

The Department of Alcoholic Beverage Control

2021 YEAR IN RETAIL

SUMMARY OF OPERATIONS
JULY 1, 2020 - JUNE 30, 2021



CONTENT

A Note from Deputy Director Cade Meier	03
Five Year Sales Summary	04
Sales by Fiscal Month	05
DABC Retail Stores	06
Top Ten Stores By Sales	07
On-Premise Retail Sales	08
On-Premise vs Off-Premise Sales	09
Manufacturing Licenses	10
Sales by Type	11
Sales by Top Ten Categories	12
Top Selling Items	13
Top Selling Beers	14
Top Selling Wines	15
Wines by Region	16
A Word from Regional Manager Val Dunaway	17
Training	18
A Message from the Purchasing Division	19

A WORD FROM CADE MEIER, DEPUTY DIRECTOR

During the 2021 fiscal year, the department increased 3.4% in revenue from the year prior. This continued increase in revenue resulted in compound annual growth rate of 4.88% from FY 2017 to FY 2021.

The pandemic continued to cause changes to our customer's buying patterns and our daily operations. Supply lines have been and continue to be disrupted through glass and can shortages that alter our product availability. The department overall has seen continued staffing shortages which have affected operating store hours and required increased cleaning and sanitizing procedures to continue. The revenue loss due to store closures as a result of the pandemic is estimated at \$4,515,000 for FY 2021.

However, with all of the obstacles our stores are facing, revenue is still improving and the addition of new stores in Farmington and Taylorsville have been a tremendous success. Additionally, the department has begun planning for future stores in Sugarhouse and East Sandy. The new stores will help decrease demand on current stores and assist the department to improve customer satisfaction. We again look forward to finding new contributions from our wonderful employees and continued suggestions from our customers.

