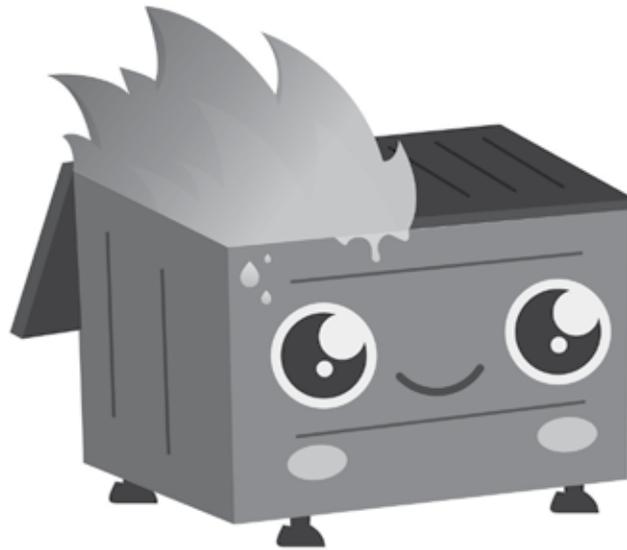


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How to Manage a Crisis



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DIRECTORS



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



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



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



GARY BUYSSE
Rogers Liquor
22350 Diamond Lake Road
Rogers, MN 55374
763-428-0163
gbuysse@rogersmn.gov



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



SAM KEIL
Aitkin Liquor
224 2nd St. N.E.
Aitkin, MN 56431
218-927-6704
sam@ci.aitkin.mn.us



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



KARISSA KURTH
City of Silver Lake
308 Main Street West
Silver Lake, MN 55381
320-327-2412
kurth.karissa@gmail.com



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



ERIC LUTHER
Tall Grass Liquor
1410 Boyer Drive
Marshall, MN 56258
507-537-7002
eric.luther@ci.marshall.mn.us



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



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



BRIAN WHITT
Northfield Liquor
116 West 5th Street
Northfield, MN 55057
507-645-5153
brian.whitt@ci.northfield.mn.us

On the Cover

If 2020 has taught us anything, it's that having a crisis communications strategy is absolutely critical for companies and organizations of every size.

Those other crises don't take a break for COVID-19.

Many businesses and communities reeling from the pandemic and social unrest still have to handle natural disasters, workplace violence, data breaches, product recalls, and leadership missteps.

Learn seven crisis communication tips every organization should master beginning on page 5.



MMBA PRESIDENT'S MESSAGE

**By Chris Arnold,
Bagley**

I hope everyone is well.

While 2021 is technically over, for most facilities the year is not really done on December 31. I'm referring to the wonderful end of the year inventory audits. For some of us that comes sooner than the 1st and for others it does not come until mid to end of January.

I always thought inventory audits had to be done on January 1, because that's the way it always was done; I learned that is not the way it has to be done.

With all of the supply chain problems, this year probably has been one of the worst years to deal with our inventory. Then there were our vendors having their own problems – some more than others. I can honestly say I have had problems with every one of my vendors.

To make things even more interesting, add private trucking into the mix if you use that option. But at the end of the day our store will survive and we will adapt to the changes as we have been trained by the education we get from the MMBA.

This year we had an added twist to our inventory audit. We had our last year of needing a "deep audit." Three years ago, we failed our inventory audit because one product was over by 6 cases. It turns out the 6 cases were free goods from two big deals I did at the end of the year.

Why were these cases not in the POS, you may ask? Well, my private trucker's helper or one of my staff decided because there was no value on the invoice we must not

have needed them; we were told we misreported our inventory even though I argued 0 x 0 is still 0 for the cost, I was not misreporting my inventory.

So a simple mistake turned in to a two year nightmare. For the last two years we had to count almost 60+ items for our audit. If we did not pass the last two years of deep audits it would jeopardize our city's bonding capabilities for the next five years.

Because of that we did a major overhaul to our inventory process. I did my normal cycle counts and then added multiple counts in December. The first year I brought in a council member to help me do the random test counts just to show them some of the processes I implemented.

Our 2020 inventory went very well and 2021 continued that trend. In fact, our computer-generated picks had a variance of less than \$10.00. However, the last item was the doozy. We were off 1 case of Gray Goose 1.75. Then I remembered I had a credit coming from the supplier. This was because the store was shorted a case on the truck and credit had not arrived. The week before I called all my vendors and asked for all credits due so this situation would not happen. But as you know, it was not that simple. I made a few quick calls, got the credit and we were all good.

