

City of Marshall

344 W Main Street
Marshall, MN 56258

Tall Grass Liquor

2018 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

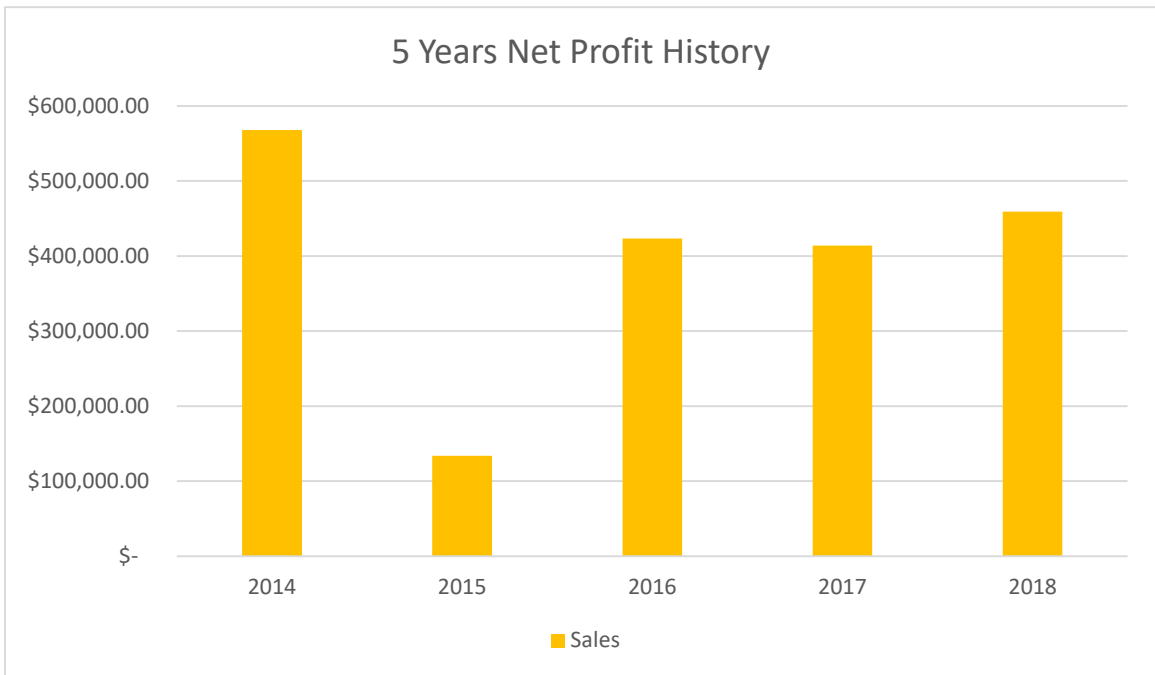


Mission Statement

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

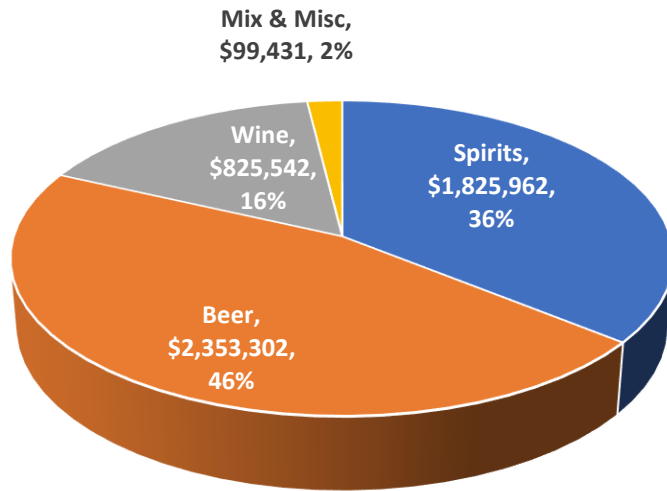
In 2018, the overall sales of the Liquor Operation were \$5,104,513 with a net profit of \$458,938. This was an increase of total sales by \$351,436 and a net profit increase of \$45,132 when compared to 2017.



