for us as well. So it's like there's not a lot of mementos to take home from your favorite surf break. In fact, I think you have one on the wall behind you San Onofre right there.</p>

Dave Allee: 22:07

<p>Yeah, san Onofre. So yeah, just pulling in the best parts of the surfing experience so that when you walk in you feel as though you're somewhere where you're welcome. But there is like a certain like level of consideration that's been put into the space. It doesn't hopefully doesn't look haphazard and it's like we take we don't take surfing too seriously, but we, I think we take it just seriously enough. We love the activity, we love the like craftsmanship of it and we want to walk that fine line of craftsmanship timeless aesthetics and yet still approachable so many lessons there for retailers and brands today, I guess it makes me curious what's the hardest part about running when surfboards are running your shop?</p>

Dave Allee: 22:54

<p>I would say staffing like staffing. There's a lot to know to work here, because people are going to come in and they want to talk board design theory and if they're making this big purchasing decision, they want to feel comfortable and confident. So for us, it's asking the right questions. We have to know our product really well. So we've, you know, needing to surf the boards that we make and be able to speak to that very personally. So finding, like the right people who can provide that experience that we want people to have has been a challenge. I mean, yeah, I'd say that that's one. And just continuing to innovate, continuing to come out with new products Like again that timelessness, versus continuing to like push the envelope and have new things and new reasons, and so collaborations becomes a part of that. Surfboard design innovation becomes a part of that. Just trying to continue to understand and meet the needs of not only our customers but our very best customers.</p>

Brian Sheehan: 23:56

<p>So that leads me to this topic, or point which you touched on earlier. Surfshops are so iconic, and one thing that I really love about being in them is how many historical reference points there are in the shop. There's old boards, there's photos maybe your favorite break and many brands you mentioned Ford have survived and, to my view, look like they're thriving today, but so many others have closed, and you mentioned a couple of those the roll up of these large, iconic brands, and so I guess I'm curious to hear your thoughts about how do you remain relevant, and part of the answer it sounded like you were going in the direction of. You know, we have tried to stay focused on our core mission, which you had a vision of from the start.</p>

Dave Allee: 24:48

<p>Yeah, and as we look ahead as a brand and as a surf shop, I think information has maybe been like really commoditized and it's like we don't want to really compete in the. We're going to outspend other brands on Instagram ads, for example. We're not going to keep jumping on every new digital trend because that space is moving so fast. So we've actually kind of like leaned more into our monthly surf meetups and giving away as much free content as possible. It might seem counterintuitive, but we have downloadable surfboard templates on our website for free, where, if you want to try building your own surfboard, here's at least a like headstart Download this template, take it to the little FedEx office in your hometown, print it out and build your own, or come surf with us once a month. It's not really a board demo, but it's kind of a board demo. We'll drag a bunch of boards down, you bring your own, we'll bring a hot thing of coffee and we'll just do a monthly surf meetup.</p>

Dave Allee: 25:51

<p>So leaning into the places where I feel like the other brands aren't is always something that we're looking at. Obviously, recurring revenue like subscription businesses, rental programs, membership things it's always something we're flirting with. I think we're just maybe geographically we're five minutes, six minutes from the beach. But I think if we were at the the beach physically, we would have a locker room and a rack of demo boards and hot showers and a coffee shop and it would be like going to the ski mountain. Come here and we'll equip you for going and surfing right out front. I used to dream of, like there's a spot in the blackies parking lot which is a surf spot here in town, like what if we?</p>

Dave Allee: 26:34

<p>were to take over the blackies, like this spot in the blackies parking lot and which is a surf spot here in town. What if we were to take over this spot in the Blackies parking lot and you're, just like, this is our spot, park out front, we have everything you need. Go, have fun, come back. But that's a very different business model and that would be very brick and mortar being now the anchor of our business, where I think building products, product innovation is kind of where we've chosen to put our focus. But yeah, like again the community building side of things, giving away free content We've got all these free eBooks on our website of Almond's Guide to your First Year of Surfing.</p>

Dave Allee: 27:10

<p>Here's everything we can think to tell the novice surfer. Almond's Guide to Nose Riders and Longboards here's everything we can think to share about design of nose riders and long boards. Here's everything we can think to share about design of nose riders and long boards and how to get the most out of it. Like really investing in our community in a way that builds their trust and helps equip them for their journey.</p>