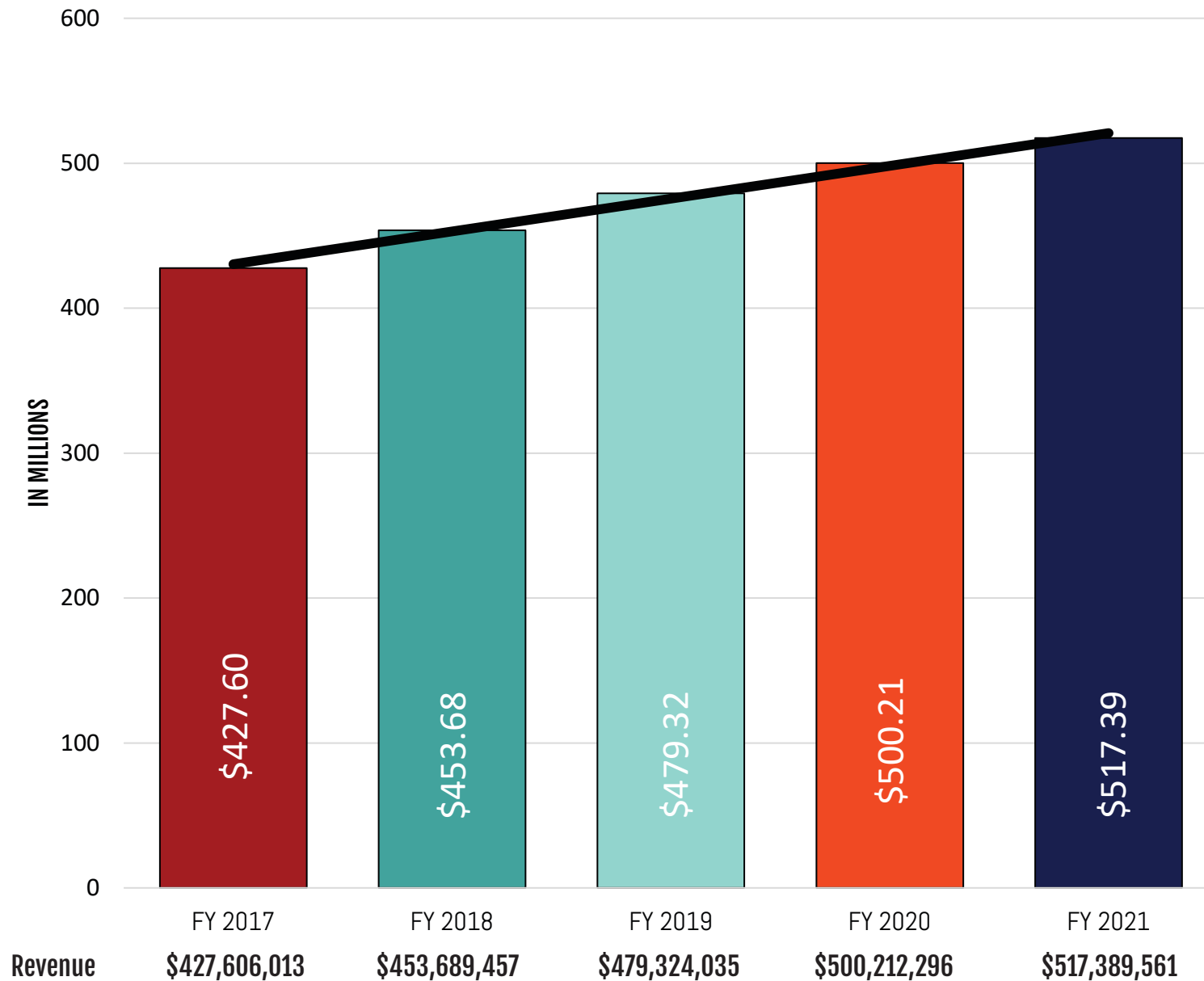
Sincerely,

Cade Meier
Deputy Director, DABC



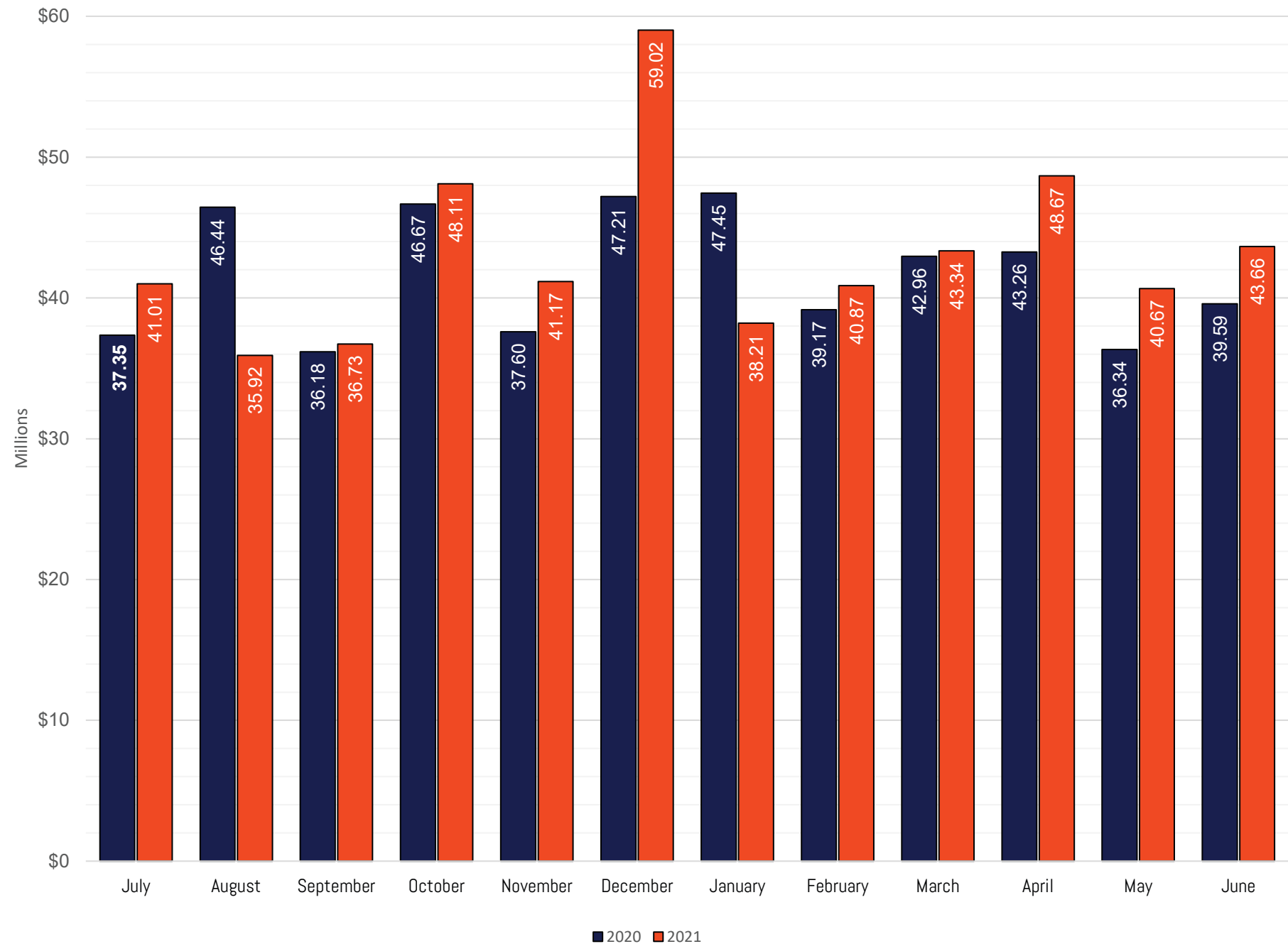
FIVE YEAR SALES SUMMARY

DABC sales revenue finished FY 2021 at \$517.40 million, a 3.4% increase over FY 2020 sales. In the five year period from FY 2017 to FY 2021, the DABC experienced a compound annual growth rate (CAGR) of 4.88%.



SALES BY FISCAL MONTH

2020-2021



TOP TEN STORES BY SALES

STORE	FY 2020	FY 2021	% CHANGE
Park City - Snow Creek	\$ 18,440,014	\$ 20,615,739	11.80%
Cottonwood Heights	\$ 20,712,966	\$ 20,609,992	-0.50%
Sandy	\$ 19,863,121	\$ 19,733,648	-0.65%
SLC Club Store	\$ 22,911,013	\$ 18,628,219	-18.69%
SLC Harris Ave	\$ 14,189,841	\$ 15,633,435	10.17%
Holladay SLC	\$ 15,488,895	\$ 15,528,696	0.26%
Park City - Kimball Junction	\$ 14,852,597	\$ 15,069,885	1.46%
Draper	\$ 15,633,623	\$ 13,898,289	-11.10%
Park City Club Store	\$ 14,116,769	\$ 13,774,409	-2.43%
33rd S. & 33rd E. SLC	\$ 12,754,720	\$ 12,739,599	-0.12%

ON-PREMISE VS. OFF-PREMISE SALES

(In thousands)

On-Premise:

