



MARSHALL

Tall Grass Liquor

2019 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.

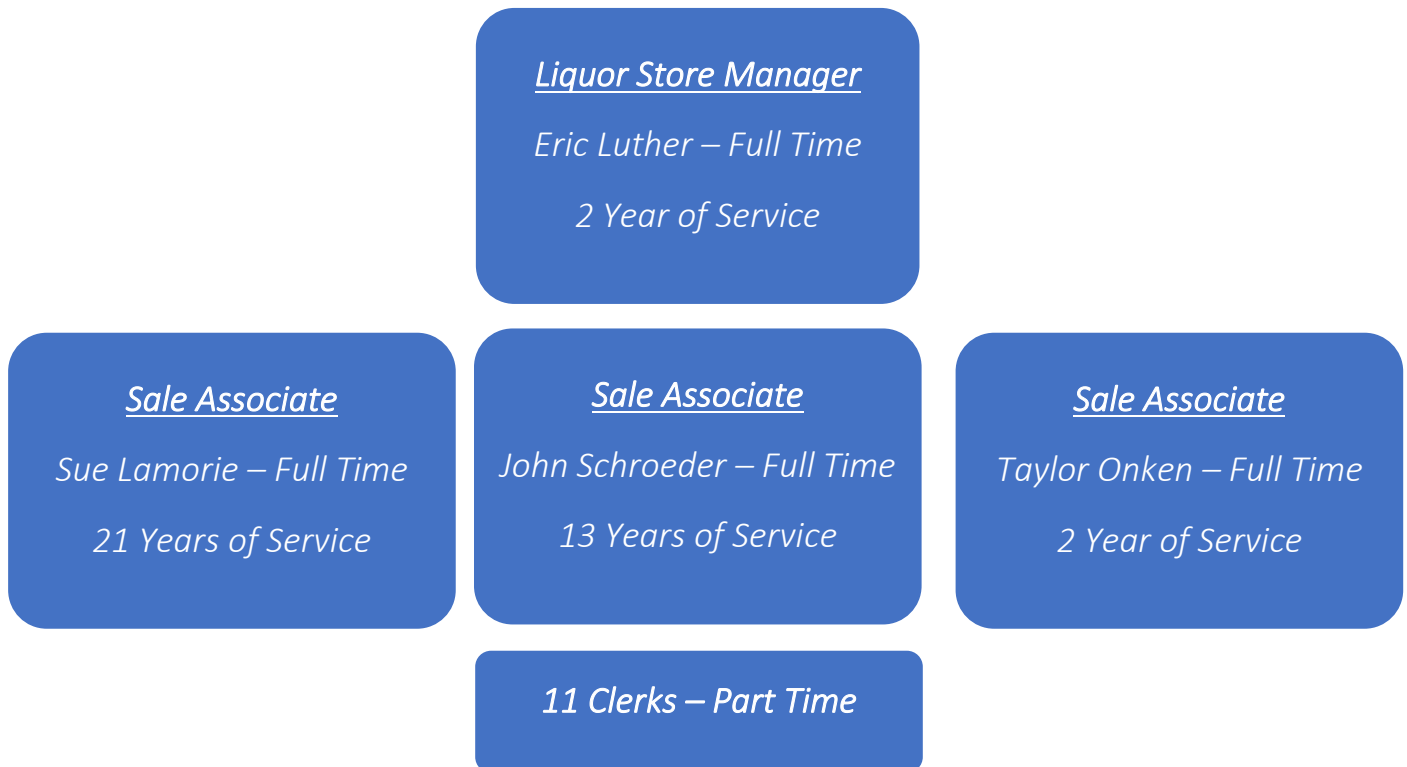
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I. Liquor Operations

