



MARSHALL

# Tall Grass Liquor

## 2020 Annual Report



This report is the City of Marshall's Municipal Liquor Operations Report outlining the liquor activities of Tall Grass Liquor over the past year. The information herein also provides a history of sales data and past events. This report includes analysis over the past five (5) calendar years.

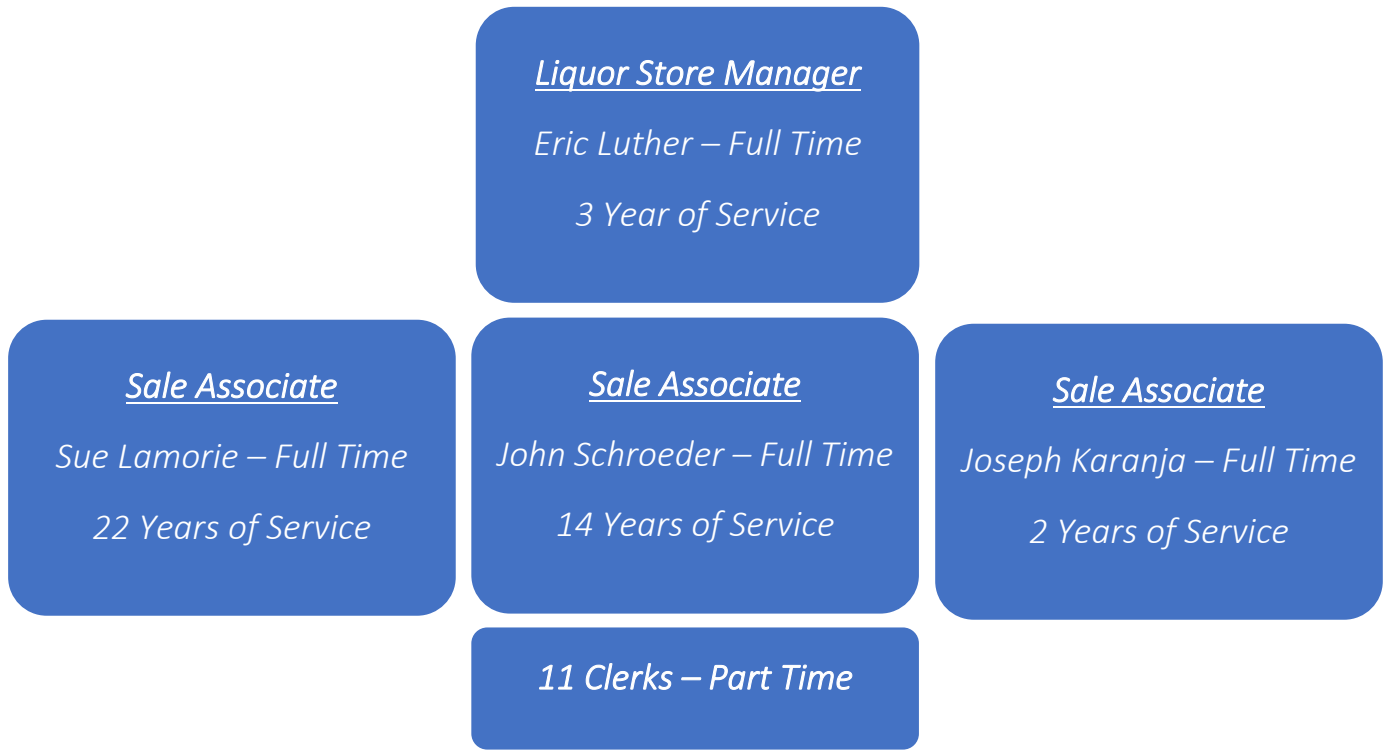
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## I. Liquor Operations

The Marshall Municipal Liquor store has been in operation since 1934. The current liquor store is located at 1410 Boyer Drive and has been operating at this location since November of 2016. To this day, the profits from the liquor operations provide a much-needed revenue source for the Marshall community. Profits from the municipal liquor store help to reduce the property tax levy and provides funds for special projects.