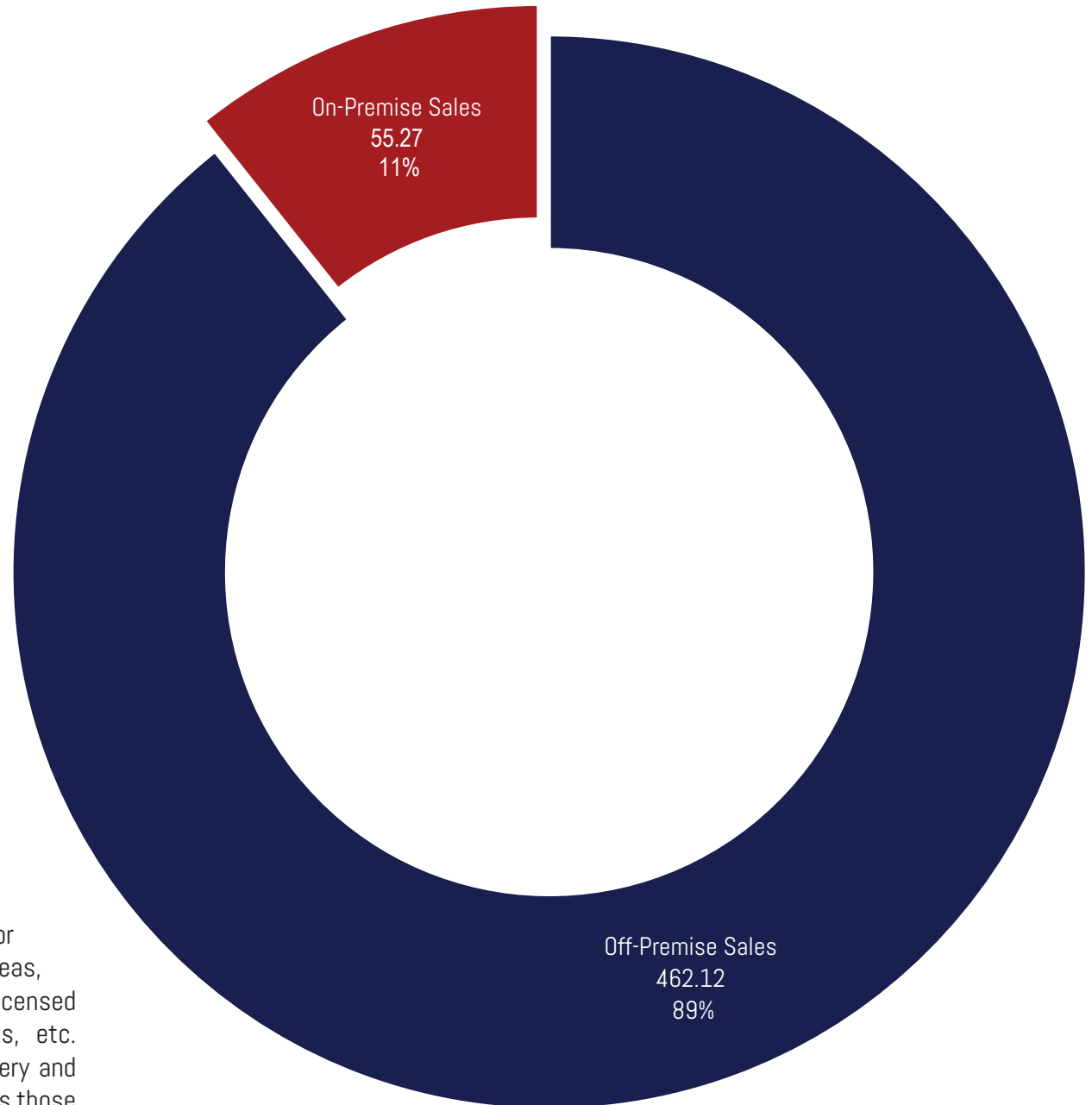
The sale of alcoholic beverages to be consumed on premises, such as in restaurants, banquet facilities, receptions centers, qualified resorts, airport lounges, bars, and beer recreational retailers.

Off-Premise:

The sale of alcoholic beverages to be consumed off premises, such as the State Liquor and Wine retail stores, or package agencies.

NOTE:

The graph represents off-premise sales based on sales made to walk-in retail customers of a state liquor and wine store, or a licensed package agency, whereas, on premise sales are sales made by the agency to licensed on-premise establishments like bars, restaurants, etc. It is important to note that sales of alcohol in grocery and convenience stores is not represented in this graph, as those products are not distributed by DABC, but by licensed beer wholesalers directly to grocery and convenience stores.



SALES BY TYPE

(In thousands)