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

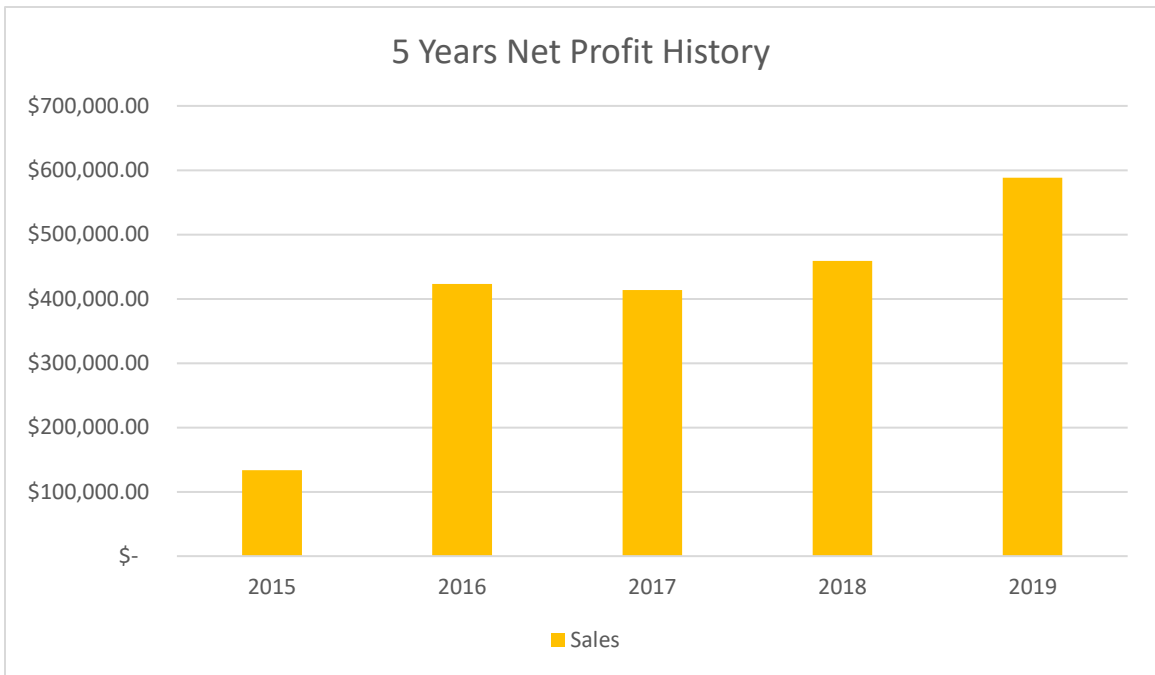


Mission Statement

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.

II. Sales & Profits

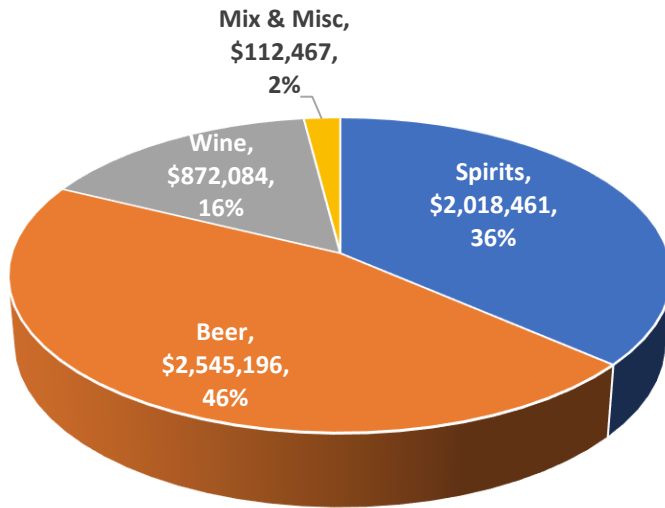
In 2019, the overall sales of the Liquor Operation were \$5,548,364 with a net profit of \$588,227. This was an increase of total sales by \$443,851 and a net profit increase of \$129,289 when compared to 2018.



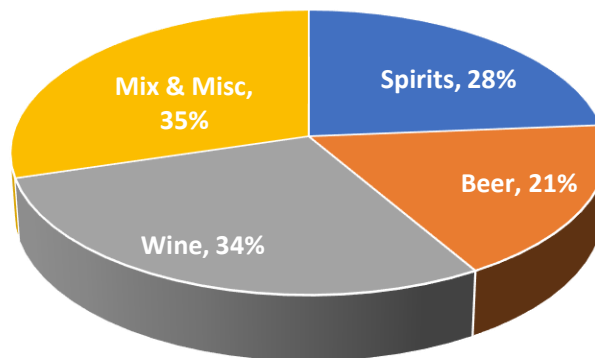
Sales & Gross Profit by Category

The adjacent chart shows the distribution of the 2019 annual sales based upon the four categories of: Beer, Spirits, Wine & Mix & Miscellaneous. Beer Sales account for 46% of total sales, with Spirits accounting for 36%.

