

So You Want to Sell Some Wine – ‘Distribution dancing’

Much is made these days by marketing advisors of the impact of social media and the imparting of tips & tricks enabling your brand message to cut through competitor induced clutter.

Yet often for the small and medium sized wine brand, the elephant in the room and in this industry the least discussed, is deciding on and implementing a route to market strategy which may involve a distribution partner – somewhere between commission agent to bells & whistles full service representation.

Applying that relationship, while a positive step usually indicative of increased production volumes, is often an emotional rollercoaster for a hands-on brand owner, having relinquished control and direct customer contact, now forking out for questionable marketing spend and reliant on the monthly cheque hopefully reflective of a large jump in sales but now at drastically reduced margins.

Down the track, brand owners so-often bemoan the fact that their agent has not performed as predicted or promised. Manifesting itself at industry trade shows, they are observed wistfully looking in the direction of another distributor stand where one of their competitor brands is a shining light or actively seeking out a new partner in full view of the incumbent which on detection inevitably spells the end of that relationship, probably sooner rather than later!

Late 2014, I had reason to peruse a distribution agreement which had been entered into by a brand principal who didn't seek independent advice. The focus was solely on the performance expectations on the brand owner; extended payment terms / marketing contributions / stock returns etcetera, yet nothing referencing that of the distribution partner.

While the contract didn't require renegotiation, a review meeting was suggested with ground rules to be agreed, designed to give the brand owner a measure of comfort and the distributor some meaningful performance targets and controls.

Insist on a sales budget

By brand, varietal and vintage by month so you need to provide a forward inventory list to your distribution partner. For market continuity new vintage release dates may vary from those you planned or require advice of possible out of stocks until the planned release. Channel breakdown should be included, whether Supermarket / Chain or Independent Retail / OnPremise or Corporate sales.

Monthly Depletion report

It should indicate sales by customer vs the budget agreed. After a few months trends will start to emerge. While progress can be celebrated, good distributors will also be keen to discuss remedies and realistic budget modifications as required. Up-to-date retail customer information is an invaluable addition to the ‘where to buy our wine’ section of your website. Distributors often forget to mention the deletions though!

Promotional Planning

There is nothing worse than opening an email from your favourite online purveyor of Christmas champagne to see your already great value \$17.99 Cabernet blend selling for \$12.99. Attempts at stifling the blood pressure rise are then interrupted by a call from a local and (up to now friendly) longtime supporter retailer who wants the same deal but will only buy 2 cartons instead of the 112 that the online retailer promised.

Target promotional price expectations should be agreed. If you as the brand owner contribute to promotional funding, that spend vs. budget should be presented you along with the monthly depletion report.

Become your own best Brand Ambassador

You might not be the trade salesperson anymore but stay in contact with your long term retail supporters. When dining at known brand supporter restaurants, buy a bottle of your wine and without being overbearing make yourself known to the management. Tell your distributor partner of your impending travels and get a list of places to be seen at that create brand advantage. Insist visits with distributor representatives focus on calls where your presence adds value!

Act Decisively

Those 300 cartons of 2012 Merlot selling at 20 cartons per month with 2013 vintage release imminent won't go away. Go to your distributor partner with a deal to a price point that reflects the rate of sale required – not what you would like to get for the wine and don't forget to ask your distributor to reduce their margin as well. You might just sell the lot with little damage to ongoing brand health.

A successful sales and distribution relationship is about meeting realistic expectations of both parties. Strong wine brands need good sales and distribution partners – good distributors need strong brands!

Next issue – 'Going it alone!'

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