### Organizational Structure



### Mission Statement

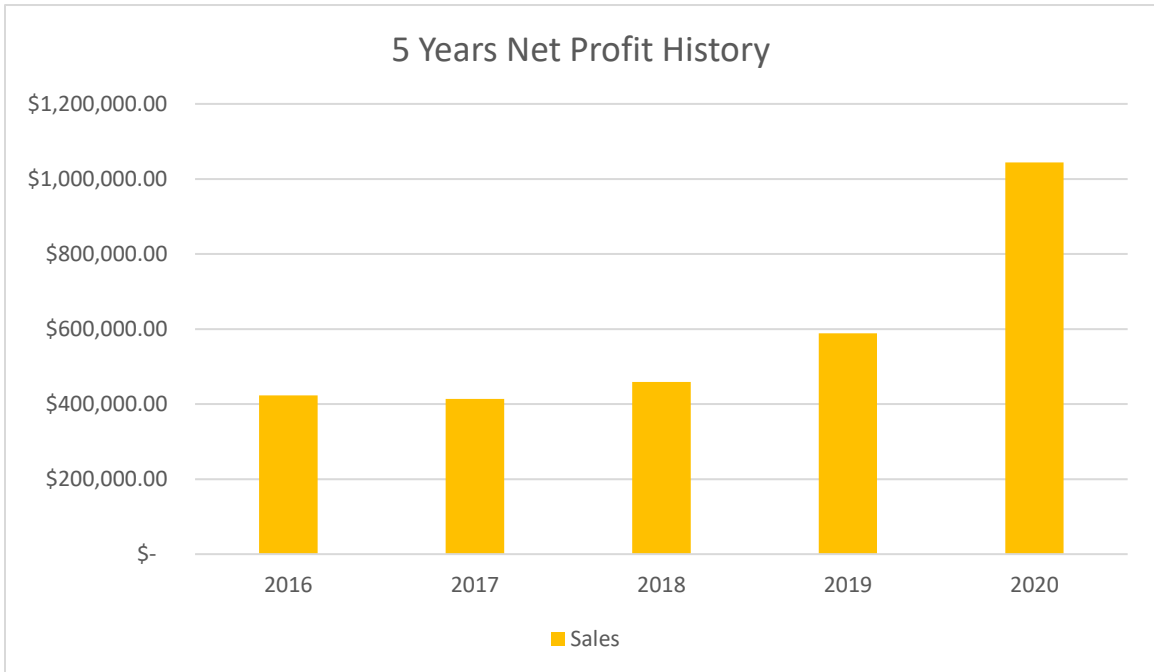
The business is designed and intended to control the sale of alcohol by following all statutes established by the State of Minnesota, by providing the best quality shopping experience for our customers, at a profit that is reinvested back into the community, and by providing an environment that is positive for customers, associates and managers.

### Store Priorities

- Working clean and safe
- Store Tours
- Friendly and helpful to all customers/co-workers
- Keeping all areas of the store organized/stocked/faced

## II. Sales & Profits

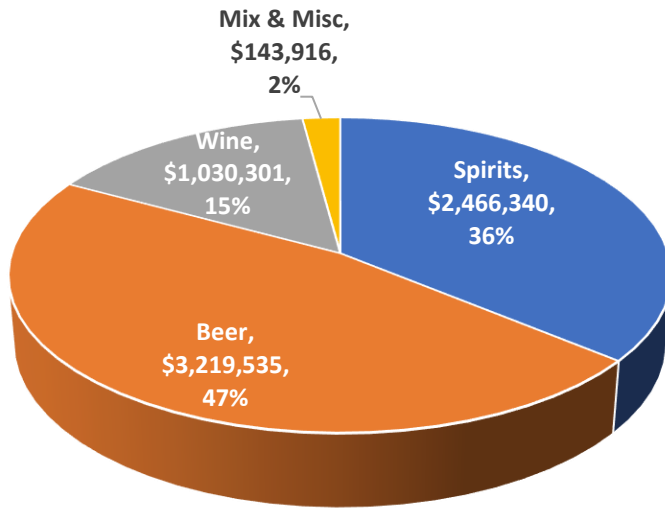
In 2020, the overall sales of the Liquor Operation were \$6,860,252 with a net profit of \$1,044,104. This was an increase of total sales by \$1,311,888 and a net profit increase of \$455,877 when compared to 2019.