2019 Sales by Category

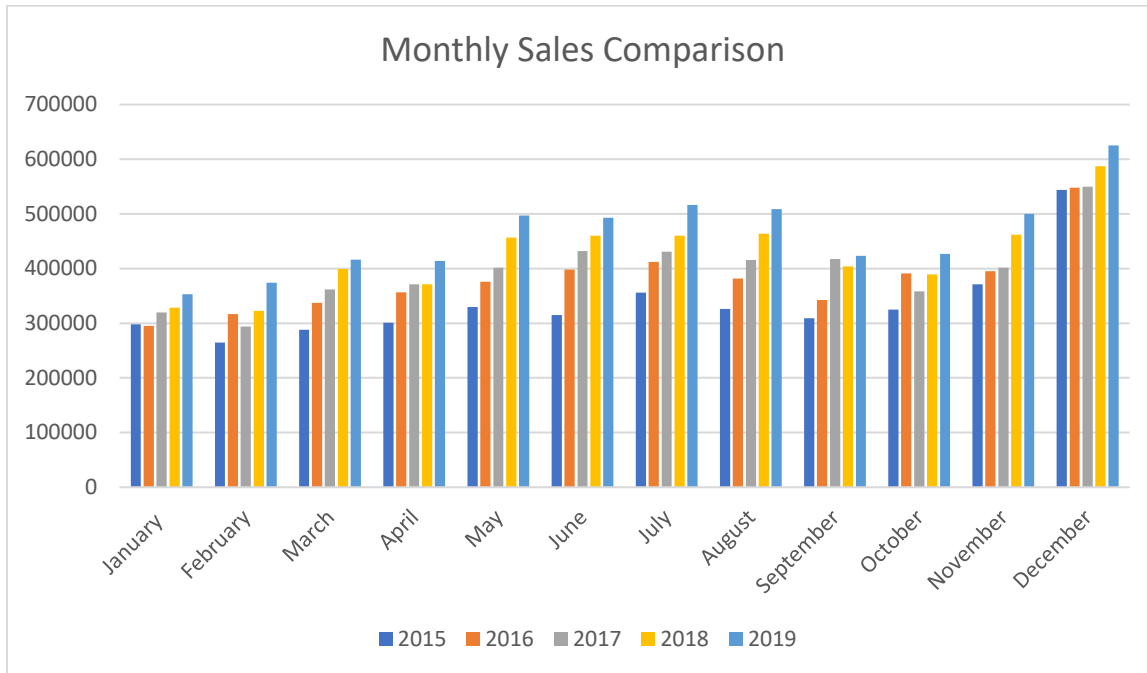


2019 Gross Profit by Category



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 2015-2019



III. Trends

Liquor (Bourbon, Canadian Whiskies, Vodka) lead the way in this category

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

Wine (Value wines and box wines) lead the way in interest. Cabernet, Red Blends, Chardonnay, Pinot Noir and Minnesota made wines continue to be strong sellers.

IV. Events

Tall Grass has put on several successful events in the past year.

- Valentine Wine tasting
- Minnesota Made Craft Brewery Festival (was cancelled 2020 due to COVID-19)
- Holiday Wine Walk about

We feel that there is a tremendous interest in tasting events that build interest in different types of wine and beer. Tall Grass is the premier location to purchase beverages that community members are seeking because of the variety of products we carry.

In addition to the tasting events, Tall Grass does weekly tasting in-store to promote new products and existing products giving our customers an opportunity to try new items while shopping.

