



Grape and  
Wine Institute  
University of Missouri

## Selling your wine

Columbia MO  
4 March 2020

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# 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 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*





# History Lesson

- ❖ January 1919 ratified the 18<sup>th</sup> amendment –
- ❖ Production, sale or transportation
- ❖ Alcohol industry was the 5<sup>th</sup> largest industry
- ❖ 1913 Fed Gov passed 16<sup>th</sup> amendment
- ❖ Prohibition lasted 13 years
- ❖ It was a failed experiment

In 1933 the 21<sup>st</sup> Amendment repealed the 18<sup>th</sup> 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This is the only time in the history of the US that an amendment has been repealed.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 21<sup>st</sup> amendment does just that.



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# Types of Markets within states

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## *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

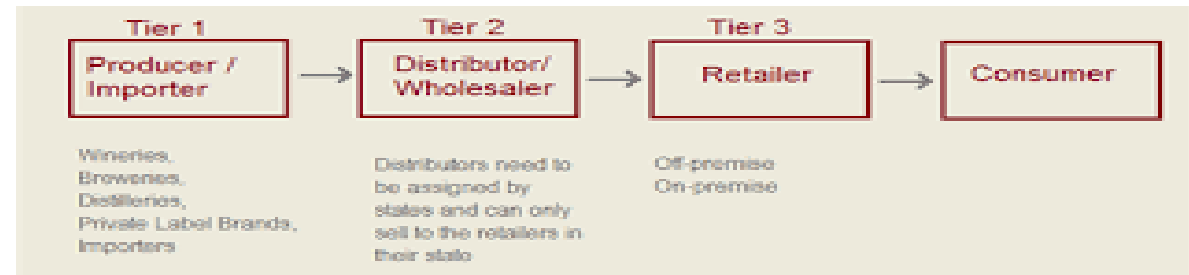
## Challenges

- 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

Today

**2,674 Wineries**

**13,513 Wineries**



**~3,000 Distributors\***

**~650 Distributors\***

Source: TTB Database  
\*Internal Estimates

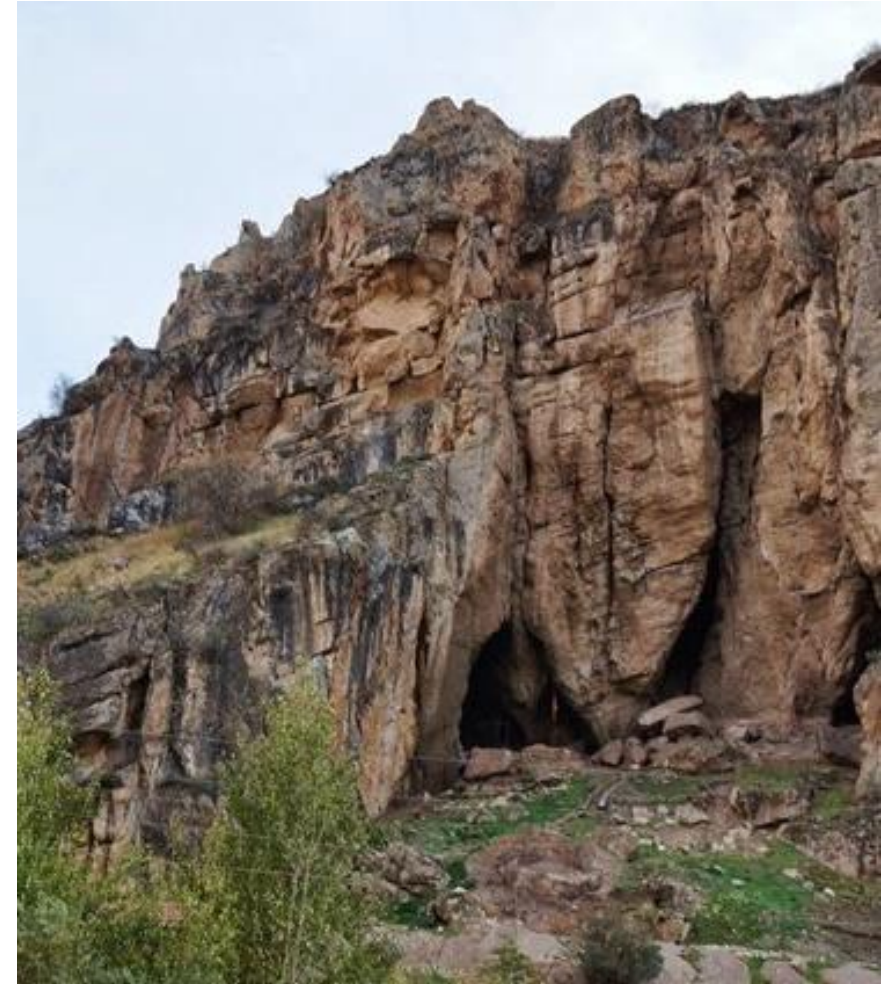


# Finding/selecting/selling a distributor

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## **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

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## **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

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## 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

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## 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



Inform  
Inspire  
Engage

# Selling

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## With distributor reps

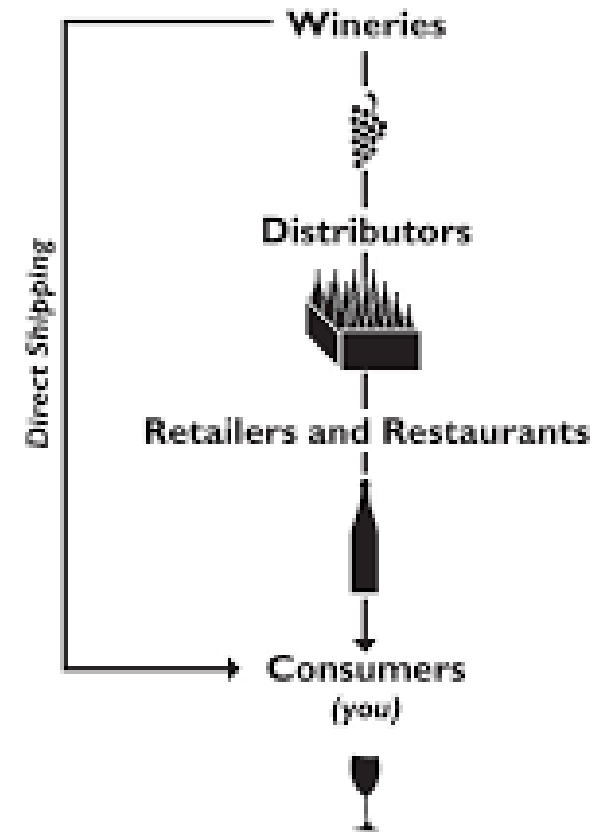
- Secure ‘Ride With”
- Communicate with Rep
- Meet in the Market
  - Tell – Show – Do
  - Open ended questions
  - Listen
  - Be respectful of their time
  - Take notes

## Selling on your own

- Distributor Rep owns the account
- Keep Dist Rep informed
- Honor the process/system
- Recap with Rep & account

## How the three-tier system works

*Each tier can only buy from the tier above it*



# Wrapping it up

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## **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**