We had a variance of only about \$20.00, so I passed. That was a good thing because my city is working on an infrastructure project that is coming in at \$14,000,000.00. A bad result would have significantly increased this cost.

Take care and hope to see you at Legislative Day and the Annual Conference.

PLATINUM MEMBERS

Anheuser-Busch, Inc.

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

Beam Suntory

Contact: Ben Young
Phone: (612) 845-3469
E-mail: Ben.Young@beamsuntory.com

MolsonCoors Brewing Company

Contact: Jon Chance
Phone: (612) 718-6862
E-mail: Jonathan.Chance@molsoncoors.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
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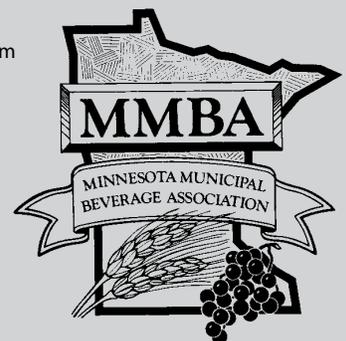
Contact: Jon Stelley
Phone: (651) 455-0410 ext. 213
E-mail: jstelley@arcticglacierinc.com

Phillips Distilling Company

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

Surly Brewing

Contact: Ryan Brokaw
Phone: (612) 875-7883
E-mail: ryan@surlybrewing.com



7 CRISIS COMMUNICATION TIPS EVERY ORGANIZATION SHOULD MASTER



By Lauren Landry
Northeastern University

Mere weeks after Samsung unveiled its Galaxy Note 7, reports surfaced of the smartphone catching fire. Within a month of the device's launch, the company recalled 2.5 million Note 7s, citing faulty batteries as the cause of the crisis.

What started as a manufacturing mishap quickly escalated into a public relations (PR) nightmare. With customers' safety at stake, all eyes were on Samsung, which didn't take full responsibility of the flaw for more than three months after the phone's recall. The company's mobile division experienced a 96 percent drop in operating profit as negative headlines continued to emerge, including airlines prohibiting passengers from bringing the phone on flights.

What happened to Samsung could happen to any company; several other brands have faced recalls. For example, Johnson & Johnson pulled its Tylenol products from shelves in 1982 after seven people died in the Chicago area, and Hasbro halted sales in 2007 of its Easy Bake Oven after reports of the toy badly burning children.

"In today's fast-moving, electronic world, your reputation could be enhanced or denigrated in a moment," says Ed Powers, PR faculty lead for Northeastern's Master of Science in Corporate and Organizational Communication program.

What can change your company's fate is how you communicate to customers and handle the crisis—or rather, any unanticipated event that could disrupt your organization's daily operations and cause potential harm to the brand's reputation, such as a security breach, product defect, negative press, or lawsuit.

"Crises don't happen just on the front page," Powers says. "They occur every day, affect groups of all types, and come in different shapes and sizes. Every organization needs to have crisis planning in its communications tool chest."

Unsure of where to begin? Here are seven crisis communication tips your organization should master.

1) Respond Quickly

With the rise of digital and social media, customers expect a quick response to any issues that arise, because companies have the technology to address them. In most cases, if you don't respond within the first few hours, people typically jump to two conclusions, according to Powers: That the brand is guilty or that it's not in control of its message.

"One principle that's existed in PR for decades is, 'If you don't tell your story, someone else will,'" Powers says. "When in doubt, it's better to respond to a claim—particularly if it's base-less or off the mark in some way. The ability to respond and put the crisis in context is only going to help the organization."

Powers recommends responding on the same channels where the crisis initially occurred. Meaning, if a slew of negative comments surfaced on Facebook, post any updates or feedback on Facebook first. The longer you leave the commentary unanswered, the stronger, and angrier, the audience will become. In today's digital age, minor missteps can become major crises within minutes.

2) Leverage Your Supporters

Every PR professional's dream scenario is to have supporters come to the brand's aid in times of crisis. Responses seem more genuine and are more valuable when it's coming from someone with no direct company affiliation. To achieve that, though, you need to make building and fostering community a priority throughout the year.

"You can't build a community once a crisis hits," Powers says. "You need to already have that community in place."