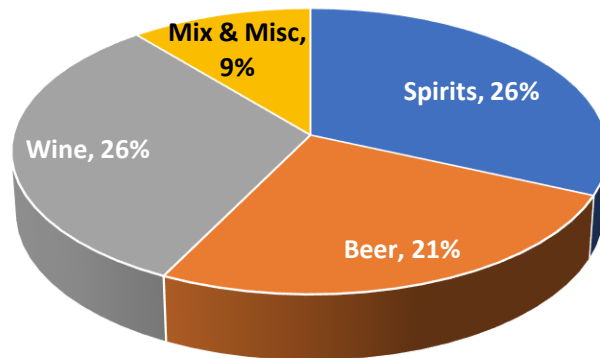
Sales & Gross Profit by Category

The adjacent chart shows the distribution of the 2018 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%.

2018 Sales by Category

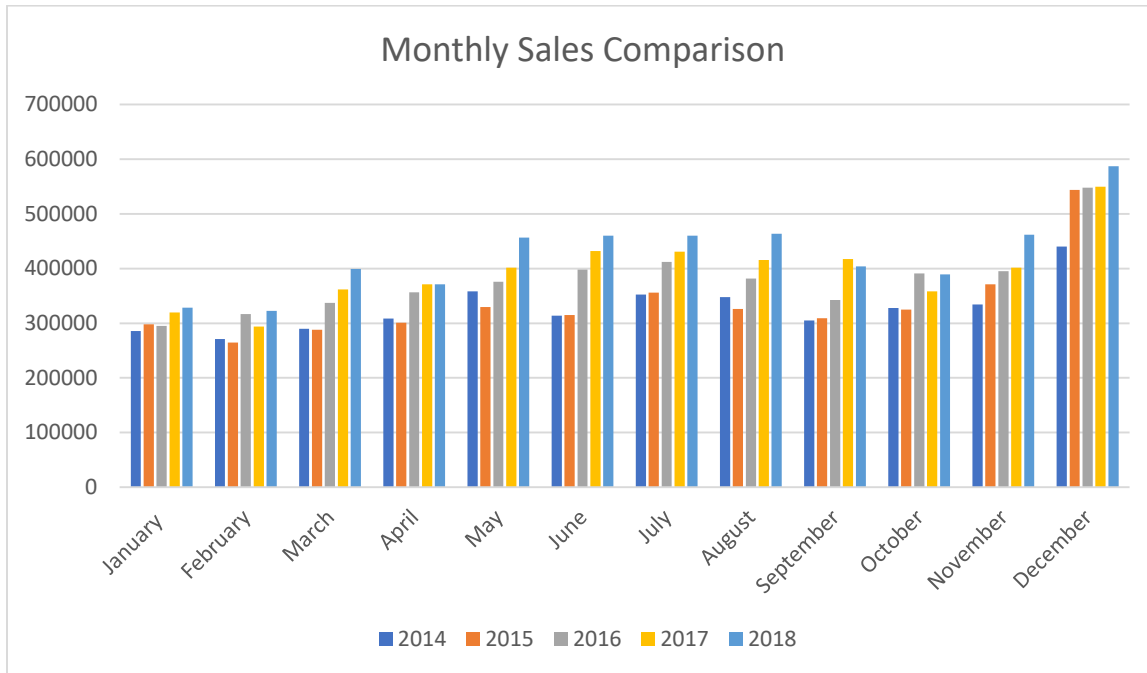


2018 Gross Profit by Category



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 2014-2018



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 6 months.

- Valentine Wine tasting
- Minnesota Made Craft Brewery Festival
- Holiday Wine Walk about (Scheduled for November 7th).

