

THE
MUNICIPAL
LIQUOR STORE

OFFICIAL PUBLICATION OF THE
MINNESOTA MUNICIPAL BEVERAGE ASSOCIATION
www.municipalbev.com

cus·tom·er serv·ice

noun: **customer service**; plural noun:
customer services

1. the assistance and advice provided by a company to those people who buy or use its products or services.

Defining Customer Service

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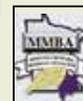


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MUNICIPAL LIQUOR STORE

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DIRECTORS

CHRIS ARNOLD
(President)
Bagley Liquor
P.O. Box 178
Bagley, MN 56621
218-694-2542
carnold@bagleymn.us

JOHN JACOBI
(Vice President)
Isanti Liquor
P.O. Box 428
Isanti, MN 55040
763-444-5063
jjacobi@cityofisanti.us

NANCY RAINES
(Sec./Treas.)
Longville Lakes Bottle Shop
P.O. Box 217
Longville, MN 56655
218-363-3249
thebottleshop@arvig.net

TOM AGNES
BC Liquor
5625A Xerxes Ave, North
Brooklyn Center, MN 55430
763-549-3710
tagnes@ecibrooklyn-center.mn.us

JOE AUDETTE
Westbound Liquor
13065 Orno Parkway
Elk River, MN 55330
763-441-1671
jaudette@elkrivernm.gov

GARY BUYSE
Rogers Liquor
22305 South Diamond Lake Road
Rogers, MN 55374
763-28-0163
gbuyse@rogersmn.gov

NANCY DRUMSTA
Delano Wines & Spirits
P.O. Box 108
Delano, MN 55328
763-972-0578
ndrumsta@delano.mn.us



ON THE COVER

Ask any retailer about their competitive advantage and you will often hear, "We have great customer service."

Ask what that means and many will have a hard time with specifics.

Isanti Liquor recently won an MMBA Facility of the Year Award for Commitment to Customer Service.

Their entry described specific components in different aspects of the operation.

See what they are doing beginning on page 8.

MIKE LARSON
St. Anthony Village Wine & Spirits
2602 39th Ave. NE
St. Anthony Village, MN 55421
612-782-3455
mike.larson@savmn.com



BILL LUDWIG
Paynesville Liquor
221 Washburne Avenue
Paynesville, MN 56326
320-250-3325
liquor@paynesvillemn.com



SARAH OLSEN
Mapleton Liquor
P.O. Box 366
Mapleton, MN 56065
507-524-3492
cityofmapleton@hickorytech.net



ROSS OLSON
City of Sauk Rapids
250 Summit Avenue North
Sauk Rapids, MN 56379
320-258-5300
rolson@ci.sauk-rapids.mn.us



JOE KESSLER
The Corner Lounge
100 East Main
Spring Grove, MN 55974
507-498-3931
joeykess02@gmail.com



NANETTE SERBUS
Olivia Liquor
802 East Lincoln Avenue
Olivia, MN 56277
320-523-2730
olivialiquor@olivia.mn.us



MICHAEL DeBONIS
The Green Door
PO Box 446
Beaver Bay, MN 55601
218-226-3437
michael.debonis@cityofbeaverbay.com



MMBA President's Message



CHRIS ARONLD
President

Well for those of you that don't know who I am, my name is Christopher Arnold. I have served on the MMBA board of directors for 2 years. My third year has started out as a doozy you could say.

Each year I try to bring a different employee to the MMBA Annual Conference. Last year I brought one of my part timers Ruben. This year I was going to bring another employee, but he lives with his grandfather and helps take care of him.

He came to me the Monday before conference and said he was not really comfortable going to the event, since his grandfather wasn't feeling real well and he doesn't want to leave him at home for 4 days. It was not a problem and the next day I asked Reuben.

He was so excited he was going to come down to conference again. I told Reuben the overall agenda and also informed him that Monday night was going to be a Kentucky Derby theme. I told him he could dress up if he wanted to. He didn't think he would look good dressed as a jockey.

So on our way down, I decided to interview Reuben. I wanted to get his opinion of the conference and find out his favorite experiences he had last year. The plan was to review the conference on our way home and use the information for future articles and activities.

We went down the night before to help with some conference prep work. That morning I asked Reuben how he slept, He said it was the best night sleep he's had in a long time.