V. Community Service

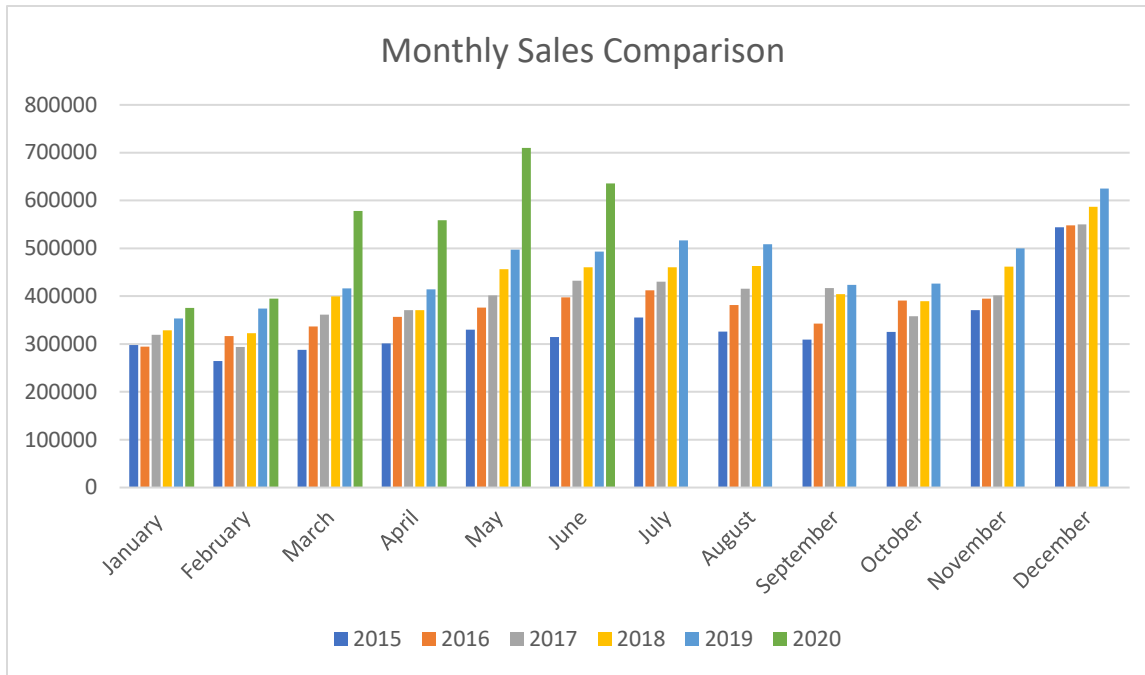
- Supported the Marshall Pet rescue with loose change collection from customers and employees.
- Supported the Memorial Park Phase 3 project with a contribution from customers and employees.
- Supported the Marshall Fire Department with a contribution from customers and employees for use in purchasing tactical equipment.
- Supported SMSU Foundation through supplier donations used for silent auction at the Gold Rush Raffle.

VI. Accomplishments

- Specific wine, beer and liquor training for all employees.
- Beverage Alcohol Off-Sale training and carding for all employees.
- Attendance by all Full-time staff at the Minnesota Municipal Beverage Association regional meeting.
- Attendance at the Minnesota Municipal Beverage Association Conference.
- Continued to enhance the customer service and shopping experience with unique floor displays.

VII. Semi Annual Review (January 2020 – June 2020)

	2019	2020	% Change
Sales	2,548,108	3,252,741	27.65%
Customer Count	91,293	99,259	8.73%
Average Ticket	\$27.97	\$32.79	17.23%



VIII. Proposed 2021 Budget

2021 sales estimates are based on a conservative baseline of 2020 not taking in consideration the spike in sales recently. We have estimated a 5% increase in sales for 2021. We believe that the consumer purchasing patterns will benefit our off-sale store in the short-term future.

A 26% Gross Profit margin will be the goal for 2021. Monthly reporting to ensure we are on track will be adhered to.

We have made investments in merchandising that include a 50ml size free standing merchandiser and a self-service cooler for displaying wine and single cans/bottles for purchasing. Both investments have seen a growth in ‘add-on’ sales of these products to customer’s orders, in turn increasing ticket averages and gross profit.

We are in the final stages of implementing a new POS operating system-Cloud Retailer and also should have the category aisle signs installed by the end of July. Both these investments will help with delivery of a better customer service experience at Tall Grass Liquor.

Items that we would like to include in 2021:

1. Electronic safe to replace the old safe \$750
2. New wall wrap sign above beer cooler. This sign would have the current graphics that would match the aisle category signs. \$1000