Department of Liquor Control Performance Review

George Griffin, Director

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CountyStat

CountyStat Principles

- **Require Data-Driven Performance**

- **Promote Strategic Governance**

- **Increase Government Transparency**

- **Foster a Culture of Accountability**

Agenda

- **Welcome and Introductions**
- **Performance Update**
- **Special Topic:**
  - Liquor Control Web Presence
- **Wrap-up and Follow-up Items**

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Meeting Goal

- **Determine the impact of DLC work on headline measures and establish new performance expectations and goals**
- **Evaluate need for DLC web page outside of County web portal**

Headline Measures

1. Annual growth in DLC retail and wholesale sales
2. Gross profit margin of DLC retail and wholesale operations
3. Average satisfaction rating of DLC retail customers based on the customer survey results
4. Average satisfaction rating of DLC wholesale customers based on the customer survey results
5. Retail sales as a percentage of total sales
6. Sales per retail associate (in dollars)
7. Percent of licensees that fail compliance checks
8. Number of annual alcohol compliance checks

Headline Measure #1: Annual growth in DLC retail and wholesale sales
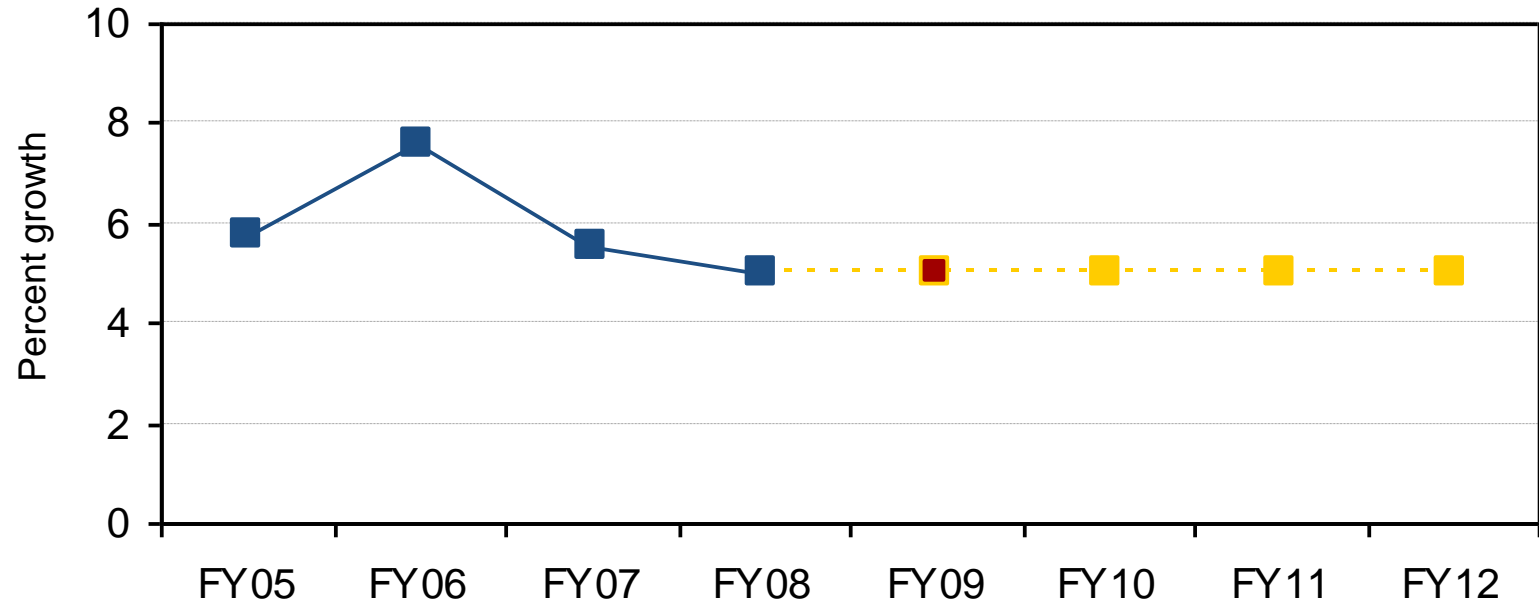
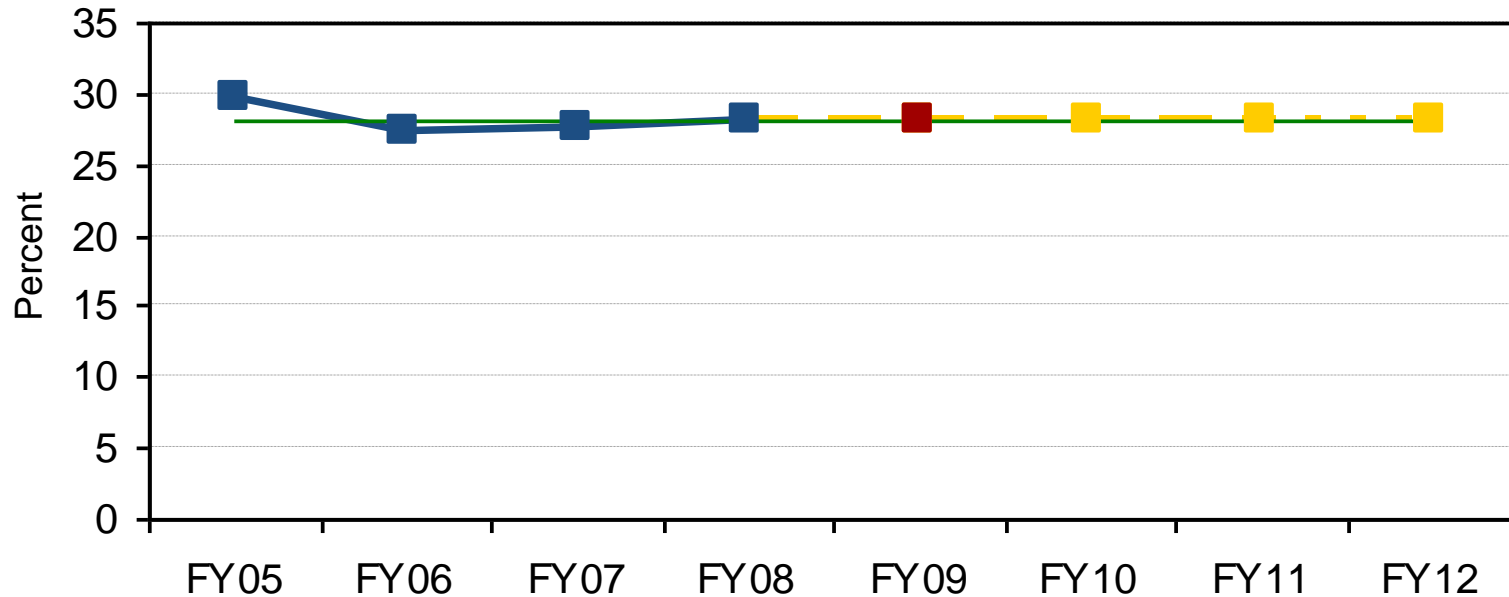|	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Annual growth (%)	6	8	6	5	5	5	5	5