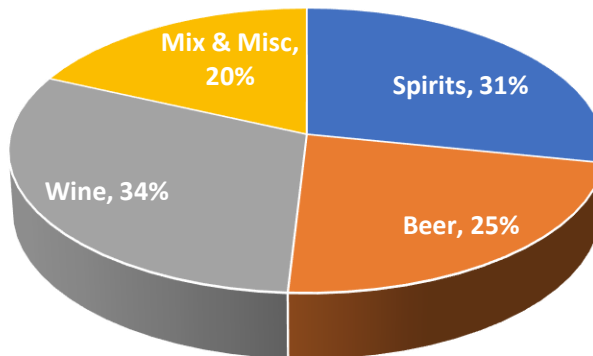
Sales & Gross Profit by Category

The adjacent chart shows the distribution of the 2020 annual sales based upon the four categories of: Beer, Spirits, Wine & Mix & Miscellaneous. Beer Sales account for 47% of total sales, with Spirits accounting for 36%.

2020 Sales by Category

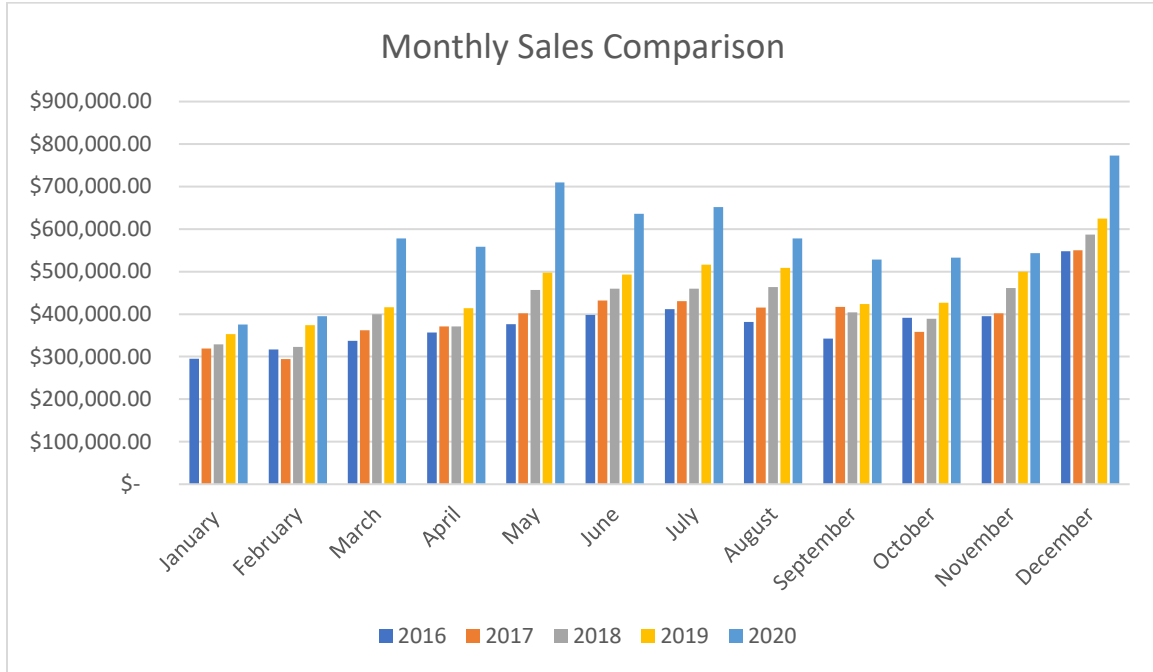


2020 Gross Profit by Category



The adjacent chart shows gross profit percentage by category. Even though Beer has the highest sale dollars, wine and spirits have the higher gross profit percentage.

Monthly Sales 2016-2020



III. Trends

Hard Seltzer’s have exploded in the past year with all major breweries offering new flavors and products.

Domestic Beer is our biggest seller. Craft beer interest continues to grow with new products and breweries in Minnesota.

This past year and a half customer ticket averages have increased due to more products being purchased on a bulk basis.

#### IV. Events

All off-site events/in-store sampling were paused in 2020 due to restaurant closures and COVID-19 guidelines. Store sampling/tasting resumed in June of 2021. Plans are in motion for the Holiday wine walkabout scheduled for November 11<sup>th</sup>, 2021. Plans are also being made for the Made in Minnesota Craft Beer festival in May 2022.

Our customers and the Marshall Community continue to have interest in these tasting events that build interest in liquor, wine, and beer. Tall Grass is the premier location to purchase beverages that our customers are seeking because of the selection of products carried.