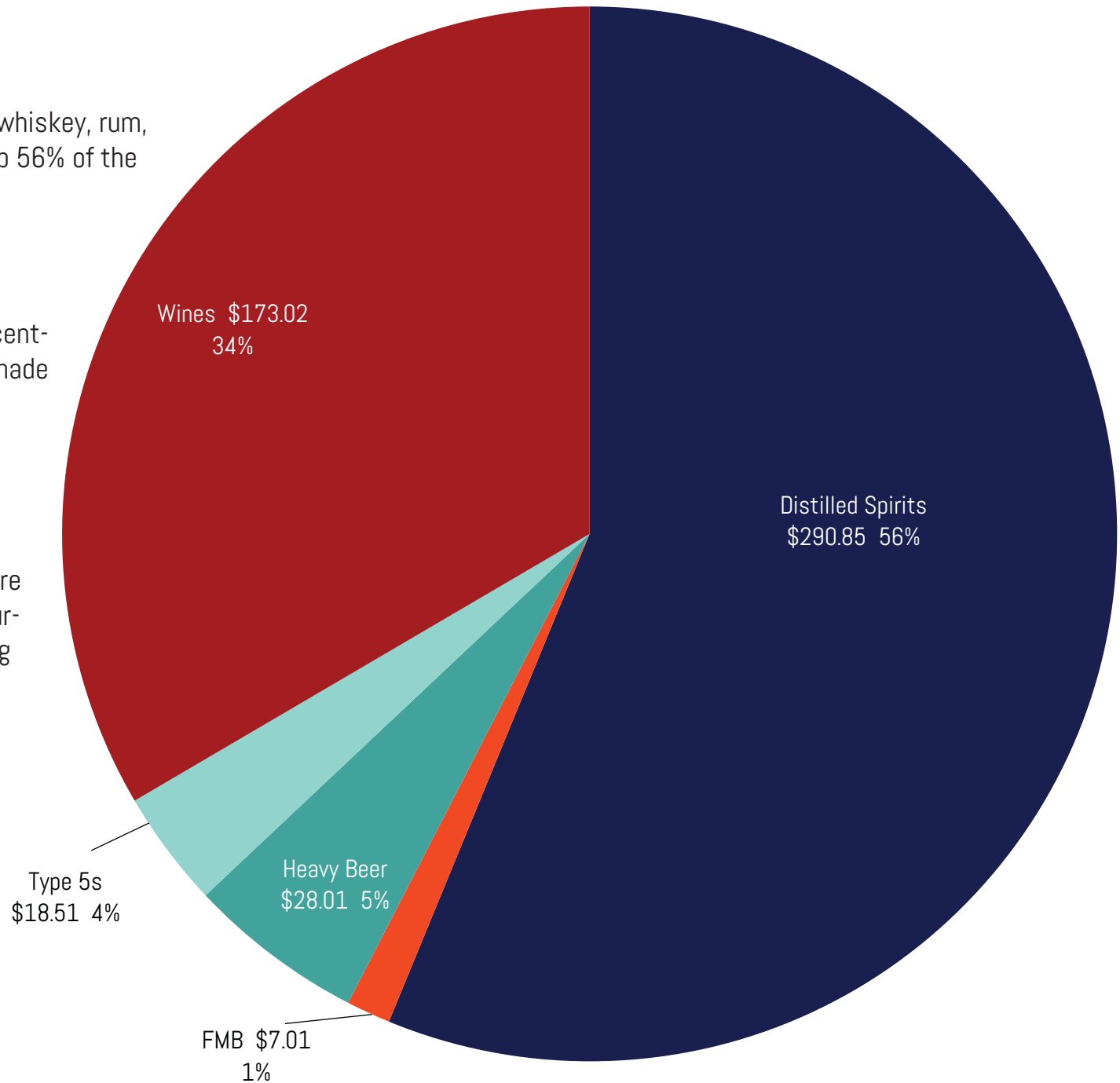
Distilled spirits such as vodka, whiskey, rum, tequila and such spirits made up 56% of the DABC's total sales.

Wines made up 34% of sales.