Actual performance
Projected performance
Performance projected for FY09

Headline Measure #2: Gross profit margin of DLC retail and wholesale operations

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Gross Profit Margin (%)	29.61	27.2	27.5	28	28	28	28	28

Legend:
- Actual performance
- Projected performance
- Performance projected for FY09

Headline Measure #2: Gross profit margin of DLC retail and wholesale operations

- **Gross profit margin**, cost of goods sold as a percent of total sales, is an important measure to analyze as it is one of the fundamental measures that determines the achievement of profitability

- **Drivers of Gross Profit Margin**
  - Product selection
  - Inventory control
  - Pricing

Calculating Gross Profit Margin
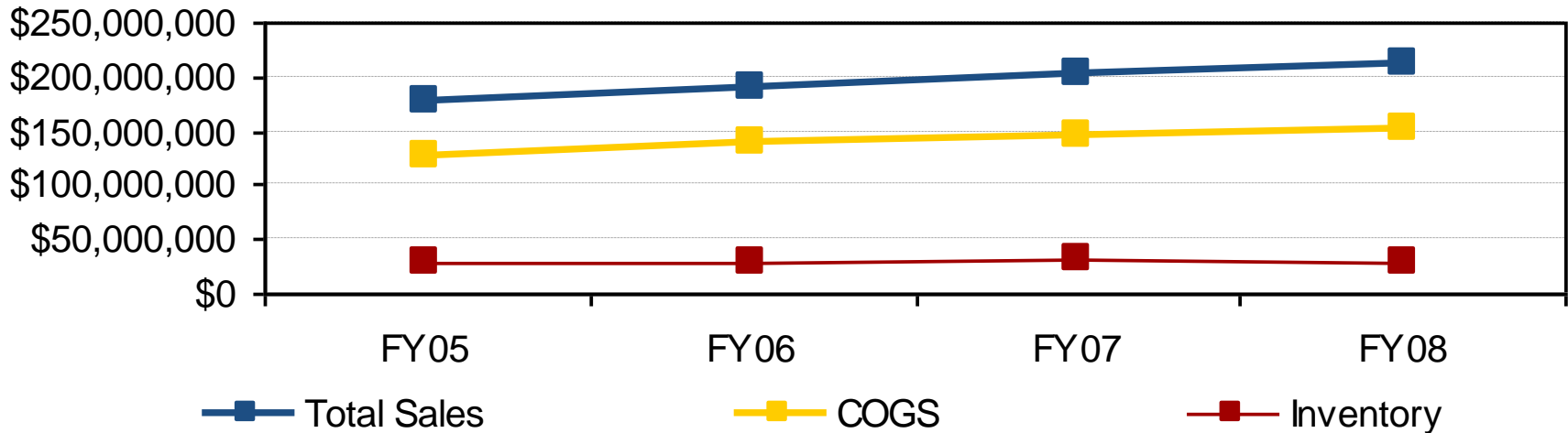
|	Definition
Total Sales	Sales of alcohol beverages to licensees and retail customers from County operated retail stores.
Cost of Good Sold	Beginning inventory of alcohol beverages plus purchases for the period under review minus the ending inventory on hand.
Inventory	Alcohol products carried in the county warehouse and retail stores at cost for future sale.