Saturday morning Ruben helped me and several other board members do some of the behind the scenes stuff that goes on before the conference begins. Reuben was such a trooper and a hard worker. He fit right in. He remembered what we needed to do from last year and took charge.

After we got everything set up we went down for lunch. After lunch we went to our first class. He was really looking forward to it. He sat next to one of the friends he made from last year.

After the class he said he was going to go use the restroom. I said I'd meet him at the next class. I told him I was going to do the advanced level and he could choose which ever class he wanted to. He said he was going to do the advanced with me because Scott from Paustis was the instructor and he hadn't seen him for a while.

I had some time to kill and ran into Paul. I wanted to have a visit with him about some different things going on during the conference. We took a stroll outside and walked up to the main entrance of the hotel.

This is where Shari from Arrowwood was standing waiting trying to get vehicles moved because she had an ambulance coming in. Paul said he hoped it wasn't one of ours and I agreed.

So I headed down to the class and Tom Agnes came up to me and said Reuben was down and to follow him me right away. We went down to the first floor and there was Reuben laying on the floor with fireman working on him.

He was conscious but in a lot of pain. After a few moments the EMTs showed up. The defibrillator was about to go off for the third time. They got Ruben loaded up and we're on their way to the hospital.

Now there I was trying to figure out how to get a hold of someone in his family.

Who do I call? I don't have his mom's or sister's phone number. I did have Ruben's cell phone but it was locked and I had no way into it. So I started calling people I knew who could help me track down his family.

After a few calls I was able to get ahold of his sister Shelly. At this point I was on my way to the hospital to aid in any way I could.

I knew enough about Reuben's medical history to help the doctors. I knew he had diabetes and that heart problems ran in his family. Before I knew it they were loading Reuben up and airlifting him to Saint Cloud hospital.

Later that night Paul, Tom, Shari and I went to the fireman's association's event with a few little tokens of appreciation from our association to the members who worked on Reuben. If it wasn't for these complete strangers stepping up to the plate and performing CPR on him, the odds are he would not be with us today.

As I told the firefighters, there are many times these heroes go without any recognition from anyone.

They are not looking for any recognition, they're just doing what they love to do and that's helping others.

I passed along some information from the family on how much they appreciated and grateful they were there was someone to save Rubens life. It was so amazing, I could feel the emotions in that room. For someone none of them knew, they had so much concern and good wishes for Reuben. The worst part of our visit was that the gentleman who performed CPR had not yet shown up for the event. I didn't



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get to meet the man who saved my friends life.

Later that night back at our conference I was asked by many people how was Ruben doing and was told a few people from the association were going to raise some money to help Ruben with some of the medical expenses.

It was amazing at how our association pulls together to help someone most of them did not even know or only met him once.

The group setup a ticket raffle and gathered some nice prizes. All of the sudden, the first prize won, a huge container of Shiner Beer from Michael Maxwell, was donated back to be put on an auction to raise more money. This blew my mind!

Before I knew it, Jon Chance from Miller Coors won an Echo Dot. He then decided to donate a signed Adam Thielen Minnesota Vikings jersey to be auctioned off. It went for \$450! Then, Jon offered the second highest bidder a Jersey for the same amount of money and she said yes!

Over the next few days, Reuben would have many up's and downs and worries. His diabetes was way out of whack. They had to get everything under control before they could do open heart surgery.

On that Wednesday he had Quadrupal bypass. The surgery was supposed to take 5 to 7 hours but took over 10. The doctors came out and told the family to prepare for the worst because the next 24 hours would be the most critical. Once again, Reuben proved everyone wrong.

At 2 o'clock that afternoon, they were taking him out of sedation and removing most of the tubes. That night around 6 o'clock they had him up and walking around. The next week Reuben was able to come home. He's been going stir crazy and says he misses work.

As I always say, I learn something at each conference. This sure was

a learning experience I could have missed.

But I learned I have to have a better handling on employee emergency contact information.

I should also know if they have any allergies.

So I'm working on a new policy to get this information in place, not only for conferences but any field trips we do as a staff. It also won't hurt to have the information for at the store as well.

Furthermore I learned I belong to an association filled with amazing people willing to help someone they barely know.

We are more like a tight knit family, willing to help when needed. All someone needs to do is ask.

As always, I hope everyone has a great day and take care.