Focus on establishing a strong rapport with your audience. Take the time to understand your stakeholders, their needs, and what motivates them. Are you providing valuable content, asking questions and engaging your audience, or regularly saying "thank you" for their support? Each action goes a long way in building community.

3) Put the Victims First

When a crisis strikes, remember: It's not about you. Put the victims first, whether your company caused the problem or not, and acknowledge their pain, suffering, and frustration.

"The fact is that crises harm others," Powers says. "The starting point for the response has to be about the people and what they're experiencing."

The next step is to apologize, but only if it's genuine. An insincere apology or your refusal to take responsibility can damage your brand and breed mistrust with the public.

Multinational oil and gas company BP came under harsh criticism in 2010 after 11 people died following a drilling explosion off the Gulf of Mexico. An investigation into the incident revealed that a BP pipe caused "the worst oil spill in U.S. history," leaking an estimated 3.19 million barrels of oil into the Gulf. BP's handling of the situation is still highly criticized—first for how the company downplayed the damage and repeatedly said "this was not our accident" to the insensitive remark made by CEO Tony Hayward that, "There's no one who wants this over more than I do. I'd like my life back." For the 11 victims who lost their lives, that wasn't an option.

Victims want, and deserve, acknowledgement. When you're issuing an apology, put your audience first.

4) Don't Play the Blame Game

BP was quick to blame others for the oil spill, which, in itself, caused a PR problem.

When a crisis occurs, don't play the blame game, even if you weren't the one at fault. By focusing first on who the culprit was, you put yourself before the victims. Although others will want to place blame, wait until the crisis calms down before you start pointing fingers. Again, above all else, prioritize your audience and their feelings.

5) Be Transparent

What would you want to know if you were the victim of a crisis? Think through that question as you're crafting your message to the public. Your audience will want answers, even if it's simply, "I don't know."

When a crisis occurs, you're under a microscope; every move you make is going to be judged by the public. It's better to be upfront and transparent than plead ignorance or stonewall. If there's additional, related information that could paint the company in a negative light, Powers recommends sharing it. The news will leak eventually, and you have a better chance of controlling the message. The more information you hide, the guiltier the company will look.

6) Perform "What If?" Work

To avoid or more effectively manage crises, Powers suggests undergoing a "What if?" exercise. Rather, "What if something went wrong? What might that look like?"

Although it's near impossible to anticipate everything that could happen, brainstorm potential scenarios with your team and map out how you would react, so if the situation does occur, you'll be better equipped to handle it. Focus on situations that align with your organization's product, services, and industry—particularly on areas where the likelihood and impact of something going wrong are high. For example, what if you were Samsung and needed to recall your latest product? What if you were facing a lawsuit or an onslaught of negative press?

"Most executives will say, 'We need to take care of today's needs,'" Powers says. "But when crisis hits, organizations are usually happy that the communications group has talked through this."

Professionally, taking the initiative will show you're proactive, and position you as an asset to your company.

7) Make Sure Your Message Is Consistent Company-Wide

Messaging no longer goes out from one department. Depending on the organization's size, the marketing, sales, corporate communication, and investor relations teams could be just a small sample of the departments talking to customers. When a crisis occurs, you want to make sure teams company-wide are addressing the issue in a cohesive manner. Remember, your employees are your ambassadors when a crisis hits.

Consider creating a one-page sheet you can share across the organization that outlines the actions each department should take if a crisis occurs.

Preparation Is Key

The more prepared you are, the better. Crises can have a negative effect on your company's reputation, and you want to minimize the impact. If you have a good reputation, the issue might cause less damage, but if you haven't focused on fostering community, it's likely the criticism will be harsher if a situation strikes.

If a crisis does occur, you have the opportunity to spotlight your values and actually enhance how you're seen by the public. It all starts with putting the needs of the victims ahead of the organization.

"A crisis provides a rare but stressful opportunity to demonstrate to stakeholders that you care about them in a very public way," Powers says. "As such, it adds positive value to the reputation of the company that is seen to have taken the right steps in response to the crisis."

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WHY DOES THE CITY LICENSE LIQUOR SALES?