**DLC calculates gross profit margin in the following way:
(Revenue-COGS)/Revenue x 100.**

Headline Measure #3: Average satisfaction rating of retail customers
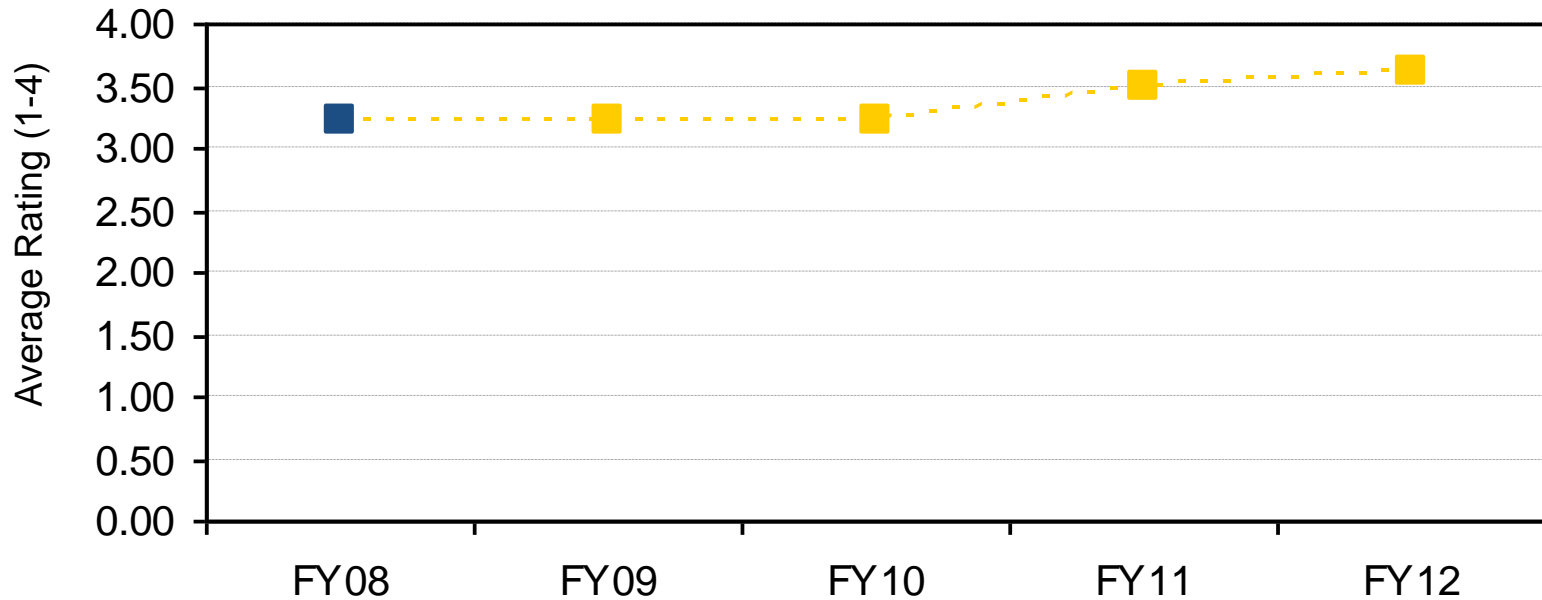
	FY08	FY09	FY10	FY11	FY12
Average rating (1-4 scale)	3.2	3.2	3.2	3.5	3.6

■ Actual performance   ■ Projected performance   ■ Performance projected for FY09

Headline Measure #3: Average satisfaction rating of retail customers

Customer Service

Survey Question	Average Score
Staff is knowledgeable about products	3.53
Staff greets me and is helpful	3.52
Overall Score	**3.53**

Communications

Survey Question	Average Score
I regularly check the Washington Post for DLC sales promotions	2.54
I regularly check the Internet for DLC sales promotions	1.99
If I regularly check the Internet I can easily find the sale items	2.26
Overall Score	**2.27**

The retail survey overall average for FY08 was 3.2 (out of 4).

Headline Measure #3: Average satisfaction rating of retail customers

Product Offerings

| Survey Question	Average Score
Wine selection is adequate	3.34
Spirits selection is adequate	3.50
I receive special order items in a timely manner	3.34
Regular prices are fair	3.12
Sale prices allow me to get good deals on a wide variety of items	3.47
Overall Score	**3.35**

Overall Shopping Experience

Survey Question	Average Score
My store is in a convenient location	3.68
Parking is convenient to the store	3.61
The store is clean	3.63
Overall Score	**3.64**

The retail survey overall average for FY08 was 3.2 (out of 4).