Retailer survival (regardless of category) hinges on the ability to adapt to rapid changes in customer expectations and purchasing behavior



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Defining Customer Service in Isanti

By Jennifer Kotila, Isanti-Chisago County Star

Each year the Minnesota Municipal Beverage Association gives awards to municipal liquor stores in a number of categories, and the Isanti Liquor Store received this year's customer service award. It was presented at a recent city council meeting.

Liquor store manager John Jacobi informed the council that he and his assistant decided to apply for the award due to the good ratings the store receives on Google from the store's customer base, as well

as comments that were left about liquor store staff.

"Obviously, this wouldn't have happened without their commitment," Jacobi said. "I think the main thing, and what we had addressed when we had customer service training almost three or four years ago, was acknowledging every customer that walks through the door. We truly don't have a theft issue at the liquor store because we acknowledge everyone that walks in."

Isanti Mayor George Wimmer noted the economic benefits of the liquor store and the impact it would have on the city budget if the liquor store were not successful. This year, more than \$350,000 will be transferred to the city

budget from the liquor store, which is equivalent to 15 to 17 percent of the city's property tax base, according to Wimmer.

"The atmosphere and everything in there has just been phenomenal with you guys, and you've helped other stores, as well, try to improve their operations," Wimmer said. "So, it's a great testament to your work and to your staff's work up at the liquor store." As part of the award, the liquor store also received a \$250 community service project check.

MMBA Facility of the Year Awards

Commitment to Customer Service

Awarded to the facility showing customer service above and beyond the norm (i.e. carry out service).

Please include any feedback available from customers and evidence of what your facility's customer service offer involves.

The award winner will demonstrate how it offers its customer's advice, information, attention to detail and a pleasant customer service above and beyond its competition

Platinum Member

Anheuser-Busch, Inc.

Contact: Kevin Karel
Cell: (651) 336-6449
E-mail: Kevin.Karel@anheuser-busch.com

Beam Suntory

Contact: Jesse Pedersen
Phone: (612) 594-6208
E-mail: Jesse.Pedersen@beamsuntory.com

MillerCoors Brewing Company

Contact: Jon Chance
Phone: (612) 718-6862
E-mail: jon.chance@millercoops.com

Shamrock Group

Contact: Steve Kelly
Phone: (612) 824-9600
E-mail: steven@shamrockgroup.net

National Alcohol Beverage Control Association

Contact: Jim Sgueo
Phone: 703-578-4200
E-mail: jim.sgueo@nabca.org

Ste. Michelle Wine Estates

Contact: Randy Dobratz
Phone: (952) 250-9837
E-mail: randy.dobratz@smwe.com

Sutter Home Winery

Contact: Bryan Pearson
Phone: (763) 443-9664
E-mail: bpearson@tfwines.com

Shiner Beer

Contact: Michael Maxwell
Phone: (816) 806-2305
E-mail: michael.maxwell@gambrinus.com

Gold Member

Arctic Glacier Ice

Contact: Jon Stelley
Phone: (651) 455-0410 ext. 213
E-mail: jstelley@arcticglacierinc.com

Phillips Distilling Company

Contact: Steve Vogl
Phone: (320) 291-1280
E-mail: svogl@phillipswineandspirits.com



Customer Service at Isanti Liquor

▲ Staff Training

- Don't become complacent. We encourage staff to challenge the status quo and suggest ideas or ways to improve customer service.
- We hold a wine and food pairing training event annually to increase sales of wine and customer satisfaction.
 - We also coordinate with two other local municipal liquor stores to have their staff attend as well.
- We have in-house tasting events that allow customers and staff to increase their awareness of liquors, beers, and wines.
- Whenever a new product is brought in, staff is made aware of what it is and where it's at. A "New" shelf talker sign is also used to bring attention to the new product.
- Staff members are encouraged to ask questions when unsure. We don't believe in stupid questions, but rather help each other to be right, not wrong.
- We reward success.
- We communicate with staff to ensure that they are aware of promotions and current rebates.
- Staff members receive training to ensure that they know what to look for when checking someone's ID.
- We continually update a Holiday Focus Wine List for staff and customers to use to find the perfect wine for their meal.
- We continually update a Beer and Food Pairing List for staff and customers to use to find the perfect beer to go with their meal.