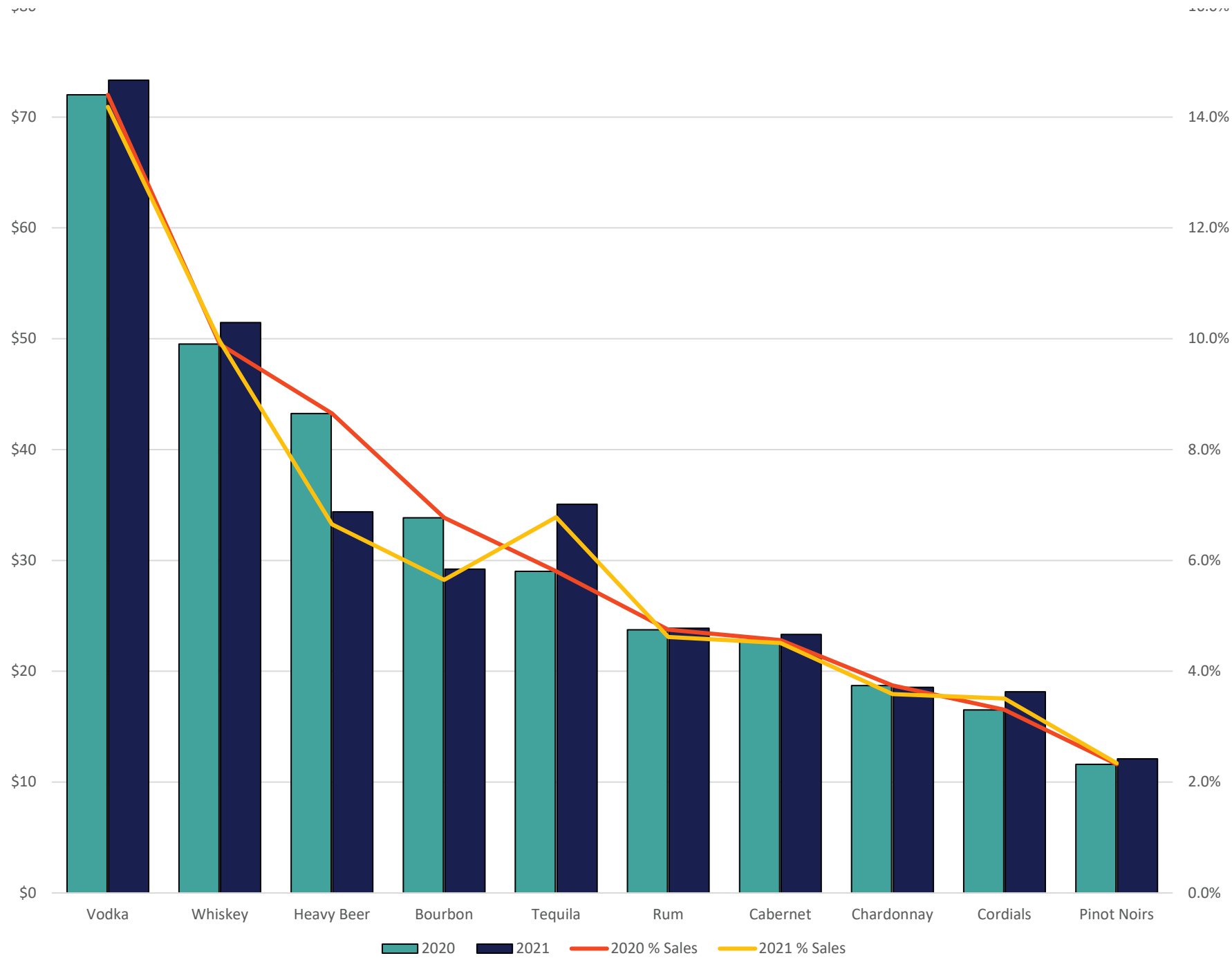
Heavy beer, with an alcohol percentage above 5.0 ABV or 4.0 ABW, made up 5% of sales.

Flavored malt beverages (FMB) made up 1% of all sales.

Type 5 package agencies that are attached to licensed manufacturing facilities made the remaining 4% of sales.



SALES BY TOP TEN CATEGORIES 2020-2021



TOP SELLING ITEMS 2021

NAME	BOTTLES	SALES	CHANGE FROM 2020
TITO'S HANDMADE VODKA 1750ml	115,979	\$ 4,733,603	0
BARTON VODKA 1750ml	310,387	\$ 3,411,153	0
PATRON SILVER TEQUILA 750ml	64,373	\$3,353,151	0
TITO'S HANDMADE VODKA 1000ml	117,650	\$ 3,033,663	+1
CROWN ROYAL 1750ml	49,458	\$ 2,707,252	+1
JACK DANIELS BLACK LABEL 1750ml	55,787	\$ 2,696,542	-2
TITO'S HANDMADE VODKA 750ml	128,064	\$ 2,644,579	0
SMIRNOFF VODKA 1750ml	96,637	\$ 2,382,673	0
JAMESON IRISH WHISKEY 750ml	83,574	\$ 2,367,660	+1
JACK DANIELS BLACK LABEL 1000ml	81,428	\$ 2,330,566	-1