Headline Measure #4: Average satisfaction rating of wholesale customers
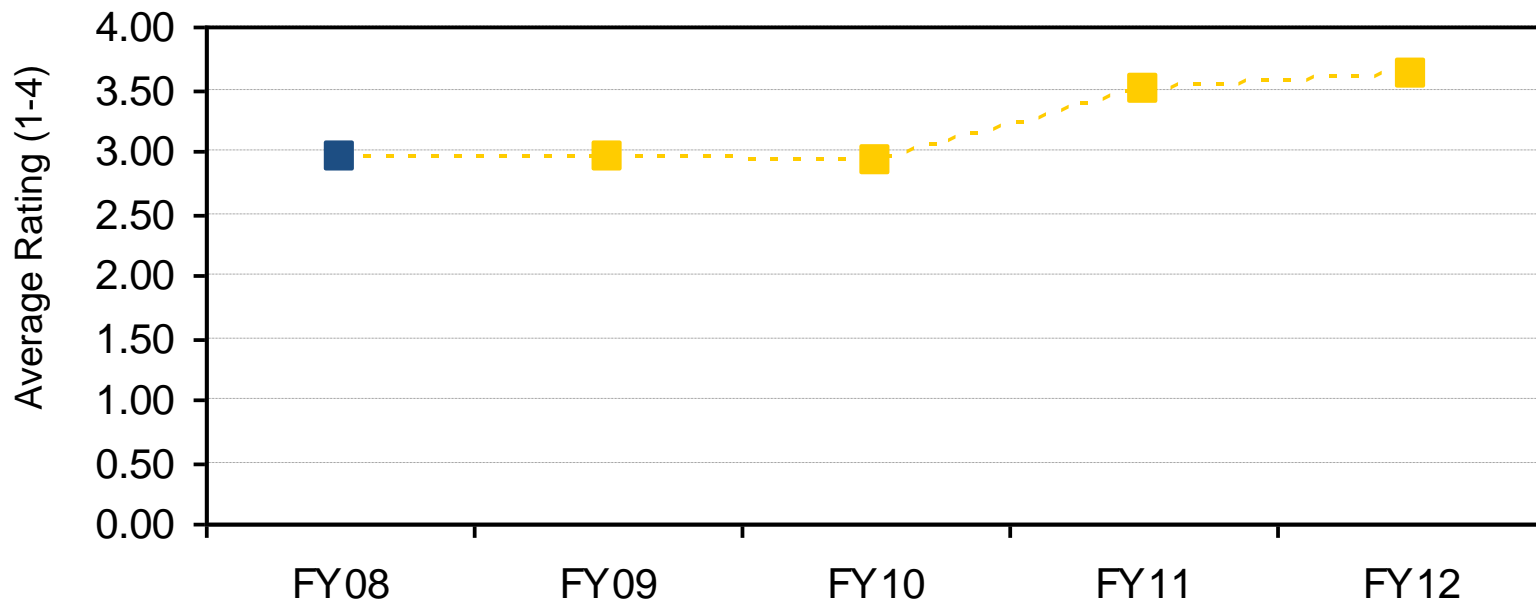
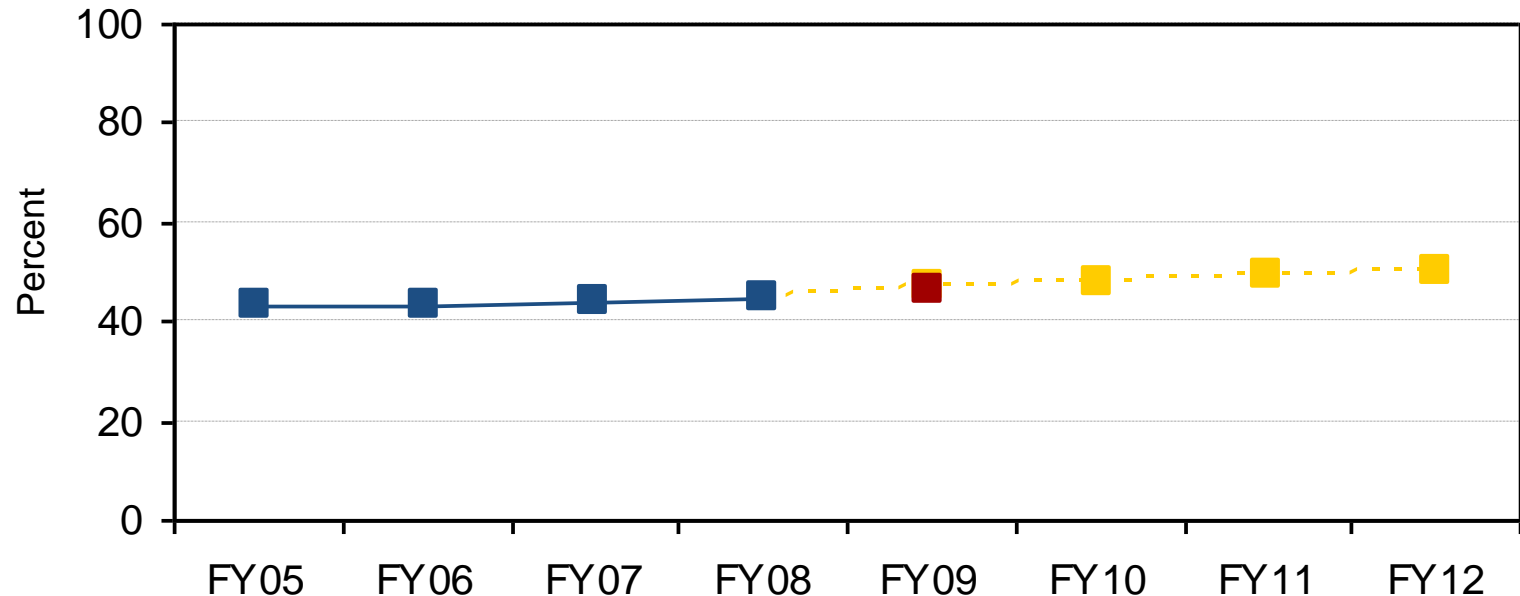|	FY08	FY09	FY10	FY11	FY12
Average rating (1-4 scale)	2.95	2.95	2.9	3.5	3.6

■ Actual performance   ■ Projected performance   ■ Performance projected for FY09

Headline Measure #4: Average satisfaction rating of wholesale customers

Customer Service

Survey Question	Average Score
Customer Service staff answers calls in a timely manner	2.90
Customer Service staff takes my order correctly	3.14
Delivery staff is courteous when making deliveries	3.28
Delivery staff completes my paperwork accurately	3.32
Pickup staff is responsive	2.99
Overall Score	**3.13**

Communications

Survey Question	Average Score
I regularly read the mailed version of the newsletter	3.13
I regularly read the on-line version of the newsletter	2.34
I can easily look up products in the newsletter	3.02
Department staff is responsive when I call	3.03
Overall Score	**2.93**

The wholesale survey overall average for FY08 was 2.95 (out of 4).

Headline Measure #4: Average satisfaction rating of wholesale customers

Product Offerings

Survey Question	Average Score
Beer promotions assist me in being profitable	2.86
Beer is fresh when I receive it	3.10
Beer packaging is clean when I receive it	2.92
Beer selection is adequate	3.04
Turnaround time for Special Order Beer is acceptable	2.53
Wine promotions assist me in being profitable	2.85
Liquor promotions assist me in being profitable	2.88
Wine selection is adequate	2.82
Liquor selection is adequate	3.07
Wine/spirits packaging is clean when I receive it	3.03
Turnaround time for Special Order Wine is acceptable	2.44
Overall Score	**2.87**

The wholesale survey overall average for FY08 was 2.95 (out of 4).