#### V. Community Service Support

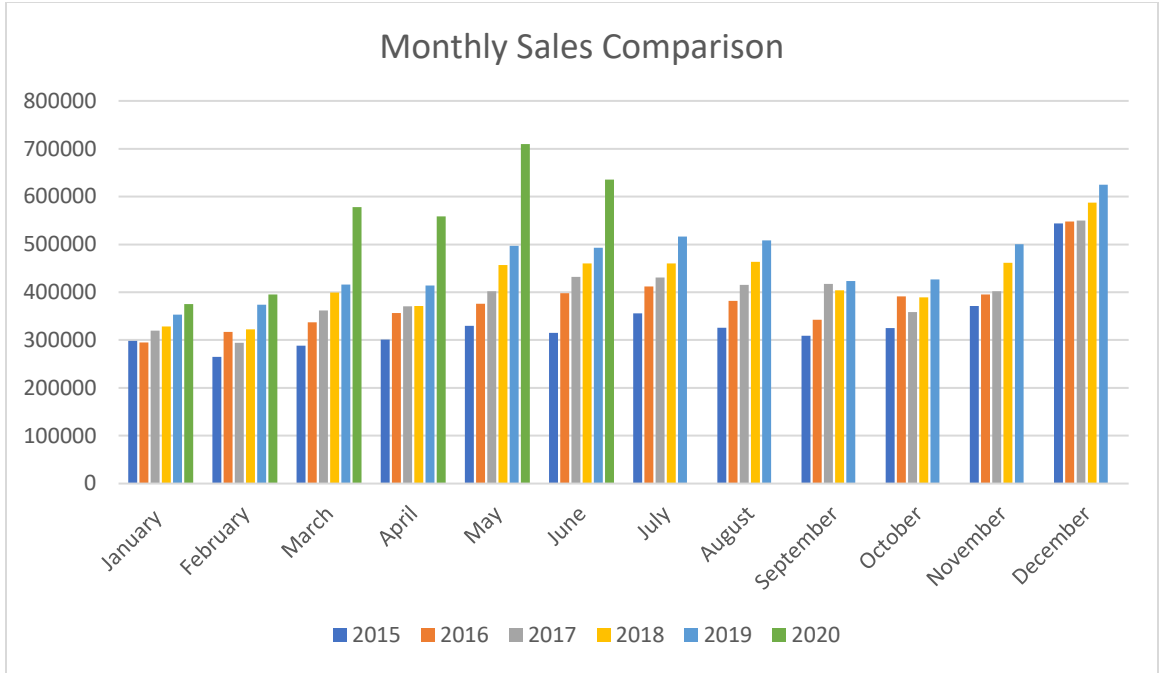
- Marshall Pet rescue
- Marshall Scouts with loose change collection from customers and employees.
- Marshall Kitchen Food Shelf with loose change collection from customers and employees.
- Tracy Pet rescue with loose change collection from customers and employees.
- SMSU Foundation through supplier donated items which were given to SMSU Gold Rush Raffle for use on the silent auction.

#### VI. Accomplishments

- Beverage Alcohol off-sale training and carding for all employees.
- Attendance at the Minnesota Municipal Beverage Association zoom meeting.
- Continued to enhance the customer shopping experience with unique floor displays.

#### VII. Semi Annual Review (January 2021 – June 2021)

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2020/2021 % Change</b>
Sales	2,548,108	3,252,741	3,154,479	-3%
Customer Count	91,293	99,259	96,284	-3%
Average Ticket	\$27.97	\$32.79	\$32.76	0%



### VIII. Proposed 2022 Budget

2022 sales estimates are based on a conservative baseline of 2021. Currently we are trending ‘close’ to 2020 sales. Customers are seeing the value and benefit of the Tall Grass Liquor off-sale shopping experience compared to that of on-sale liquor.

A 27%-28% Gross Profit margin will be the target for 2022. Monthly reporting will ensure we are on track to hit this goal. We have seen the benefit in 2020 off the investments made earlier that included a free-standing 50ml merchandiser, a self-serve cooler for displaying single cans for purchase and the Pick Six Mix & Match area. All of these are designed for customers to ‘add on’ purchases to their existing selection benefitting the store with a higher ticket average and increase in gross profit dollars.

In 2020, installation of new category aisle signs along with upgrading our POS operating system have helped improve the customer service experience at Tall Grass Liquor.

This year we have installed a new beer cooler wall wrap with raised lettering to identify the beer cooler categories. We are in the final stages or rolling out online eShop ordering/payment for curbside pickup.

Items that we would like to include in 2022:

- Wash/cleaning sink in the warehouse.
- A 2<sup>nd</sup> Single serve refrigerated cooler/merchandiser to expand the single can/chilled wine offerings.
- Re-color/re-seal current cement floor.