▲ Details = Retail

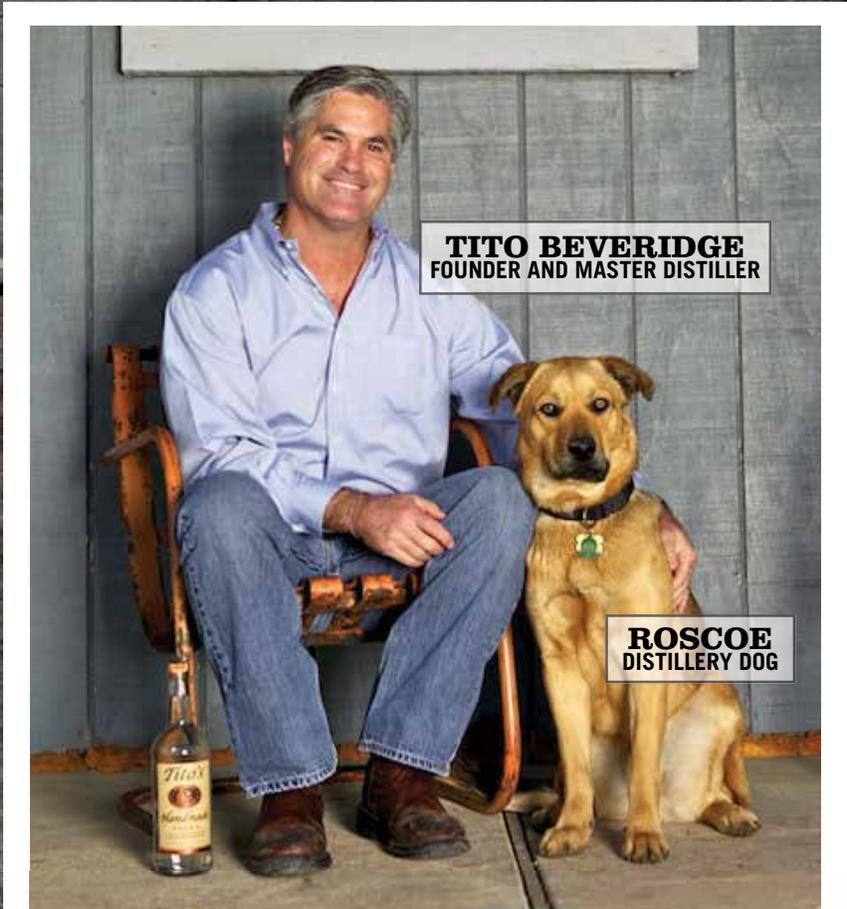
- We greet every guest as they come into the store.
 - This makes them feel welcome, and also deters theft.
- We have accurate pricing. Prices are clearly visible and sale prices are easily distinguishable from regular prices.
- "New" tags encourage customers to try new product.
- "Organic" tags help customers find the organic wine that they may be looking for with ease.
- Shelves are continuously restocked to make shopping more pleasant and easier for our customers.
 - Stock is rotated to ensure that older product sells before newer product.

- We inventory everything in the store on a quarterly basis.
 - ❑ This helps us to identify any stock or theft issues that we may have.
- We keep the store clean. Nobody likes to shop someplace that may be dirty enough to make them feel uncomfortable.
 - ❑ Have Product in Stock and Priced Right
- We work with other Municipal Liquor Stores to group buy product and lower our costs.
- We use reports to turn inventory efficiently.
- We work closely with vendors to buy product at the best price available.
 - ❑ Customer feedback is used to bring in new product and increase sales.
 - ❑ Above and Beyond
 - ❑ Staff members inform customers of rebates when applicable.
 - ❑ When customers feel that our staff members are looking out for them, they're more likely to come back.
- We offer a 10% discount to Seniors and Veterans on Tuesdays.
- We're eager to carry purchases out for customers.
 - ❑ Older customers
 - ❑ Large purchases

▲ **Customer Feedback**

- Google reviews are used to measure customer satisfaction.
 - ❑ 38 reviews left with an average ranking of 4.1 out of 5 stars
 - ❑ "Was Great. The employees there are always cheerful and giving you the feeling of being welcome. Also it's nice when they have promotions that make your visit fun, guaranteed to leave with a smile on your face." – Richard T.
 - ❑ "Great staff! They have several tasting events throughout the year. Good selection of Minnesota and craft beers plus a wonderful wine section." – Melanie E.
 - ❑ "Great prices and staff is AWESOME." – Mike M.
 - ❑ "Big walk in beer cooler and a large selection of liquor. Not to mention the very friendly staff!" –Jeff J.
 - ❑ "Nice city-owned liquor store. Senior discount on Tuesdays! Large variety of wines, beers, and other beverages. Cold and not cold." – Barb K.