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Headline Measure #5: Retail sales as a percentage of total sales

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Retail sales as a percentage of total sales (%)	43	43	44	45	47	48	49	50

Actual performance
Projected performance
Performance projected for FY09

Headline Measure #5: Retail sales as a percentage of total sales
Total Sales, FY05-08
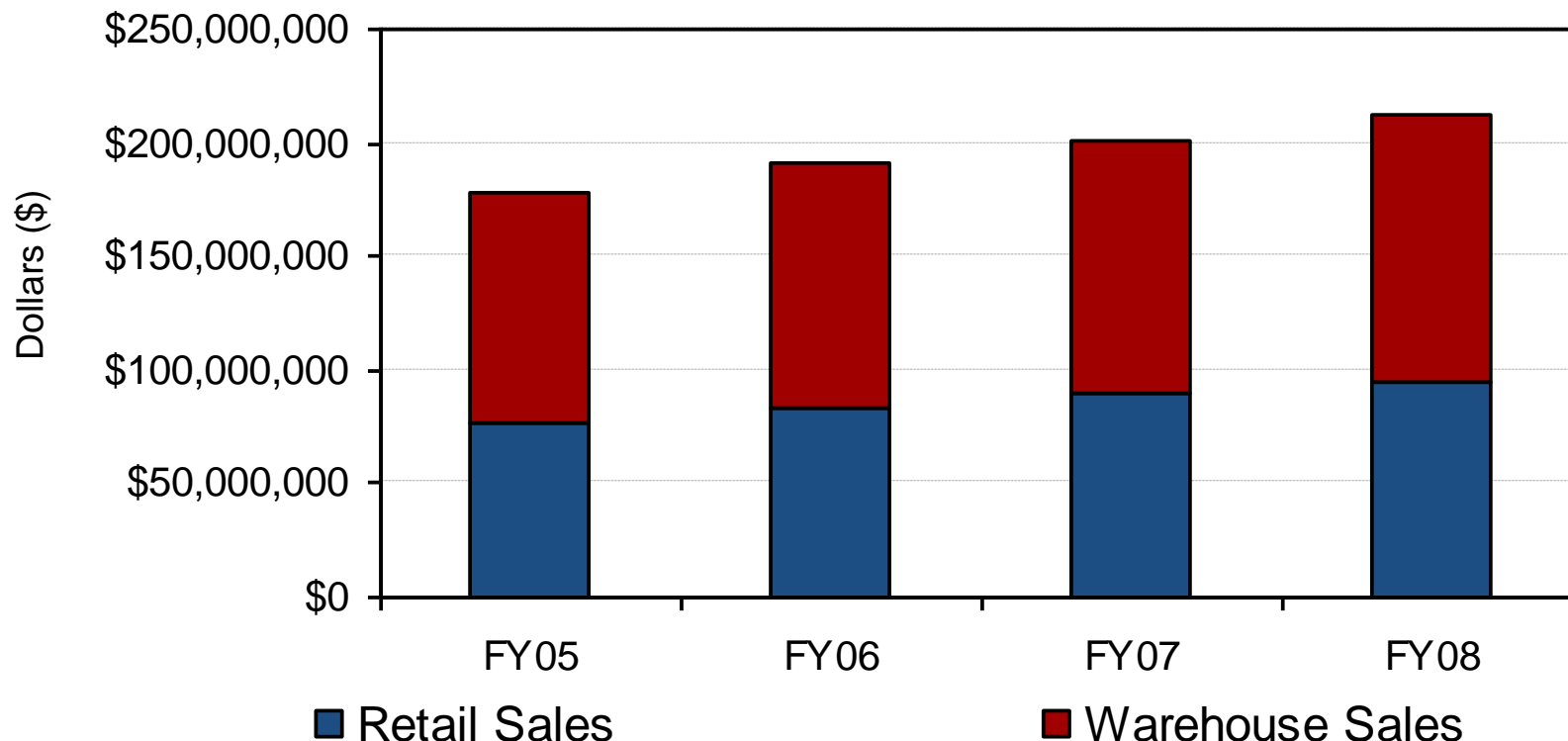
Headline Measure #6: Sales per retail associate (In millions of dollars)
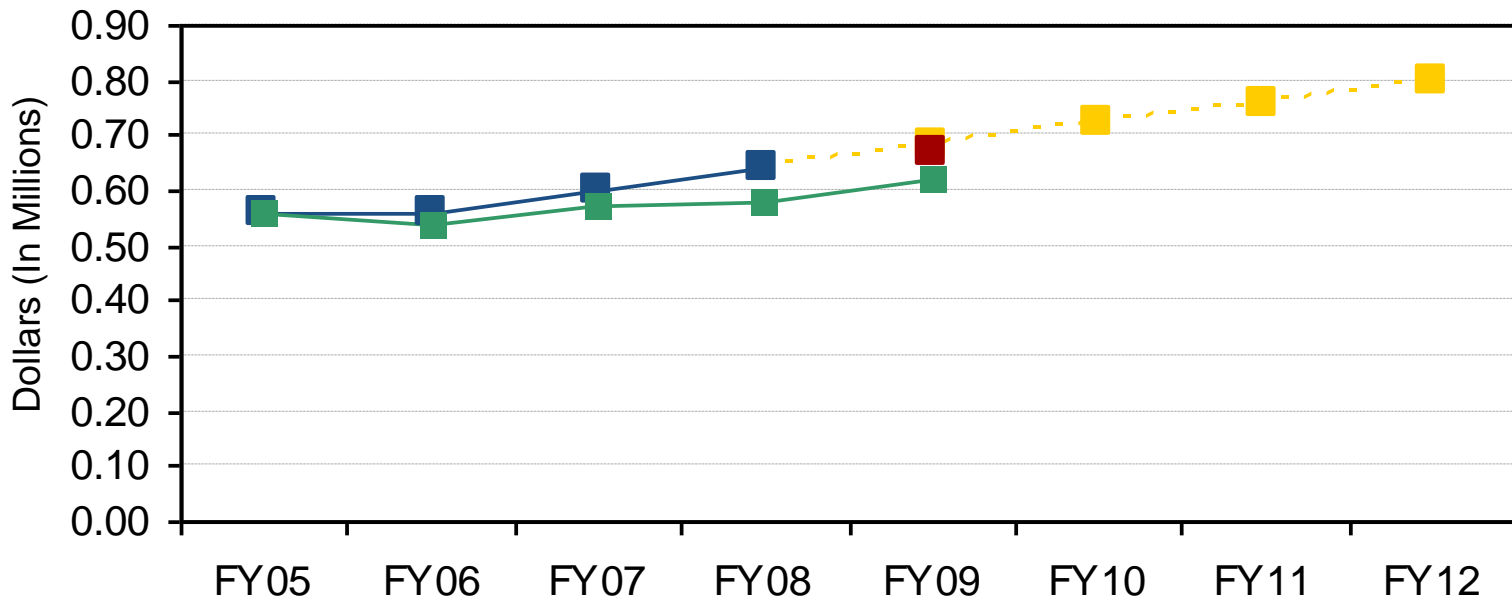
	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12
Dollars	0.56	0.56	0.6	0.64	0.68	0.72	0.76	0.8
2005 Dollars*	0.56	0.54	0.57	0.58	0.62	--	--	--