Brian Sheehan: 27:28

<p>There's no real good substitute for high quality community engagement.</p>

Dave Allee: 27:33

<p>Yeah, I think so, and I think it's right now, in 2024, 2024, that is more of a need than more noise interesting.</p>

Brian Sheehan: 27:43

<p>I wanted to talk a little bit, spend a little bit of time talking about the physical store itself and I really love the environment, from the colors to how it's laid out. You maximize a fairly small footprint. I wonder if you'd talk a little bit about your goals for creating the store, how that's changed over time, the physical design of it, those kinds of things.</p>

Dave Allee: 28:11

<p>So I should say we've moved twice in our 15-year history. So we were in a very small 450-square-foot spot on Old Newport Boulevard. Then we moved to a bigger 900-square-foot spot on Pacific Coast Highway, which was high visibility, poor parking, people were driving by your store at like 50. So it's like, oh, there went all of them. So then in 2015, we moved here to Costa Mesa standalone building with its own front lawn, which is very rare, and a private parking lot behind, and we shared this center with a barbershop and a landscape architect. And then there's a drive-through convenience store on the other side of the next driveway down, but it's the same complex. So this space, being a standalone building with a big front lawn, felt very nostalgic to me, of like kind of the iconic surf shops that I always admire in old black and white photos.</p>

Dave Allee: 29:06

<p>So when you walk in big redwood slab table rack of custom boards, product both from it's a lot of our products. It's not a lot of secondhand brands. We're not like bringing in a ton of products by the people. We will bring in select pieces from some

brands that we have personal relationships with that are just categories that we aren't going to develop ourselves, that are kind of necessities, sunscreen, even some of the more technical apparel stuff board bags but although, like most of it's almond branded steps when you're coming in here, it's it's very vertically integrated. It's you're at the almond shop. Yeah, so our space.</p>

Dave Allee: 29:45

<p>Now we actually I don't know if you when I said you were here was, but we cut down the footprint of the store by adding a retaining wall in there earlier this year in like january, february, so that now you can kind of stand in the entranceway and it's like the whole brand is laid out in front of you. You can we pretty much fit the same amount of product in about 60 percent amount of space. So the merchandising is a little more purposeful. But it's really like you're stepping into the brand experience. It's a three-dimensional five cents like okay, cool, I can understand. Like the brand experience it's a three-dimensional five cents, like okay, cool, I can understand. Like the brand that I've now stepped into more so than it is like a ton of SKUs that are trying to just service foot traffic customer.</p>

Brian Sheehan: 30:29

<p>Anyone that's doing retail exceptionally well today, I think, has accomplished that Totally. There's no substitute for being immersed in the vision of the brand. How big of a store is it? How many square feet?</p>

Dave Allee: 30:44

<p>now that we've cut it down, I would say it's like we're back down to, like it being six or seven hundred square feet, it's not very big and you said you don't really track sales per square foot.</p>

Brian Sheehan: 30:55

<p>Can you talk at all about kind of sales at a high level perspective, what kind of revenue a store does? I don't know if you know any metrics for the industry, if that's something that you guys track closely.</p>

Dave Allee: 31:08

<p>I don't have really insights to like industry standards, but I can tell you from our perspective we kind of fall in that like two to \$3 million a year range. A good portion of that is online, so we're probably 70% online, 30% in store and that just the nature of the products that we build being big, large surfboards like it's something that A of all customers want to come and see in person and B while we do ship tons of boards, it's

like being able to come to the shop pick up your board. It's part of the kind of romantic experience I think of custom surfboards. So we want to make that experience memorable in a good way for people. If you order a custom board, you might wait six to eight weeks longer, depending on who you order it from. So going to pick that thing up it's a big deal, and so we don't want to have that transaction happening in a 7-Eleven parking lot.