By Sharon Hanson
Marshall City Administrator

Liquor is controlled for a number of reasons: to deny access to minors, to limit over-consumption, to ensure public safety via a clean supply, and to allow community control over the type and nature of liquor venues. Liquor is also regulated as an industry, both to compel the industry to meet the public goals of the state and to ensure fair competition. Prior to prohibition liquor sales were vertically integrated – manufacturers held interest in liquor retailers and often the majority of the profits were made by the manufacturer.

In 1919, Congress passed the 18th Amendment which was referred to as Prohibition. Prohibition made the manufacture, distribution, transportation, and sale of alcohol beverages in the United States illegal.

Prohibition was in effect in this country for just over 14 years. The prohibition era was marked by the rise of bathtub gin, illegal stills and the growth of a black market that made fortunes manufacturing and selling alcoholic beverages illegally. In February 1933, Prohibition was repealed. In December of that year, the 21st Amendment was ratified officially ending prohibition.

In December 1933, Minnesota passed the Liquor Control Act. The act was established to regulate the manufacture, distribution, retail sale and consumption of alcoholic beverages in the state of Minnesota

Alcoholic beverage licensing in Minnesota is a joint effort of the applicant, local authority (city or county), and the State of Minnesota.

Minnesota State law regulates the sale and possession of alcohol. Businesses and organizations wishing to sell or serve beer, wine, and alcohol must be licensed by the local authority.

A liquor license is a permit to sell alcohol and alcoholic beverages. If your business has a hand in the distribution, manufacturing, or sale of alcohol, you need a liquor license.

Liquor licenses regulate:

- Which businesses are allowed to sell alcohol
- When and where they can sell alcohol
- How much can be sold at one time
- The type of alcoholic beverages that can be sold
- To whom alcohol can be sold
- Which businesses are permitted to manufacture and distribute alcohol

A licensing process makes it possible for governments to enforce laws regarding the service of alcohol that would otherwise be difficult to police. For example, many jurisdictions have limits on the numbers of drinks an establishment may serve a customer, zero discounts on drinks, and rules that require unfinished bottles of wine to remain in the restaurant or bar in which it was served.

It would be difficult to stay on top of such rules if the government was solely responsible for policing these practices, but if bars and restaurants are afraid of losing a liquor license it makes it possible to enlist the establishments' cooperation.

To further reinforce this sense of value, liquor licenses often have fees associated with their acquisition. Unlike a driver's license, which is relatively easy to acquire, limiting the number of liquor licenses and making them difficult to obtain makes them exceptionally valuable. As a result, restaurants and bars cannot simply obtain one, but must work for it and take steps to protect it. The loss of a liquor license for most establishments would be a crippling, possible business ending event. As such, proprietors of these establishments will usually do everything they can to ensure that no laws are violated in their establishment such that the license could be revoked.

Minnesota Statutes 340A stipulates the city's authority in establishing liquor license fees and meeting the requirements set forth in this Statute.

WHY DOES THE CITY LICENSE LIQUOR SALES?, CONT'D.

In addition to the city needing to comply with Minnesota Statutes, many cities enact local restrictions towards liquor license holders:

- A local authority may adopt an ordinance to impose further restrictions and regulations on the sale and possession of alcoholic beverages within its limits.
- It is common to find requirements that all property taxes, special assessments, charges, and fees are kept current.
- Some cities require additional insurance coverage beyond the minimum requirements in statute.
- Some cities choose to issue fewer licenses than the maximum number of licenses allowed under state. Some cities require that a security person (police or bouncer) be present.
- Many cities prohibit liquor establishments from being located within a certain distance of schools or churches or in non-commercially zoned areas of the city.
- Some cities have required that a licensee provide training to its bartenders regarding serving liquor to customers. This can help a server to learn to recognize an intoxicated person or a false identification card.
- Many cities require that customers must leave the licensed premises within a certain period of time after liquor sales have stopped.
- Some cities will have licenses expire if they have not been used for a certain time period.

Finally, a general tax (sales and property tax) are payments which are used to finance general government programs; tax payments are not linked, directly or indirectly, with an individual's consumption of specific goods and services. A general tax is levied to incur public expenditure for the benefit of the city as a whole.

License fees and permits are payments required to cover the costs of government regulation of private activities. Typically, charges and fees are passed on to the consumer. Specifically, the liquor license fee provides for an explicit advantage on the person paying for it—the right to sell or serve alcohol. When certain services provided especially benefit a particular group, then governments should consider charges and fees on the direct recipients of those that receive benefits from such services.

