



Durham County Alcoholic Beverage Control Board

2634 Durham Chapel Hill Blvd, Suite 10, Durham, NC 27707



Durham County ABC April-June 2020 Update

Sales

Durham County ABC Board retail stores had a strong final quarter of FY2020. The Mixed Beverage Department continues to see significantly lower sales than previous years, but is starting to see the business grow as restaurants have reopened at a lower capacity. We will continue to see decreased sales in mixed beverage until the bars are able to reopen. We continue to have some mixed beverage customers make returns.

The purchasing strategy that I implemented last year continues to benefit Durham County ABC by having adequate inventory on hand and improved profitability. We also continue to aggressively purchase premium bourbons and tequila to meet the growing demand of our customers. I have also implanted a program with Bourbon Clubs in a partnership to purchase barrels that are sold through Durham County ABC to the members of that club and if there is extra to customers. One of the clubs is a Raleigh Bourbon Club that is a strong support of Durham County ABC through relationships I have been able to establish with the club.

		MTD Sales	Change in Actual	
April	Mixed Beverage	(\$12,077)	(\$845,786)	(101.45%)
	Retail	\$2,385,689	\$163,359	38.8%
	Combined	\$3,139,610	\$162,719	4.29%
May	Mixed Beverage	\$10,059	(\$814,758)	(98.78%)
	Retail	\$4,144,011	\$1,443,957	53.68%
	Combined	\$3,416,949	\$351,897	17.90%
June	Mixed Beverage	\$171,570	(\$542,808)	(75.98%)
	Retail	\$3,605,925	\$1,117,978	35.70%
	Combined	\$3,777,495	\$575,170	17.96%
		YTD Sales	Change in Actual	
YTD	Combined	\$44,198,442	\$3,880,751	9.63%

For informational purposes, the ANNUAL sales growth trend is shown below for the previous 5 years.

Year-Over-Year Sales Increase Trend – For 12 Months Ending June 30:

<u>Dollars Sales Increase</u>	<u>Percent Sales Increase</u>
FY2020 \$3,880,751	9.63%
FY2019 \$2,971,076	7.96%
FY2018 \$1,273,763	3.53%
FY2017 \$1,943,816	5.70%
FY2016 \$2,640,581	8.39%



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Special Orders

Special orders continue to do well and we have had no issues during the quarter. We are utilizing special orders to bring in product to put on the shelf as a regular item in our stores. These are items that we receive request for on a regular basis. This is an effective method to increase our selection and improve customer service by offering what our customers want us to have.

Operations

We continue to work on and improve operations. We successfully implemented the two time per week delivery to all of our stores. This is improving inventory levels in the stores to insure that we don't run out of high demand items and has improved efficiency at the warehouse and stores. While more inventory is delivered to the stores each week, the delivery is less cases per delivery which makes stocking faster.

I will be working this year on an inventory management program to better improve our ability to forecast needs and improved inventory integrity.

Property Improvements/Land Purchase

Riverview Shopping Center: I am proud to announce that we opened our new location to replace our Roxboro Road location. Opening this store is the beginning of a new era in Durham County as we modernize our stores. The store opened on August 1, 2020 and in the first month of being open we have seen an increase in sales of \$139,310 or 55.51% over last year. The positive comparative sales increase is the reason we are pushing to modernize the stores in Durham. We more than doubled the size of the sales floor and were able to add over 200 new products that we did not have the space to carry previously. We have not seen stores geographically close be negatively impacted by the opening of this store.

Holloway: Construction is under way and completion of this project is April 2021. We are currently operating in the Wellons Village Shopping Center.

Sherron Road: Construction is underway for this new store and completion is scheduled for January 2021. This will be a new location for Durham County ABC.

HWY 55: The new HWY 55 location site plan has been approved by the Planning Department and is scheduled to be approved by the Planning Board in September 2020. We will close on the property in December 2020 and plan to start construction in March-April 2020.

TW Alexander: We are under contract to purchase land located at 2121 TW Alexander Drive. We are currently leasing a space in the shopping center at this location. This location will allow us to own the property and build a space that will adequately support the sales increases we have seen over the past year.

Alcohol Law Enforcement

No special updates, see attached activity comparison report



ABC Commission

Niegel Sullivan the General Manager has been named to the Legislative Committee of the NC ABC Association.

COVID-19

We are all working hard as an Essential business to take care of our customers and our staff. As the retail business starts to level out, our focus will be back on customer service, store brand and merchandising to increase sales. We have implemented the following changes:

- Routine sanitizing and cleaning of high touch areas
- All staff and customers are required to wear masks
- All facilities and warehouse trucks are sanitized utilizing EnviroShield

We did have one staff member contract COVID-19. We immediately closed the store at 11:00 a.m. and informed the staff that they all had to go get tested immediately. We had the store sanitized and were back open for service moving staff around by 2:00 p.m. that same day. All other staff members tested negative and were back to work within 3-5 business days.

Bourbon Clubs-Barrel Picks

Many of the major distillers have a barrel program that they offer that allows Boards and/or Bourbon Clubs to pick how they taste. This barrel program is not something that Durham County ABC Board has used much in the past. I started working with the Raleigh Bourbon and Banter Club, which has 4,000 members on a barrel program this year. Working with this one club has generated over \$50,000 in additional sales. We have also worked with the NC Bourbon Society on picks and the first barrel generated just over \$17,000 in sales. In August we just received our first two barrels for the Bull City Bourbon Club here in Durham and already have generated almost \$10,000 in sales in one week.

We are also able to do staff picks and have done those with Maker's Mark, Woodford Reserve and Elijah Craig. This has resulted in over \$50,000 in sales. Bourbon is one of the fastest growing categories in spirits and these customers want unique and limited products to purchase. I also see this as a way to draw customers from other counties to become our customers.

Staff

Phil Bair has taken over as our new Fiscal Services Director as of July 1, 2020. Phil has a strong background as a Senior Auditor, Consultant and 17 years in the banking industry. In addition to his normal responsibilities he will be tasked with creating and implementing an inventory management program and better ways to manage our payroll.

Wendy Thomas-Wilder has been named as our Human Resource Generalist as of September 29, 2020. Wendy has twenty years of human resource experience with much of that in retail. This is a new position that was created this year to finalize the recommendations from the NC ABC Commission audit in 2019.



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