*Calculated using the U.S. DOL Bureau of Labor Statistics Inflation Calculator, using 2005 dollars, to account for inflation.

Legend:
- Actual performance
- Actual Performance (Adj for inflation)
- Projected performance
- Performance projected for FY09

Headline Measure #7: Percent of licensees that fail compliance checks
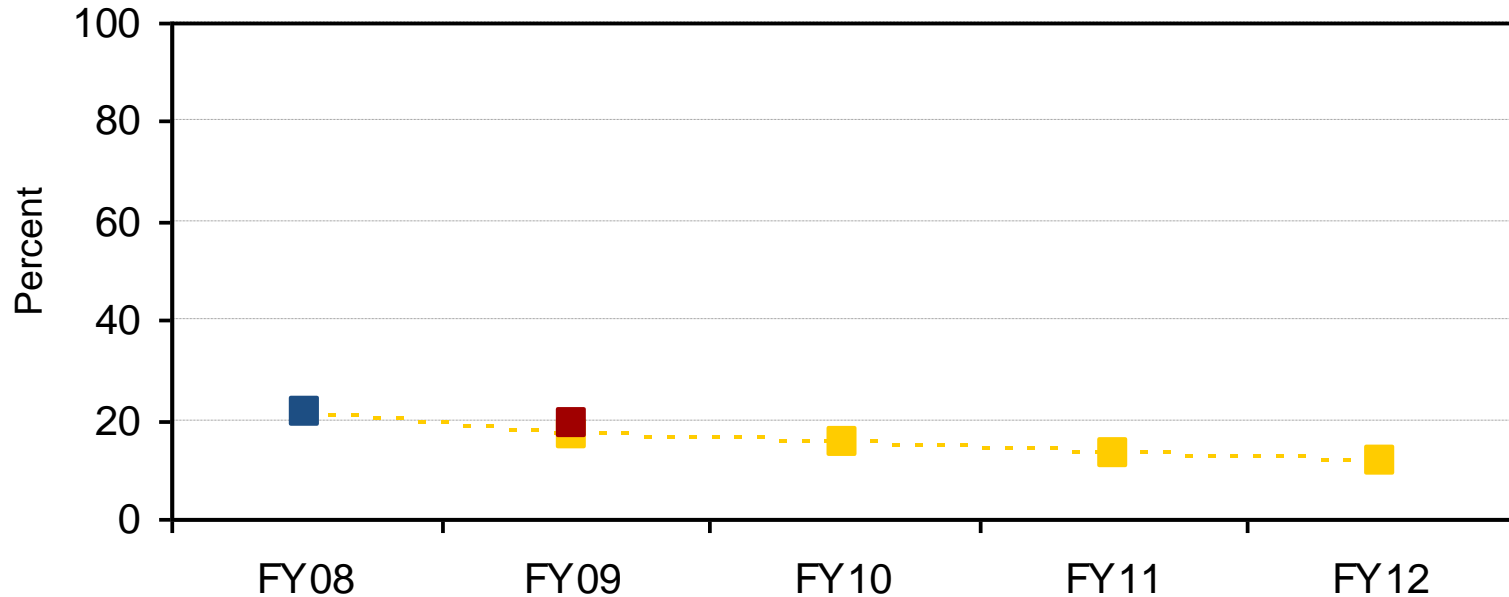
	FY08	FY09	FY10	FY11	FY12
Licensees that fail compliance checks (%)	21	17	15	13	11

- ■ Actual performance
- ■ Projected performance
- ■ Performance projected for FY09

CountyStat

Headline Measure #8: Number of annual alcohol compliance checks
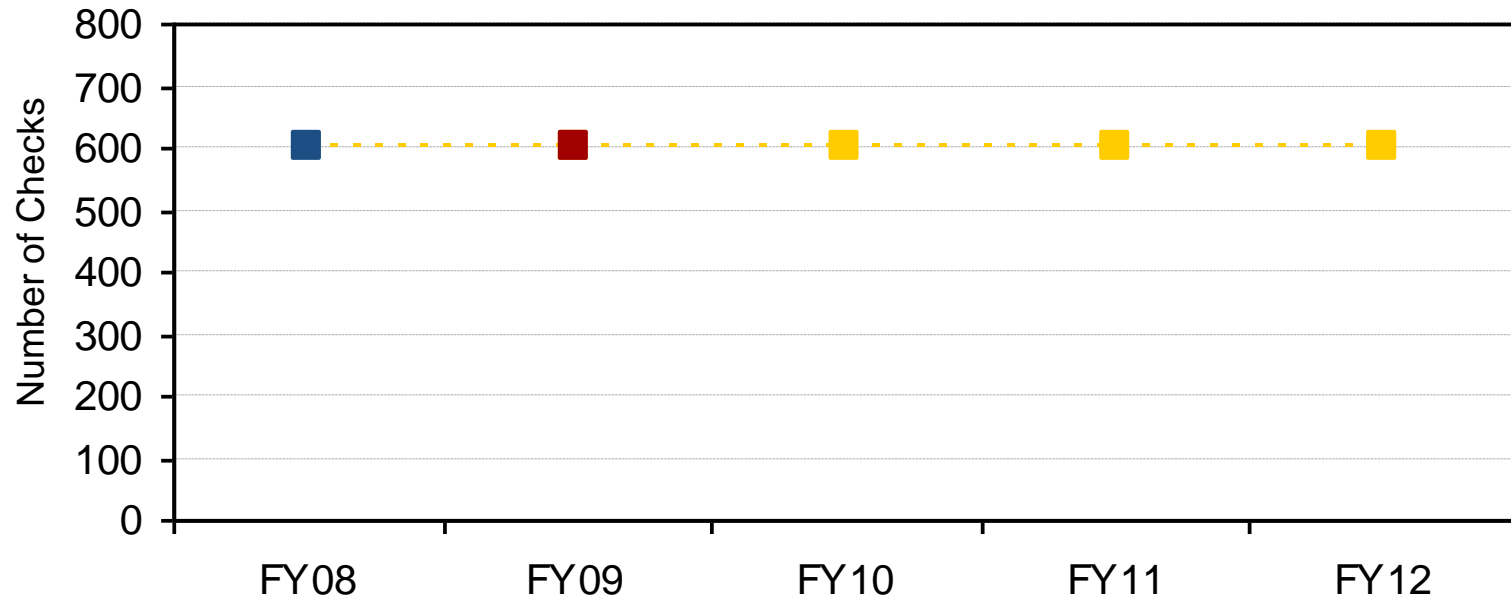
Number of annual alcohol compliance checks	FY08	FY09	FY10	FY11	FY12
	600	600	600	600	600