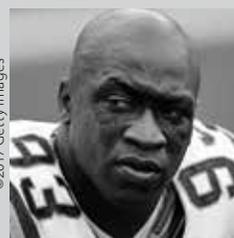


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10 CUSTOMER SERVICE TECHNIQUES TO HELP YOU GROW SALES



By Bob Phibbs
The Retail Doctor

Customer service techniques should be at the top of your list when you consider how to increase sales in retail. While getting customers into your store comes first, their experience in the store is what makes the sale. Attracting visitors to your store through occasional promotions, events, and a killer website is a great start.

But you need to convert those visitors into customers.

That's why focusing on improving customer service techniques in your retail staff can have an outsized influence on your revenue.

There are a lot of in-store factors influencing a purchase decision. Things like well-appointed and serviced fitting rooms, sufficient mirrors, and visual merchandising can help create a shopping experience that makes customers want to buy your products at your regular prices.

But the missing ingredient when it comes to the best retail customer service tips that influence sales has nothing to do with physical elements. It's your people and their ability to make a connection with customers.

Customer service is about communication and connection

Connection is the most important factor in sales. It is the springboard for dialogue between shopper and salesperson. The rapport that follows is the stickiness that creates loyal customers. Look up the definition of rapport sometimes. Never mind, here it is:

Rapport

"A relationship characterized by agreement, mutual understanding, or empathy that makes communication possible or easy."

How often do you believe your customers leave your store feeling this way about their experience? How often do your customers feel like they had any relationship with the person who rang up their purchase? I'm guessing if you're like most retailers, not often.

The lost art of conversation

Too many younger salespeople have never developed their ability to communicate on a truly personal level. They haven't had to and haven't seen it modeled. Without that ability, there is no hope of building rapport.

Customers see this lack of communication in employees who are just standing around in front of their stores.

They see those employees with their hands in their pockets avoiding eye contact with customers.

They see those same employees playing with their phones while completely ignoring the customers around them.

Many older customers complain that when one of these employees does talk, it often is in monosyllabic answers that only come as a result of the customer's prompting.

That has to change if you want to be in business next year.

If your sales staff is no more personable than a computer screen, your customers might as well shop online. And once you're in direct competition with those online retailers, markdowns will haunt your shelves.

Change for the better

So, how do you get your sales staff into the game? I've heard some retailers tell their staff to treat customers like family. But not everyone thinks of family dynamics as a good thing ... just sayin'. Of course, by telling them things like that, you haven't really told them anything.

What you need is to give them concrete retail customer service training that completely alters the way they view interpersonal communications, the products they sell, and the people they sell them to.

10 customer service tips to grow retail sales

Now that you know how important it is to build the communication and connection skills in your retail employees, what does that look like in practice?

To help you get your salespeople off of the sidelines and talking in full sentences, here are 10 proven techniques and tips you can start using today.

1. Quick connect

Talk to customers within 15 seconds of them entering the store. You don't need a sales pitch: just a greeting.

With this simple rule, you've established yourself as an advisor and you've made the customer feel included — all without them having to tell you they are fine, or they are not looking for anything special, or they aren't interested in your help.

2. Listen first

As a salesperson, listening to customers is more important than talking to them. You want the customer to carry the conversation.

If you'll just invite them to, shoppers will tell you about their day, what they're looking for, and the problems they're having with their current product — it's a whole world of information.

Instead of rolling your eyes and wondering when you can point to where an item is or deliver a well-worn sales pitch, realize that they're telling you everything you need to know to make a sale. And it will make your day more interesting.

All you have to do is listen and be in the moment to practice this customer service technique.

3. Make it about them (not you)

You may not be able to afford the items you sell. That's OK; you're not the one you're selling to. You may be from a different generation than the customer. That's OK too.

You may prefer bargain shopping. That's OK.

You're not here to be shopping. But you can still enjoy the thrill of someone else buying. It's just a little different than when you shop with a friend because you're employed to be selling.

If you want your day to go faster and avoid boredom, then you need to make yourself interested in another person first.

Get over yourself, and get on board with making the experience positive and memorable for both you and your customer.

4. Have a message of hope

Your salespeople should be able to not just inform, but also inspire, educate, and instill confidence in your customers so they can complete projects, find the perfect gift, or just treat themselves.