Brian Sheehan: 32:03

<p>Back to the luxury example. A lot of those fashion houses treat and view a physical store as a marketing expense. I'm curious what percentage of sales? The hard goods are there, but do you view it similarly?</p>

Dave Allee: 32:18

<p>In certain seasons I have, and I think that thinking just kind of evolves and shifts. The landscape of our industry is just like many industries has just changed a lot over the last four or five years. So, coming out of the post-COVID recreational boom, we were fully just online. We were just shipping boards every single day as fast as we could get them out the door. But now the dust has settled. We're kind of in this post-spike hangover period, getting back to our roots, reinvesting in the community, reinvesting in events at the store.</p>

Dave Allee: 32:54

<p>We just had a pop-up event on Saturday morning this past weekend where this gal brought these big ice baths and a sauna on a trailer and a coffee pop-up. She sold tickets and it was just like this huge event on the front lawn of the store and it brought I think she sold 150 tickets and that was all we had to do was say here's a hose to fill up your ice bath tank and we probably did a thousand bucks in just small merchandise sales from the people that this brought in. And I came by with my daughter and looked around the event. I was like I don't recognize a soul at this event, which is great. It brought 150 people who I don't think have ever been in my store before and that was a very productive thing. You do things like that and the surf meetups and little coffee pop-ups.</p>

Dave Allee: 33:39

<p>And we did a collaboration last year with a brand out of Austin Texas called Howler Brothers where we made some co-branded product together and you know they threw a great party. They had a DJ and a food, a taco truck and bartender and they got all these drinks. You know contributed to the thing and you know contributed the thing and you know reinvesting in some of those things has been part of this, like post-ecom boom

and us finding our way. I talked to a ton of other brands, either in our space or similar kind of expressions but and everyone's kind of trying to figure out like, where do we go next? And the in-person stuff has been good and refreshing and, I think, needed for both the customer and us as a brand.</p>

Brian Sheehan: 34:20

<p>This next seems to be working really well for you guys. I'm curious what you think is coming. What's the next next?</p>

Dave Allee: 34:27

<p>The next next for us, I think, or I think the next next just in general, is doubling down on the community thing. I don't want to tip my hand too much here, but I think there's a lot of social media fatigue where every small brand or business whether you're a restaurant or an apparel brand or whoever you've had to become a media company over the last number of years and so you're shouting a lot of stuff out into the void, hoping that the almighty algorithm is going to like what you're putting out and you're chasing this kind of moving target. And I think there's a lot of fatigue around that, both from the consumer side and I think we're seeing a lot of the downsides of that running the world and from the brand side with every new innovation. There's like this period where it was very efficient to get new customers by pouring a bunch of the meta ads. You could get a lot of new customers very inexpensively, and now we've seen return on ad spend drop and that seems like that world's kind of all over the place and organic reach has really dropped. So I think there's a lot of fatigue there.</p>

Dave Allee: 35:42

<p>So we're now trying to figure out like okay, what's the next thing, instead of us shouting at our customers, hoping to reach them. How do we get our customers to engage with us, with each other? How do we create a little more like, pocket of like hey, this space is meant for these kind of conversations Go and allow there to be a little more cross pollination, because whether it's surfboard design or travel, the reach of our customer base now is global and certainly spread all over both coasts of the United States or the Northeast. How do we get them to connect with other almond customers who live there, know the best spot for a breakfast burrito, know the best time of year to go surf there? How do we start to create a genuine exchange of just community and not have to always play gatekeeper or just us shouting from a megaphone? So that's kind of where we're headed, but I think there's a lot of untapped potential there and there's a couple of brands in other industries who are doing it and it's something that fascinates us a lot.</p>

Brian Sheehan: 36:59

<p>Who are some of the brands you're thinking of that are doing that now?</p>

Dave Allee: 37:02

<p>Are you familiar with Random Golf Club in Austin, Texas? It's like a smaller golf brand. I don't know. I say smaller, I have no idea. It's a small-ish golf brand from Austin. It's very like heavily founder-led. It's got Eric Anders Lang is like the founder and face of the brand, but they've done a good job of cultivating.</p>

Dave Allee: 37:22

<p>I think their motto is like a global community of local golfers and like they've done a good job of cultivating community around golf in a again kind of like what we talk, the way we talk about surfing, like they don't take it too seriously but they take it maybe just seriously enough and so that's probably the best example that I can think of of like a brand that's doing that well and I think that that helps drive a lot of the things that they do. And like they're very active on youtube and they do a lot of meetups and like I saw some one ridiculous thing where they had like instead of a foursome it was like a 50 some and they had like 50 people play a round of golf together. I don't I'm not a golfer, I don't actually know how that worked, but there's a level of like creativity required to do that kind of stuff that I I admire, even as a non golfer.</p>