TOP SELLING BEERS 2021

NAME	BOTTLES	SALES	CHANGE FROM 2020
NATTY DADDY 355ml	975,328	\$ 926,562	0
SQUATTERS HOP RISING DBLE IPA CAN 355ml	449,867	\$ 895,235	0
SQUATTERS HOP IRISIN TROPICAL IPA 355ml	317,043	\$630,916	0
RED ROCK ELEPHIINO IPA 500ml	145,065	\$ 578,801	+1
UINTA DETOUR DOUBLE IPA 473ml	210,575	\$ 476,648	+3
TEMPLIN FERDA DBL IPA 473ml	136,438	\$ 443,424	+4
ICEHOUSE BEER 355ml	437,931	\$416,034	-4
BUD LIGHT PLATINUM 355ml	238,051	\$ 392,784	-2
MELVIN IPA 355ml	178,124	\$ 390,092	+2
SIERRA NEVADA PALE ALE CAN 355ml	201,961	\$ 381,706	-2

TOP SELLING WINES 2021

NAME	BOTTLES	SALES	CHANGE FROM 2020
LAMARCA PROSECCO 750ml	72,864	\$ 1,197,323	+5
MEIOMI PINOT NOIR 750ml	53,121	\$ 1,147,965	+2
BLACK BOX CABERNET 3000ml	50,541	\$ 1,131,837	0
VEUVE CLICQUOT BRUT YELLOW LABEL 750ml	20,339	\$ 1,119,688	-3
BOTA BOX PINOT GRIGIO 3000ml	53,573	\$ 1,119,688	-3
BLACK BOX CHARDONNAY CALIFORNIA 3000ml	45,644	\$ 1,046,258	-1
STELLA ROSA ROSSO 750ml	74,573	\$ 944,817	+10
STELLA ROSA BLACK 750ml	62,778	\$ 856,444	+3
ZONIN PROSECCO 750ml	73,410	\$ 853,969	+5
KENDALL JACKSON CHARDONNAY VINTNE 750ml	51,063	\$ 837,012	-1

WINE SALES BY REGION

NAME	SALES	% OF SALES
U.S.	\$ 126,703,281	72.94%
ITALY	\$ 16,693,257	9.61%
FRANCE	\$ 5,973,116	3.44%
ARGENTINA	\$ 3,610,833	2.08%
NEW ZEALAND	\$ 4,297,308	2.47%
SPAIN	\$ 2,785,549	1.60%
AUSTRALIA	\$ 2,161,323	1.24%
OTHER*	\$ 7,236,788	4.17%
CHILE	\$ 1,326,269	0.76%
PORTUGAL	\$ 1,111,079	0.64%
JAPAN	\$ 784,720	0.45%
GERMANY	\$ 434,557	0.25%
SOUTH AFRICA	\$ 295,232	0.17%
AUSTRIA	\$ 225,222	0.13%
GREECE	\$ 59,164	0.03%



*Other is composed of fortified wines, like vermouth, and other miscellaneous varieties of wine, that can be found in various regions.

A WORD FROM REGIONAL MANAGER VAL DUNAWAY

Fiscal year 2021 continued to be a challenging year for the DABC as concerns continued to surface with the global pandemic. We faced challenges with staffing in the stores, distribution issues, packaging concerns, etc. Through it all, we came together as a team and continued to show strong sales performance and experienced many successes. We successfully opened 3 new stores for a total of 50 stores. New stores were opened in Saratoga Springs, Farmington, and Taylorsville. In addition, the department was able to secure land in West Valley, East Sandy, and Sugarhouse and to continue to look at different sites for new stores and relocation of some older stores.