Those who don't deliver a hopeful message in their retail environment deliver bland and blah experiences. Their stores share a sameness filled with boring products, promotional pricing, and disengaged employees.



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5. Call on people to take risks

When a shopper purchases an expensive piece of jewelry, a fashion-forward outfit, or premium merchandise, it naturally pushes their comfort level. Salespeople who understand this help shoppers move past their comfort levels to see how the premium product is a better fit for their lifestyle.

Without encouraging shoppers to try on a new look or buy a more expensive item, salespeople encourage shoppers to look for safe bets.

This is at the heart of why so many retailers are stuck; they and their employees make safe bets so the newest, the premium, or the luxury items are seen as wasteful or extravagant. And often they say it "isn't worth the price," which never helps.

6. Focus on relationships

Retailers have to make space for relationships to grow. That means you must have enough coverage for a sales associate to spend a little extra time with someone and enough retail sales training that they truly understand how to approach and engage — truly engage — a stranger.

That's what creates excellent customer service.

Without a clear focus on relationships, your store is a duck-and-cover environment where employees are just trying to keep the lines short. There is no time for the exceptional because employees are only thinking of keeping up — of making their own day, and not someone else's.

7. Celebrate newbies

When new shoppers venture into your store, they must find an exceptional experience. It's easy to love your returning customers because they have already bought something from you, but you need to love those first-time visitors as much, or even more, than your regulars.

This tips the customary thinking on its head ... that you must treasure only repeat customers.

Your employees make strangers feel welcome with their language and their attitude, and by offering new experiences, such as a store tour, on that first visit.

When you focus on established customers over newbies, you can end up treating those newbies as disposable, which thwarts any efforts to implement a customer service strategy. Your circle of customers gets smaller and smaller as your established customers move away or die.

8. Plan for the major holidays

Plan ahead for all of the ways you could touch consumers during a holiday season. When decorations, emails, schedules, and social media posts are thought out in advance, your customer experience during those holidays remains high.

Holidays are a time of celebration long before the actual holiday gets there. Making sure you are prepared ahead of time will attract shoppers to your store and ensure they linger once they are inside.

Bring on seasonal retail sales associates early and train them in the same customer service techniques you should be using all year.

Without planning, especially during the holidays, you are short-staffed, out-of-stock, and invisible on social media at the very time you need to be like air — everywhere.

9. Have a leader who can rally the troops

Many managers were promoted to the role because they were good salespeople. However, they were never given any additional training on managerial skills or inspiring great customer service.

If that's you, you must be willing to change from salesperson to leader. That means you must set the goal posts of sales, encourage your team to creatively do more, and create a "wow" experience for every customer.

It means you celebrate your team's victories. It means you make them feel special, so they can make others feel special. It no longer is about you as an individual; it is now about you, the leader of your team.

When everything depends on you, if you have to personally sell every person who comes through your doors, if you are the only one with big sales, if you take a day off and sales tank, then your store — your brand — cannot grow. And that is a direct result of training.

While you might be able to do the work of two people, you simply can't be two or more people. When you remain stuck doing it all, you go from being an asset to being an obstacle to growth.

Exceptional customer service flourishes when everyone feels included, engaged, and special. Learn how to coach salespeople and your store will flourish.

10. Make it feel like each encounter is unique

An exceptional experience is as much the setting as it is the encounter with your salespeople. When every inch of your store is thought out to create surprise and delight, and you add a professional retail sales team, exceptional experience is the standard, not a rarity.

Customer service techniques and tips can only go so far without adding the personal engagement and connection that make each encounter truly unique. Make it a policy to be consumed with making everyone else's day before you try to make your own day.

When you aren't offering a simple inclusive message that shoppers can feel, you will undoubtedly turn to technology to engage them, which creates an even greater distance between you and the shoppers you're hoping to attract.

Improve your customer service techniques first

Retailers use markdowns, discounts, and coupons because they can move merchandise out without requiring a lot of effort, training, or change. Unfortunately, discounts and promos don't move as much revenue in.

Here's your wake-up call on discounting ...

When you give 20% off a \$100 sale, you actually need to sell an extra \$40 to make up the difference in profit. And that's just on \$100 — multiply that by a week-long promo sale and you'll squirm.

Those discounts are a band-aid on a broken or nonexistent sales and customer service process. It's like you are paying shoppers to endure your lack of training.

You can no longer say how much you value your customers while scheduling one or two-person coverage.