Brian Sheehan: 38:09

<p>I love it. I am a golfer. I'm definitely going to check them out. I wanted to try a new segment with you, Dave. If you're comfortable with this just going to throw some rapid fire questions at you, Okay, let's do it All right. Favorite Southern California surf spot.</p>

Dave Allee: 38:24

<p>San Onofre. It's not where I go the most, but if I had to pick a favorite, San Onofre.</p>

** Brian Sheehan: 38:29**

What's your favorite surf destination? Maybe outside of Southern California?</p>

**Dave Allee: 38:33 **

<p>Anywhere that has a long left point break. So I'd say the famous ones would be like New Zealand or Peru or a bunch of places I haven't been yet, but a long left point would be my dream surf destination.</p>

Brian Sheehan: 38:47

<p>What's your current favorite product in the Omen catalog?</p>

Dave Allee: 38:51

<p>I'm always like most excited about the new stuff we're working on. So we've got some new surfboard models that we're kind of developing that are in the testing phase right now. So I'm always like looking ahead to like what's coming next on the pipeline. But I'd say the R-Series, those foamies I was talking about earlier that's probably the product that I'm most proud of, but yeah, it's still it's boards.</p>

Brian Sheehan: 39:12

<p>A couple of questions about favorite other brands, one of those being, if you weren't shopping at Almond, what's your favorite other surf shop you visit?</p>

Dave Allee: 39:21

<p>So favorite surf shop. It's amazing how few surf shops I go in. There's a shop on the Oregon coast called Moment Surf Company and it's in Pacific few surf shops I go in. There's a shop on the oregon coast called moment surf company and it's in pacific city, oregon. It's a small shop but they've done a really good job of like packing a lot of product in there and it's kind of what I was referring to earlier. It's like it's like right in front of the surf break and because it's on the oregon coast, it's cold and rugged and you have to like really want to be a surfer there. So I think there's an inherent like oh, you too, yeah, like just a common understanding between like surfers when you're in colder water. So I'd say moment surf company probably would be my favorite surf shop. I've been to it. It feels very like a different reality from Southern California Crowded, very developed, and there's a Pelican Brewing. It's like right next door. So that doesn't hurt either. So it's a cool setup.</p>

Brian Sheehan: 40:18

<p>How about favorite other brand? You mentioned Random Golf Club.</p>

Dave Allee: 40:23

<p>Favorite other brand. I like Buck Mason, just like elevated basics. I think they do a beautiful job with their stores. I like Seavey's shoes. They've like again taken this very kind of nostalgic, timeless California approach. Their stores have a lot of very eclectic things that they've collected over the years and then Slightly Choppy. My buddy Scott, who does the surf flags Everything he does is like really cool and original and authentic feeling. I really like what he's doing with Slightly Choppy.</p>

Brian Sheehan: 40:55

<p>Last question in this little rapid fire segment inland surf and wave parks. Are you a fan, Are you supportive?</p>

Dave Allee: 41:02

<p>This is a controversial take, I guess, but I'm very much in favor of. I've been very fascinated by the technology of surf parks and wave pools over the last several years. I don't think the expansion has happened nearly as quickly as most would have expected and it's happening way faster in Europe than it is here, but I think it's good. I don't think it replaces surfing, but there's so many days when I would just kill for any little bump or clean wave to ride and it's just it's windy or it's flat, or it's the middle of summer and it's crowded. And you know, in Newport they just blackball it, which means no hardboards. So I think having a controlled wave pool that you can go surf whenever you want only does good things for surfing, for us as surfers, and I'm excited to see there's a bunch of projects like in various stages of development in the us right now.</p>

Brian Sheehan: 42:02

<p>So I'm excited to see more of those like open up and start pumping waves through do you see that part of the industry changing anything for Almond Vision, creating new products, or do you feel like Almond could service that customer equally well as it is today?</p>

Dave Allee: 42:21

<p>I think. So it kind of comes down to like what style of waves these parks are going after. We didn't really touch on this but like the boards that we build are kind of like we say, exceptional surfboards for everyday waves, so like we're pretty realistic about the fact that it's usually two feet and or you know, waist high and decent on any given day in Southern California. So we're really building boards for having a really good time in marginal conditions. We're not building high performance surfboards for high performance surfing in critical waves. There's a whole industry around that.</p>