Legend:
- ■ Actual performance (blue)
- ■ Projected performance (yellow)
- ■ Performance projected for FY09 (red)

Performance Drill Down
DLC Web Presence

- Creation of a viable web presence is a mechanism to meeting DLC's marketing and promotion goals our website is the most consistently accessible method of information distribution to customers. Print readers are declining, while Internet users continue to increase. To provide good service, we must provide a professional, user-friendly site.

- CountyStat evaluated the current web presence and focused on the advantages and disadvantages of the current web presence

DLC: Web Visitor Summary (FY09 to date)	
Visitors	124,040
Visitors who visited once	102,964
Visitors who visited more than once	21,076
Average visits per visitor	1.54
Web Visit Summary	
Visits	190,566
Average per day	626
Average visit duration	5:43
Median visit duration	1:13
Web Page View Summary	
Page views	264,423
Average per day	869
Average page views per visit	1.39

CountyStat

DLC Web Presence
Results of Retail and Wholesale Surveys

Retail Survey, Communications Section of the Survey

Survey Question	Average Score
I regularly check the Washington Post for DLC sales promotions	2.54
I regularly check the Internet for DLC sales promotions	1.99
If I regularly check the Internet I can easily find the sale items	2.26
Overall Section Score (Survey Average = 3.20)	**2.27**

Wholesale Survey, Communications Section of the Survey

Survey Question	Average Score
I regularly read the mailed version of the newsletter	3.13
I regularly read the on-line version of the newsletter	2.34
I can easily look up products in the newsletter	3.02
Department staff is responsive when I call	3.03
Overall Section Score (Survey Average = 2.95)	**2.93**

In both retail and wholesale cases, communications, and in particular online communications, scored lower than the overall survey average. (Rating scale: 1 to 4)

DLC Web Presence
Google Page Rank: Initial Findings

- CountyStat analyzed the ability of the public to access online information about alcohol sales within Montgomery County

- Searched for terms in combination with county (i.e. liquor store + montgomery county)
  - Also searched for terms in combination with top six DLC retail stores in terms of net sales
  (as of 5-11-09)

Google Search Term	Rank
wine + montgomery county	1
beer + montgomery county	1
spirits + montgomery county	1
liquor store + montgomery county	1
liquor store + maryland	1
liquor store + rockville	84
liquor store + bethesda	1
liquor store + germantown	65
liquor store + gaithersburg	3
liquor store + olney	87
liquor store + potomac	25

CountyStat

DLC Web Presence
Google Maps Search Rank: Initial Findings

- CountyStat also analyzed the ability of the public to access online geographic information about alcohol sales within Montgomery County

- Searched for terms in Google Maps in combination with zip codes
  - Used the zip codes of the top six DLC retail stores, in terms of net sales are located (i.e. alcohol: *zipcode*)
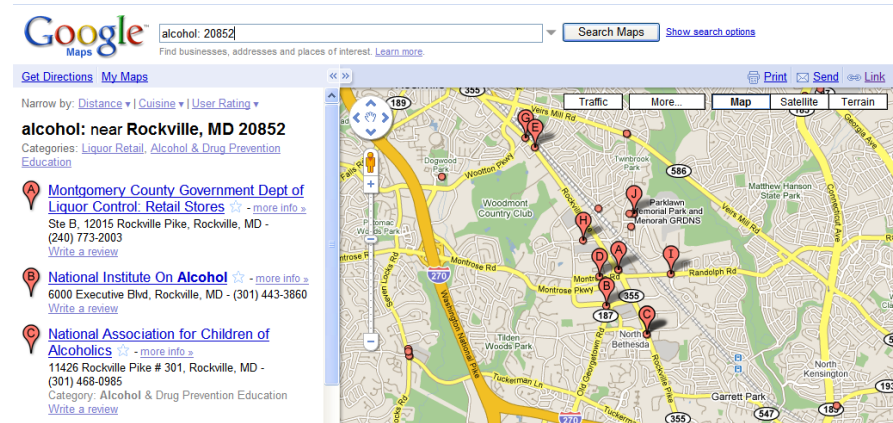
Google Maps Search Term	Rank
alcohol: 20852	1
alcohol: 20854	2, 4, 6, 8
alcohol: 20876	2, 6, 8
alcohol: 20878	1, 4, 5
alcohol: 20814	4, 6, 9
alcohol: 20832	1, 2, 3, 4, 8, 9

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DLC Web Presence
Top Referring Sites

Referring Site	Visits	% of Visits
Montgomery County Web Portal http://www.montgomerycountymd.gov/	129,903	68.16%
Direct Traffic to the DLC web page	39,285	20.61%
Google http://www.google.com/	15,035	7.89%
Montgomery County Web Portal Search Engine http://207.96.37.108/	2,588	1.36%
Yahoo http://search.yahoo.com/	489	0.26%

This report identifies web sites that refer visitors to the site. This is an overview of how effectively different methods, such as search engines and on-site ads, bring traffic to the site.