You can no longer say how exclusive your merchandise is and have sale signs blanketing your counters.

You've tried giving your profits away ...

How about improving your customer experience with proven retail training?

If you do, the sales will follow.

THE ECONOMICS OF NON-ALCOHOLIC SPIRITS, EXPLAINED



By Jacob Grier

Inside Hook

Why a booze-free drink can cost as much (or more) than its alcoholic counterpart

How much would you pay for a bottle of spirits? And does your answer change if that spirit contains no alcohol?

It's a question that arises for anyone tempted to try the more than 100 brands of booze-free distillates that have recently entered the market. Consumers are clearly intrigued by them, but one has to wonder: If the spirits don't contain alcohol, why do they cost as much (or sometimes more) than their conventional counterparts?

"It's a totally natural question," says Seth O'Malley, founding distiller at Wilderton, a non-alcoholic spirits brand produced in Portland, OR. O'Malley previously worked as a distiller of gin and other spirits, and when non-alcoholic spirits began appearing, he says the prices didn't quite compute for him. "It wasn't until I was on the other side that I realized it was quite an expensive product to make."

At first glance, non-alcoholic spirits seem like they should be relatively low-cost since they're comprised of water instead of alcohol. Water-based distillates have a tax advantage, too: alcohol is subjected to state and federal excise taxes that distillers of non-alcoholic spirits don't have to pay. And liquor is almost always sold through the three-tier system in which distributors take a substantial cut, whereas non-alcoholic spirit producers have the option of selling direct to consumers online.

Nonetheless, non-alcoholic spirits often cost in excess of thirty dollars a bottle. By comparison, one can nab a decent bottle of gin in most states for around twenty bucks. Even for someone enthusiastic about trying alcohol-free options, that disparity can make them a tough sell.

One big reason for the higher price? Even though water is cheaper than alcohol, it's less effective at carrying flavors. Ethanol is an exceptionally good solvent for capturing aroma compounds. These get released when poured into a glass, sipped or mixed with ice or a cocktail, which is what enables the sensory intensity and complexity of distilled spirits.

Alcohol offers many advantages for flavor extraction and retention that many, if not most non-alcoholic spirits use it at some point in the process, either as a base of distillation that is later removed or as a tincture added in trace amounts to the nearly finished product. Under U.S. regulations, beverages containing less than .5% alcohol can be labeled as non-alcoholic. By comparison, most basic distilled spirits in the U.S. contain 40% alcohol or higher.

When making a water-based spirit with the strength to stand up in a mixed drink, producers such as Wilderton use a heavier hand with the herbs, roots and spices that contribute flavor. "Compared to making gin, we are looking at four to nine times as much botanicals," says O'Malley. "In replacing the impact [of alcohol] with some other flavor intensity, I just use egregious amounts of botanicals." Rather than using a typical pot still, which he says would distort the taste, he also rents time on an advanced spinning cone column vacuum still. This allows him to distill at low temperatures that preserve delicate flavors but adds to the costs of production.

Water distillates are especially difficult when it comes to oils, says Monique ten Kortenaar, master distiller for Lucas Bols in the Netherlands. One of the company's recent projects was the development of Damrak Virgin, an alcohol-free version of its Damrak gin. "We wanted to have as close of a copy of the original Damrak as we could get," she says. "The thing is, Damrak is quite a citrus-forward gin. That gave us more challenges because the citrus flavors come mostly from the peels, but those are mainly soluble in alcohol. They won't dissolve in water."

Capturing the desired flavors required an intensive distilling process that took more than two years to perfect, including running separate distillations for different botanicals and grinding or smashing them to extract more of their aromatic compounds. In total, getting a batch of Damrak Virgin into bottles takes the distillery about twice as long as it does to produce Damrak gin. All these costs contribute to a slightly higher price: The Virgin bottling of Damrak retails for \$24.99 versus \$22.99 for the gin.

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THE ECONOMICS OF NON-ALCOHOLIC SPIRITS, EXPLAINED, CONT'D.

A less obvious cost of producing non-alcoholic spirits is the care required to keep them clean. High-proof alcohol is essentially self-sanitizing, but water can provide a welcoming home for microbes. "There's a lot of insidious refrigeration costs," says O'Malley. "Sanitation is much more extreme for creating and packaging this material than you would ever need to be with an alcoholic spirit." Though Wilderton gets to avoid some of the taxes and regulations that apply when distilling alcohol, he reports going to "great lengths" to prove to the Department of Agriculture and the Food and Drug Administration that their products and processes are safe.