Dave Allee: 42:56

<p>That's not our reality day to day, so that's not the products that we build. But as people are building wave pools, they're trying to build the best wave possible. So I think we would have to continue to push things a little bit more progressive, to really like service that customer or you know you're looking at like the R-series line of like, hey, this is a great board for building confidence if you only surf a couple times a year or if you're really just getting your feet wet, helping that kind of like intermediate surfer to progress. It only creates more opportunity for us, I should say.</p>

Brian Sheehan: 43:28

<p>Okay, fair enough. And then, thinking about the future, are you planning to open additional locations? What are your growth goals?</p>

Dave Allee: 43:37

<p>We get asked all the time about our interest in opening a second location. Every time there's a new development that's getting close to completion we usually get a call and a pitch deck and you know to. They're looking for like interesting, visually stimulating retail to pull in. We have not really entertained any of those things up to this point. I think for us to do a second location it would have to be adjacent to waves and I would want there to be some element of a surf club membership, like I've thought through like how I would do that model quite a bit over the last several years, so it would have to have like a surf club element to it for us to really sink our teeth into a second location. If it was just strictly retail, I don't know that we're built for it right now as an independently owned surf brand what are your growth goals over the next five years?</p>

Dave Allee: 44:34

<p>great question depends on how much we want to. You know, if we're talking about that like 70 30 hard goods to soft goods split, like if we want to start growing that soft goods to catch up to the level that the hard goods is at and be more at like a 50-50 product mix, I think that's where the growth could come from. But we have a couple of collaborations coming in the next several months that are going to be really good for us and it'll be interesting to see what new doors that those open. But they're very. It's a mix of both hard goods and soft goods, but we're going to let some of the unexpected opportunities that have come our way kind of drive our growth over at least the next 18 months and then we'll kind of see where the dust settles and what opportunities exist after that. Every time I make a plan, some new thing that's better comes along. So we have to be nimble and adaptable.</p>

Brian Sheehan: 45:29

<p>That's interesting. You know, what really piqued my curiosity is how you know your expansion ideas and creating a club being at the beach. I think a lot about that kind of membership club model, being able to store beach Like here's a great example. You know I'll be out there again at a certain point and I could really use a short-term rental. I'd love to come in, buy a board from you, have a place I could keep it. I'm out there three or four times a year. You know, usually I'm like renting or I'm demoing a board and then have a place to stay. That's a part of that. You know you're starting to see this kind of happen in that world where hospitality and a great coffee shop and I can get a taco and

I in fact, every time I go to your place I'm thinking like man, if there was a little place to grab a coffee in here, I would totally do that too, you know.</p>

Dave Allee: 46:19

<p>Yeah, one of the draws for us to move here. But sidecar donuts is directly across the street and I've known the owner of that for a long time, so I felt like opening coffee in our space. In addition, to like the plumbing requirements that that would have taken was like flying directly against my relationship with Sumter. So it is right there, but it's like I do think some of the best surf shops that people point to nowadays are have combined coffee with surfing, and you know, whether it Saturdays in New York City, or there's a shop here in town called Daydream that like people just like to hang out at, because it is that's tricky too, because it's mostly a coffee shop yeah, I've been in there.</p>

Brian Sheehan: 47:02

<p>they do they. They get a big crowd, yeah, yeah, what's interesting is I have not bought a lot of other products from them, whereas in your shop, you know, I am more immersed in the brand and feel like your communications keep me engaged, and so usually I pick up a few things when I'm there, whereas Daydream. I am really just in there to get something to eat and kind of hang out, and you know the vibe.</p>

Dave Allee: 47:25

<p>I think that's common. I think most people think of it as a coffee shop with like this surf appendage yeah, absolutely. Well, Dave, it was great speaking with you today.</p>

Brian Sheehan: 47:37

<p>Thank you for joining me on Retail Intel. Be sure to check them out in person in Costa Mesa and on Instagram at Almond Surfboards. Whether you're an aspiring real estate mogul, a seasoned pro or simply curious about the places where we shop, dine, play and work, this podcast is your all access pass to the world of commercial real estate. Connect with me on LinkedIn and, if you're interested in being a part of the Retail Intel podcast, send a message to nationalaccounts at phillipsedison.com. If you want to hear more about new and expanding brands, keep tuning in to Retail Intel and please subscribe, follow, like and repost. Talk to you next time.</p>