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Dear Sales Representative. . .

By MMBA Conference Presenter, Tom Shay

Dear Sales Representative, Just like the Marines, I am looking for a few good men (or women). I need a sales rep, whether that person visits my store, services me through telemarketing, or sees me at their booth at a show, who can be an integral part of my business. In addition to writing orders for the lines you represent, I need you to provide services similar to that which a consultant would provide.

The pay? The commission you receive now, but more importantly my repeat business.

Whether you are a sales rep or retailer, you probably have never received, or sent this letter. Spoken or unspoken, this could, maybe should, be the message from every retailer to the reps they work with.

While few independent retailers have the resources to afford them the luxury of hiring a consultant to assist them in developing ways to increase sales and profits, the consultant you can use may be the sales rep we are sending this hypothetical letter to.

Is the messages being heard by manufacturers? Kathy Phillips of Primitives by Kathy, a manufacturer of a gift line, knows her company is. While they did use reps at one time, they have changed their method in an effort to be more responsive. Visit their booth at any of 20 shows each year, and you will meet four people. The designer of her product line, someone from her office staff, another person from her warehouse, or Kathy, herself, will be glad to write your order and answer your questions.

From the retailer's point of view, what are they looking for, and more so, how are some of the more successful retailers getting what they need?

1. Share with me a promotional idea

- Irene Bowie of Riverview Farm in Lisbon, Maine remembers the sales representative who introduced her to the idea of offering samples of the foods she now sells. Today the display of dips in her store, includes a fresh supply of chips and open containers of dip. Sales of the dips have increased and Bowie has increased the variety of products.

Roger Lund of Aunt Betty's General Store in Kensington, Md. tells of one sales rep who hosts an annual party for Lund's customers. The rep even provides invitations for the staff to mail to customers inviting them to come see the new additions to the line.

While retailers like Lund report they like to visit other stores to gather ideas, you should remember that the rep calling on your store will probably see more stores in a month than you could see in a year.

2. Share the experiences of another retailer

- Judy Narducci of Country Charm in Muncie, In. realizes there are occasions where she has bought a line only to have sales be less than expected.

As she recalls one favorite rep, she knows a phone call to this person will provide her with the input to change the display, the pricing, or marketing efforts so as to reverse the current sales trend.

3. Show me a great display - Lund remarks, "It would be nice if the sales rep carried a camera and photo album with them. It is hard to display food, and I know there are folks out there who are doing a good job of it".

From the manufacturer's standpoint, Mary Albert of A Homestead Shoppe, a lamp and lampshade manufacturer in

Lapaz, In., knows the value of a good display in moving merchandise. Her company hosts a "lamp camp" for their sales representatives. In the camp, Albert educates her sales reps on how to cross merchandise their products with items a retailer is already selling.

4. Tell me about another product line

- Narducci admits she can be persuaded to add a product line. She notes how she has received assistance from a rep who has shown her how to assemble a product category using multiple lines. The rep mentioned several lines which have been good sellers which she would have never thought to add. Narducci did add the lines when the rep told her about other stores that had followed the suggestion and were now reordering the line.

Lund reports he has heeded sales rep's advice several times as he looks at a line, and when preparing to order has been told, "Don't order this. It doesn't sell anywhere". This type of advice goes a long way towards building a relationship.

5. Advise me on an advertising plan

- Larry Bird of Gabriela's in Plymouth, Mi. tells of one rep he visits during each show at the AmericaSmart in Atlanta.

Because of the information received from the rep, Bird now creates several "value added packaged sales".

Bird explains the value added packaged sale is created by displaying an item which may retail for \$25, and then having a second item, with a minimal cost, which has a perceived value of \$25, but is sold for \$10 when the customer buys the first item.

He goes on to mention the telemarketing department for one manufacturer who suggested he utilize a full page

color flyer which they provide at a very minimal cost. Bird can use this flyer as a handout at the register, a statement stuffer, or as a mailing to specific customers as he tracks his sales by product categories. This allows him to inexpensively tell customers of the newest items in this collectible line.

6. Educate me and my staff - This idea of assisting the retailer actually covers two areas. Bird tells how pleased he is when the telemarketing department of a manufacturer calls to tell him about the most popular items for a season, and then tells him how much of that product

he sold for the same season last year. He says it gives him a “heads up” on watching the inventory of that particular item.