Some highlights for fiscal 2021 include:

- Began construction on the West Valley relocation
- Opened 3 new stores - Saratoga Springs, Farmington, and Taylorsville
- Secured land for future stores in East Sandy and Sugarhouse
- Secured pay raise in the amount of \$2 for all store and warehouse employees
- Increased the minimum starting pay by \$2
- Used a temp service to help offset staffing shortages, holiday, and ski season in Park City
- Held a virtual store manager meeting
- Met with the DABC work group monthly to add and revise store processes
- Purchased electronic time-clocks for stores and began building the programming
- Continued to add on-line training modules to enhance training opportunities
- Added Mood Media to all store locations
- Continued to work with PLM for optimal inventory assortment
- Approved several incentives and ASI's to recognize employee performance
- Purchased RSA tokens and began testing dedicated store manager email
- Continued planogram resets to enhance customer experience
- Added additional deliveries, to include Saturday's, to holiday schedule
- Implemented wearing of vests so employees could be identified easily
- Implemented 100% ID for customers purchasing an alcoholic beverage
- Installed higher quality acrylic guards in all stores

The DABC experienced many successes this year because of the contributions of the entire team, from administrative staff to store employees, the team pulled together to help staff stores that were in need of assistance. We were able to keep the stores open and provided the best shopping experience possible to our customers despite the challenges faced. I look forward to many successes from the DABC team in fiscal 2022!!

Respectfully,
Val Dunaway
Regional Manager, DABC



TRAINING

This year the Department of Alcoholic Beverage Control focused on an increased online training presence. Product Knowledge moved from a third-party portal to the DABC training portal. The training has expanded to three curriculums consisting of micro-courses rather than two broad courses that previously covered all products. The micro-courses allow for more detailed information of specific product categories, making this a very digestible 15-minute format for our retail store employees. The beer curriculum consists of 20 courses, the wine curriculum consists of 25 courses, and the spirits curriculum has 17 courses.

The DABC training department conducted live new employee orientation and eliminating alcohol sales to youth (EASY) courses in a virtual classroom. Through this method, we were able to train over 350 new employees in fiscal year 2021.

		
<u>Beer Product Knowledge</u>	<u>Wine Product Knowledge</u>	<u>Spirits Product Knowledge</u>

A MESSAGE FROM THE PURCHASING DIVISION

The fiscal year 2021 brought many challenges to the purchasing department of the Utah Department of Alcoholic Beverage Control. Supply chain issues caused by the pandemic have manufacturers maneuvering the increased percentage of out of stock items. There has been an increase in special orders, and a shift of customers purchasing premium categories over value categories. We have been able to refresh the selection in many categories and provide new items customers were excited to see in our stores.

The stock percentages on general listed items (status 1) dropped from an average of 96.9% to an average of 93% in FY 2021. Many imported items had reduced production due to pandemic closures of their manufacturing sites. As a result, manufacturers and suppliers have allocated many popular items. The shipping industry has all been struggling to get items to port, and the transportation industry has a shortage of drivers to move these items to and from warehouses. Glass, cans, labels, and cardboard shortages also contribute to production problems. Tequila, imported wine, and champagne are a few categories that have seen the greatest impact.

During FY 2021 there was a total of 6,762 special orders that were completed, equating to an increase of 5.8% over FY 2020. In FY 2020 there were 6,390 special orders completed, although many of these orders were not picked up due to restaurant and bar closures, so the items ordered were pushed to store shelves. Many of the licensees have reopened and use the special order program to offer products that are not offered on a daily basis through our stores.

There has been a decrease in the number of bottles sold in value categories and an increase in bottles sold in premium categories. There has been an 11.3% increase in the average price per bottle which shows that the Utah consumer is buying less units and trading up to higher value products. Some of this is attributed to the closures of bars and restaurants and consumers buying larger sizes and premium products.

The department also delisted over 900 items from retail outlets in FY 2022. These items were discontinued due to low sales, manufacturer discontinued products, vintage closeouts on wine, and product availability. This opened up space in our warehouse and retail outlets so that we could add 278 new items in a variety of categories. In addition, there has been a move to more "One Time Buys" to provide seasonal items, a larger variety of allocated products (those with a limited supply but high demand), and a larger variety from Utah manufacturers.

Overall for FY 2022, we expect the supply chain to have continuing problems and will work with our suppliers and manufacturers to identify these issues, and their ability to find alternative packaging, shipping and items to list. As consumer trends continue to evolve, you will notice an increase in the quality and selections of ready to drink products, and an increase in premium and ultra premium products in all categories.



THE DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL