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

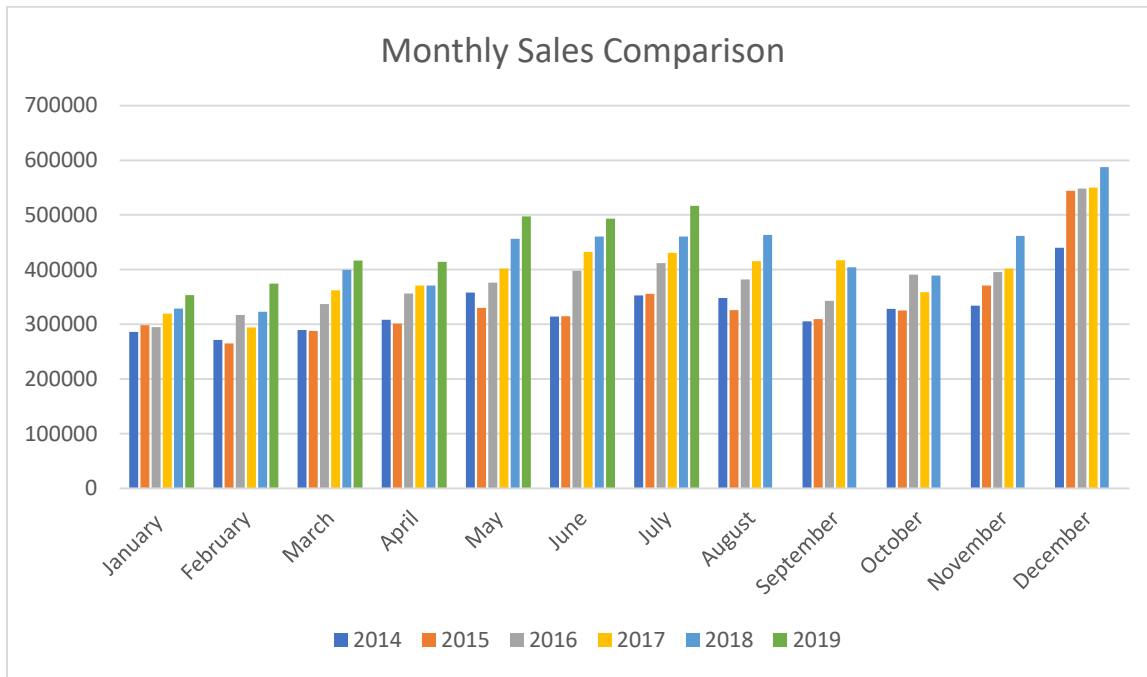
- Executed 2 fundraising drives with proceeds going to the Pet Rescue in Marshall
- Executed fundraising effort with proceeds going to the Memorial Park Phase 3 project.
- Currently involved in a fundraising effort with proceeds going to the Marshall Fire Department for tactical equipment and training.

VI. Accomplishments

- Employee Handbook established that outlines specific policies and procedures for the store operation and staff.
- Specific wine, beer and liquor training for all employees.
- Beverage Alcohol Server Training and carding for all employees.
- Improved merchandising of all products in-store.
- In-store tasting schedule developed with our suppliers.
- Monthly marketing flyer developed highlighting specials on product.
- Engaged social media with daily posts on Facebook highlighting new items and other information.
- Full store inventory completed and weekly system in place to maintain accurate inventory counts.
- New retail credit card terminals purchased and processing company. Identified to save money on monthly processing fees.
- Attendance at the Minnesota Municipal Beverage Association Conference.
- Attendance by all Full-Time staff at the Minnesota Municipal Beverage Association regional Meeting.

VII. Semi Annual Review (January 2019 – July 2019)

	2018	2019	% Change
Sales	3,193,987	3,472,250	8.70%
Customer Count	117,271	123,472	5.29%
Average Ticket	\$27.28	\$28.16	3.22%



VIII. Proposed 2020 Budget

Sales have been trending up year to date and 2020 is estimated at a conservative 3% based on actuals. Supplies, freight and other variable costs will trend higher. Building will start to have some maintenance investment since it is important to keep the store looking new.

Annual Gross Profit goal is 25-26% or higher. Monthly reports will be review to ensure we are on track for this goal.

Items that we would like to include in 2020:

1. Upgrade to RITE Cloud Retailer software. Electronic gift cards included with upgrade, more back of the house financial reports included. The current RMS software will be phased out soon. \$4555.56.
2. RITE Handheld inventory scanning gun. This would greatly aid in inventory management. We would be able to scan bar cards on the floor and adjust inventory through this gun. \$1695

3. Category Aisle signs. I have a company from Worthington that has given me a bid. \$4942. These would be more permanent and would greatly enhance the customer service experience.
4. Refrigerated Merchandiser for Wine. We would like to have a refrigerated merchandiser located by the check-out line so that customers would be able to pick a chilled bottle of wine. \$2157.94.
5. 4 way shelf merchandiser for small 50ml/100ml bottles. \$1100. Displaying these size bottles so that customers can shop from on the floor, rather than behind the counter.