The need to prevent spoilage creates an additional problem for non-alcoholic spirits. To compensate for the lost sanitizing qualities of alcohol, producers generally lower the pH with additives like citric acid. This preserves water-based distillates but also changes their taste, giving them a perceptibly tarter profile than typical alcoholic spirits. That affects the way people drink them, too.

Take Keiver Genever 0%, produced in Amsterdam. Genever is traditionally enjoyed neat for its whiskey-like maltiness, but it's difficult to make that quality translate to a low-pH, alcohol-free spirit. "A non-alcoholic genever is super niche," says Ruben Wolvekamp of Keiver. "When we launched it was quite funny, people would drink it with a non-alcoholic beer." Ultimately, however, they focused on its potential in mixed drinks, emphasizing spices that stand out when lengthened with sodas and other mixers.

Similarly, Tanya Cohn, global brand manager for Damrak, notes that the Virgin bottling is best enjoyed in a cocktail. "If you look at Amazon reviews of non-alcoholic spirits, the bad reviews come from people sipping it from the bottle," she says.

But what kind of cocktail should one mix them in? When considering the cost of non-alcoholic spirits, how one plans to consume them is almost as important as the price of the spirits themselves. Long and bubbly drinks – such as a Virgin gin and tonic, which I'm drinking happily as I write this – are an ideal use for botanically-driven non-alcoholic spirits. They require about the same amount of the spirit as one would use in a regular cocktail, making them reasonably cost-effective.

Alcohol-free renditions of such classic drinks are therefore an appealing option for both producers and consumers. "It's a very good margin product because people want the experience of having a non-alcoholic cocktail," says Wolvekamp. "If we can create a spirit which comes quite close to that kind of taste, they're willing to pay for it."

But what about short, potent cocktails, such as a Martini or Manhattan? These get a bit more challenging. "I see being able to make a good non-alcoholic short drink as one of the goals of non-alcoholic spirits," says O'Malley of Wilderton.

I find their Lustre expression suits this purpose well. It's not intended to copy gin, but it shares with that spirit a complex and potent botanical profile. Rather than mixing it with soda or tonic, I've taken to simply stirring it with ice, straining it into a chilled coupe glass, and expressing a lemon peel over the surface of the drink. The resulting cocktail is certainly Martini-adjacent in its preparation, appearance and taste.

There is one notable difference, however: Using three ounces of Lustre per drink, each one would cost me more to make than a standard Martini with gin and vermouth, perhaps by a dollar or more. And then there's the issue of pace: My consumption of Martinis is self-limiting, at least if I want to be productive the next morning, while my intake of non-alcoholic drinks is limited only by my personal restraint. Drinking through a \$33 bottle too quickly can add up.

So are new-wave non-alcoholic spirits worth the price? For those who wish to abstain from alcohol, they offer options that obviously add value. For those of us who don't intend to give it up completely, they offer an opportunity to think about why we drink — is it for the taste? For the mood-altering effects? The honest answer for most of us is probably both. Until recently, there were few good ways to separate the two.

In economic terms, alcohol-free spirits offer a way to unbundle the sensory complexity of spirits and cocktails from the impact of alcohol, allowing us to pick and choose when we desire one or both. Non-alcoholic products will probably never duplicate the stunning particularity of an Islay Scotch or a Jamaican pot still rum, but they can fulfill the desire for drinks that are layered and sophisticated without clouding one's head.

Many of these new products are also beguilingly complex. As Seth O'Malley told me, "I think we should be carving out novel flavor territories instead of just copying distilled spirit categories." Viewed not as a lesser alternative to alcoholic spirits but rather as labor- and ingredient-intensive worthy of respect in themselves, they can be fairly weighed against their price. And for those of us who continue to enjoy alcohol, they can prove a valued addition to one's home bar, offering the option to enjoy a satisfyingly refined alcohol-free drink or to imbibe with more intention.

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Contact: Mike Wurst
Phone: (612) 310-8109
E-mail: mwurst@polarbev.com

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Contact: Tim "Jonesy" Hukriede
Phone: (507) 326-5471
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Contact: Grant Martin
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Madison Bottling Co.

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