Albert, the manufacturer, provides telemarketing to her retailers. When a back order is necessary, her telemarketing staff will inform retailers of the delay, as well as call them when the back order is ready to ship so as to allow the retailer a last minute opportunity to add to the order or even cancel it.

With regard to the employees, Lund reported the rep who took the time to

visit his store to explain the products and the features of each.

As you implement any or all of these ideas, you are making yourself into a better retailer, and you are helping the rep become better. Just don't forget to give the rep plenty of your business. You don't like a customer who shops you only according to price; the rep doesn't need someone who only wants him for his knowledge. There is no charge for his service, and you are getting the help you need

Congratulations 2018 MMBA Facility of the Year Award Winners!



Mazeppa – Best Business Development



Delano – Best Product Launch



Longville – Best Community Involvement



Nisswa Pickle Factory – Best Themed Promotion

Savage Changed It's Municipal Liquor Operations in 2017 By Partnering With Hy-Vee

Savage changed its municipal liquor operations in 2017. Here's how it's doing. When residents shop for groceries at Hy-Vee in Savage, they may not realize they're entering a city-operated liquor store when they make a stop at Savage Wine & Spirits, housed in the same building.

The city of Savage is one of the first known communities to embark on the partnership with the Iowa-based grocery store chain — a relationship that arrived in February 2017 after the city decided to close Dan Patch Liquor in downtown Savage, another city-owned liquor store that had been operating in the red for many years.

The 2017 sales at Savage Wine & Spirits doubled those at Dan Patch Liquor from the year before.

Unlikely partnership

The opportunity to revamp the city's liquor operation came into focus in 2015 when Hy-Vee proposed the liquor store as a part of new store plans after learning that Savage only had municipal liquor stores. The city had been mulling options to increase liquor sales after Dan Patch Liquor had operated at a loss for many years.

The city worked to keep Dan Patch Liquor open in connection to its efforts to revitalize downtown Savage, and yet the store faced difficulties with its neighborhood location and low visibility, Savage Finance Director Julie Stahl said. City officials discussed options of shutting down the store or relocating it.

"Hy-Vee came to us and asked if we were interested in partnering with them and that answered the question," said Savage City Administrator Brad Larson. Larson said that no other city had a

partnership with Hy-Vee and it wasn't common for a city to rent a space from a for-profit business.

"Our biggest question was how much are we going to take from Marketplace," Larson said.

Marketplace Liquor, located next to the Fresh Thyme grocery store off Highway 13, is the city's other liquor store. For years, the city profited in the liquor fund because the success of Marketplace Liquor was able to absorb the loss taken by Dan Patch Liquor. It was clear that foot traffic played an important role in profitability.

The cost to run the new store out of Hy-Vee posed another big question to city officials: How would it impact liquor fund profitability?

Because the cost to operate the new store in partnership with Hy-Vee would far exceed the costs of operating Dan Patch Liquor, Larson said the city would.

Although the new store promised an increase in foot traffic, Larson said the city was concerned about the steep increase in operating costs. The city paid \$108,521 for its lease and utility bills for the Hy-Vee space in 2017, compared to a utilities bill of \$14,853 at Dan Patch Liquor in 2016 — a building which the city owned and didn't have to rent.

In the 10 months of business before 2017 came to a close, Savage Wine & Spirits raked in about \$2.3 million in sales — more than double the sales at Dan Patch Liquors from the year before when the store's total 2016 sales were \$947,066.

Stacy Schmidt, Savage's director of liquor sales, said business at Market-

place Liquor continues to thrive despite the new store.

"It's wonderful, both liquor stores are in these great locations," Schmidt said. "We have different types of shoppers at both locations and different products sell at different places."

According to the Schmidt, Savage Wine & Spirits makes more on beer thanks to a specialized craft beer cooler. Marketplace Liquor offers more wine selections, although Savage Wine & Spirits has a selection of high-end wine.

Schmidt also explained that setting up shop came with a lot of one-time opening expenses that impacted the bottom line in 2017. The biggest factor in 2017's liquor fund results, according to Stahl, was taking a loss of \$79,880 on the sale of the Dan Patch Liquor property (now a Glowing Hearth and Home fireplace store).

According to city documents, the city ended 2017 with \$73,457 in the hole across the board for its liquor fund, or money the city earns through liquor sales. However, city officials had budgeted for much worse. The city planned for a loss of \$265,252. Stahl explained that without the financial loss on the Dan Patch Liquor store sale, the city would have actually seen a profit, adding they are happy with the nearly \$200,000 swing toward profitability.

