WINE REP

What society thinks I do
WINE REP

What my parents think I do
WINE REP

What my friends think I do
WINE REP

What my customers think I do
WINE REP

What I actually do
Wine Industry

Fast Facts:

❖ $61.8 B in U.S.
❖ Growing at 5.6% cagr
❖ Headroom – U.S. consumption
❖ Top 10 in Grocery, top 3 in growth
January 1919 ratified the 18th amendment –
- Production, sale or transportation
- Alcohol industry was the 5th largest industry
- 1913 Fed Gov passed 16th amendment
- Prohibition lasted 13 years
- It was a failed experiment
In 1933 the 21st Amendment repealed the 18th amendment.

This is the only time in the history of the US that an amendment has been repealed.

State control over the distribution and sale of Intoxicating products.

Section 2 of the 21st amendment does just that.
Types of Markets within states

**Control**
Distribution controlled by state, some control retail as well.
PA, NH, UT, WY act as both wholesaler and retailer.

**Franchise**
State views distributor relationship with supplier as a franchise. 21 states including Missouri fall under different levels of franchise law

**Open state**
Pure three tier. Both the supplier and the distributor conduct business at the discretion of their choice.

**Dry state/market**
Since Mississippi went “wet” in 1966, there are no longer any “dry” states. There are however counties and municipalities within states that remain dry.
Direct to Consumer

Examples
- Winery tasting rooms
- Wine Clubs
- Internet sales
- Self distributing

Advantages
- Control the narrative
- Maximum Margin/profit
- Estimate to be 10% of total wine revenue, growing double the rate of total business
- Average price per btl is just under $40, compared the IRI scan average of $7.11. $6.89/still & $11.08 for sparkling

Challenges
- Buyer fatigue
- Traffic
- States that prohibit direct shipping
- Onerous record keeping
Three tier distribution

Advantages to this system
• Reach within market
• Capital requirement of a warehouse, trucks, routing software etc...
• Reduce your market risk
• Legal requirement

Disadvantages to this system
• Lose direct contact with consumer
• Tier of profit/margin
• Competitive products, share of mind
• Type and Size accommodating your needs
Route to Market Paradigm

1999
2,674 Wineries

~3,000 Distributors*

Today
13,513 Wineries

~650 Distributors*

Source: TTB Database
*Internal Estimates
Finding/selecting/selling a distributor

**Courting**

- ✓ **USP** - Unique Selling Proposition
- ✓ Distributors carry multiples of similar brands and items
- ✓ Explore current suppliers feedback
- ✓ Examine competitive portfolio and fit
- ✓ Understand priorities
- ✓ “Kick the tires” of trade relations
Navigating the distributor

**Selling to, in and for**

- ✓ Who to know in the distributor
- ✓ Working in and through the distributor
- ✓ Engaging the sales force
- ✓ Carrying the Flag
Know your customer

**Distributor**
- Name on the building
- General manager/gsm
- Division, channel managers
- District manager
- Sales/Account managers
- Purchasing agent
- Warehouse manager
- POP manager

**Trade**
- Top customers – target list
- Owners name - details
- Key POC’s – Dist Rep
- History – buy levels, pricing
Engage the Distributor

**General Sales Meeting**

- Company/Brand history
- Accolades/Scores
- Celebrate success
- Competitive Set
- Target accounts - Types
- Pricing, deal structure
- INCENTIVES
- Marketing support, media mix
- Promotional programs
- VAP’s/Special packs
Selling

**With distributor reps**
- Secure ‘Ride With”
- Communicate with Rep
- Meet in the Market
  - Tell – Show – Do
  - Open ended questions
  - Listen
  - Be respectful of their time
  - Take notes

**Selling on your own**
- Distributor Rep owns the account
- Keep Dist Rep informed
- Honor the process/system
- Recap with Rep & account
Wrapping it up

Follow-up is everything

• Take notes
• Budget your time for closure
• Send thank you and follow-up notes within 48 hours.
• Place a calendar reminder for follow-up
• Be factual, non-emotional
• The details make the difference:
  • Specific dates to start/end/complete
  • Specific quantities
  • Who will do what, by what means and who will measure
Thank you