DLC Web Presence
Top Search Phrases

Search Phrase	% of Referrals from Google
montgomery county liquor store hours	4.8
montgomery county md liquor stores	2.5
montgomery county liquor board	2.5
maryland liquor store	1.9
montgomery county maryland liquor stores	1.9
montgomery county liquor	1.5
montgomery county liquor specials	1.7
maryland liquor prices	1.1
montgomery county wine	1.0
montgomery county liquor control board	0.9
Total	**19.8%**

Of the search engine referrals, 19.8% were from Google under the above 10 search phrases. This shows the most popular search engine and search phrase combinations that drive visitors to the site.

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DLC Web Presence
Repeat Visitors

Number of Visits	Visitors	%Visitors
1 visit	102,964	83.01%
2 visits	11,813	9.52%
3 visits	3,913	3.15%
4 visits	1,877	1.51%
5 visits	1,092	0.88%
6 visits	626	0.50%
7 visits	351	0.28%
8 visits	231	0.19%
9 visits	186	0.15%

This table shows the visit frequency of the site's top visitors, allowing an evaluation of overall site loyalty. This information can indicate whether or not the site compels visitors to return.

Data note: This metric displays the number of visits by each unique visitor during the period of the report.

Source: WebTrends, DTS, FY09-To Date

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DLC Explanation of Findings & Recommendations

- It appears that our customers are having the same problem with our internet site as they do with our information in the telephone book.

- We are part of Montgomery County Government; however, many customers do not know that, or would not think to search for information on us in that way. They become frustrated when they are unable to find us from a telephone book or from 411 information, and it seems they have the same trouble with our website.

DLC Explanation of Findings & Recommendations

- **What are the advantages of having the DLC site within the County portal?**
  - Customers could visit other County Departments.

- **What are the disadvantages of having the DLC site within the County portal?**
  - Less-than-professional appearance; difficult for customers to locate.

- **How will additional revenue brought in compare with the cost of improving the website?**
  - We look to CountyStat to assist us in estimating this. We are primarily interested in having a professional, user-friendly site that better serves our customers. Examples of other professional, user-friendly sites include the Pennsylvania and New Hampshire sites, as well as local stores Calvert Woodley and Total Beverage.

Current DLC Webpage

- **Currently, the Department of Liquor Control's website lacks certain functions that would make it more attractive to customers**

Dept of Liquor Control, Main webpage

DLC Web Presence
Comparison to other wine & spirits sellers

Dept of Liquor Control, Wine specials

Corridor Wine & Spirits, Laurel, MD

Searchable and/or Categorical Listings: Improving the department's product search function, and including categorical listings would attract repeat visitors to its website.

DLC Web Presence
Recommendations

The following should be considered in any major revision to the DLC website

- **Searchable and/or Categorical Listings:** Allows customers to more easily identify products that meet their interest in much less time.
    - Currently users press "Ctrl F" to reach a search field within the weekly specials; however, many customers cannot figure this out correctly until they ask for help via email or phone. An easy search process would be highly desirable, as many customers may only search and/or purchase from one or two main categories.
- **Product Notes:** Additional information on items, such as wine ratings, seen on other liquor/wine websites, would be desirable.
- **Greater User Interactivity:** Allows customers to post product reviews and generates greater use of website and allows DLC to become not only a supplier of goods but also a knowledgebase for customers.

DLC Web Presence
Comparison to other wine & spirits sellers

State of Oregon, Liquor Control Commission

Customers can search for products at locations near them.

Controlled access to listings

Controlled Access and Location Inventory: Oregon's liquor control board "Liquor Search" website communicates responsible selling practices while providing a useful service for customers.

DLC Web Presence
Recommendations

The following should be considered in any major revision to the DLC website

- **Location Inventory:** Allows customers to find stores that have relevant stock and reduces cost associated with transporting goods between stores.

    - While currently we would have difficulty providing this data in a user-friendly format from the current computer system, this would be highly desirable.

    - Customers need to be able to not only search but also reserve product to purchase at any of our stores. Our current system only lets them search for sale items.

- **Controlled Access to Site:** Age verification promotes responsible alcohol consumptions in Montgomery County.

Tracking Our Progress

- **Meeting Goals:**
  - Determine the impact of DLC work on headline measures and establish new performance expectations and goals
  - Evaluate need for DLC web page outside of County web portal

- **How will we measure success**
  - Updated performance plan is finalized and published to the web
  - Make a determination on whether to allow the department to move outside the County web portal and monitor web traffic to evaluate improvement in online communications

Wrap-Up

- **Follow-Up Items**

- **Performance Plan Updating**

DLC Web Presence
Comparison to Other Control Jurisdictions

Control Jurisdiction	Separate Webpage?	Connected to Govt. Webpage?
Worcester County, MD	Yes	No
Alabama	No	Yes
Idaho	No	Yes
Maine	No	Yes
Michigan	No	Yes
Mississippi	No	Yes
New Hampshire	No	Yes
North Carolina	Yes	Yes
Ohio	No	Yes
Oregon	Yes	Yes
Pennsylvania	Yes	Yes
Utah	No	Yes
Vermont	No	Yes
Virginia	No	Yes
Washington	No	Yes
Wyoming	No	Yes