Sales from both liquor stores came in around \$4.8 million in 2017, above the budgeted amount of about \$4.6 million.

Looking ahead to 2018, city officials budgeted for a liquor fund profit of \$72,000 from both stores, a number they calculated before the 2017 numbers were known.

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“We want to make sure we are being conservative with the numbers,” Larson said. “That’s what we budgeted but I would expect us to do better.”

Paying down debt

The liquor fund money continues to go toward a bond that was issued to the city back in 1999 for the purchase of the Marketplace Liquor building. Each year, the city has made the bond payment

and also put any excess profit toward paying down the debt. The city’s last year of paying the bond is 2019. “Anything that we get from that point on is free and clear, there is no obligation,” Stahl said.

The Savage City Council will make the future decisions related to the use of the liquor funds. Larson said that the funds will likely go toward community projects to cushion the use of general

fund money or accumulating debt. In previous years, the city council used dollars from the liquor fund toward building the McColl Pond Environmental Learning Center and the Savage Public Library.

“The short story is that it will help reduce costs for the city and help reduce pressure on the taxes,” Larson said. “That’s what we hope to see.”

Hey, Minnesota Distillers Guild!

In Arizona, wine, spirits and beer can be sold in grocery stores. Here is the entire Walmart whiskey section:



As you can easily see, there is limited product and size selection and many gaps.

Is this what you were thinking when you recently testified at the legislative informational hearing on bringing the Arizona system to Minnesota??

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E-mail: rburke@infinitycorsystems
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Contact: Michael Johnson
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Phone: (651) 730-9803
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Phone: (320) 685-8686
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Phone: (952) 474-5451
E-mail: sales@stanmorganasso.com

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Phone: (651) 466-8750
E-mail: jennifer.vucinovich@usbank.com

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Phone: (612) 455-4000
E-mail: marion@vinocopia.com

Zabinski Business Services, Inc.

Contact: Paul D. Zabinski
Phone: (320) 286-1494
E-mail: zbsonsite@yahoo.com

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Phone: (320) 252-6441
E-mail: gbarby@bernicks.com

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Phone: (651) 265-7800
E-mail: mstutrud@summitbrewing.com

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Phone: (651) 487-1212
Web: www.thewinecompany.net

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Phone: (651) 224-2620
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E-mail: dbuchanan@cmondavi.com

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Phone: (651) 302-0438
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Phone: (312) 282-5003
E-mail: lindsay.pierce@ffcpresents.com

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Contact: Tim "Jonesy" Hukriede
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Phone: (320) 598-7573
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Phone: (651) 644-0311
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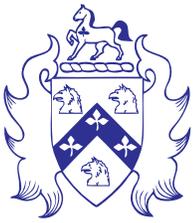
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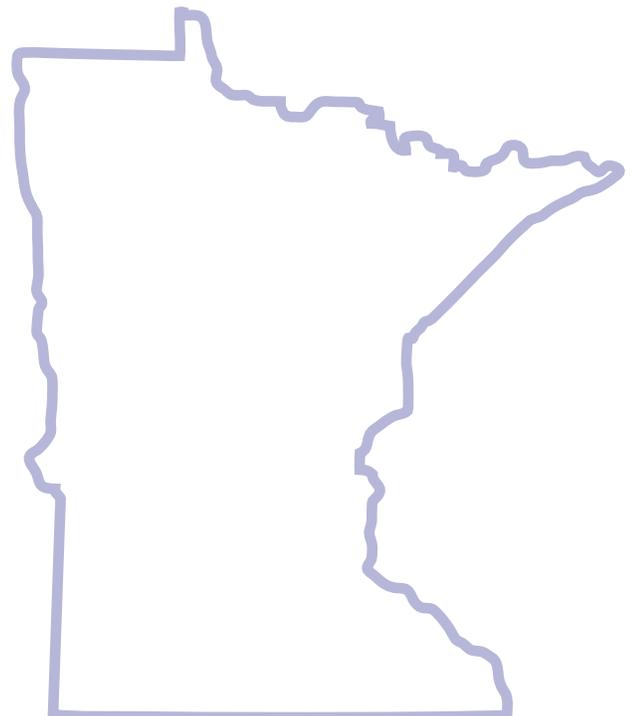
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