

WINERY/WHOLESALE RELATIONSHIP

Ten do's to increase sales

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At a recent conference attended by over 60 winery representatives in Napa, CA, a speaker asked audience members to raise their hands if they were satisfied with their wholesalers' results. Not a single hand was raised, serving as a potent reminder of the difficulties that so many wineries are currently facing as they work to sell their wines through the second tier.

There are many reasons why wineries — large and small, neophyte and veteran — encounter tough times navigating the wholesale channel. Consolidation at the winery, distributor, and even retail tier is a major culprit, as is the ascendancy of the "pull-sale," which is driven by marketing, compared to the sales-driven "push" sale that has characterized the wine industry for so long. But regardless of the market dynamics at play, there is an even more fundamental reason for this problem: Many wineries forget the basics when it comes to managing their relationships with wholesalers.

Winery representatives are generally insanely busy — I've been one myself and I know how overwhelming those positions can be. Reps face a constant struggle with the feeling, "If it's Tuesday, this must be Seattle." Drawing on this experience, and on my days as a wholesaler rep, I've developed a list of do's and don'ts of distributor management.

This list is not revolutionary; rather, it is a reminder of things we know we should do as winery sales managers — but often do not. It's the knowing-doing gap. Despite their seemingly obvious nature, I've seen industry veterans do a lot of these don'ts and don't a lot of these do's.

Here are my top 10 do's to keep things copasetic both with upper management and with your sales representatives in the streets. (A corresponding list of top 10 don'ts will appear in the July/August-2005 *PWV*.)



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1 DO STRIVE TO UNDERSTAND YOUR WHOLESALEERS.

A recently completed research study by Sonoma State University professors Liz Thach, Ph.D and Janeen Olsen, Ph.D yielded tremendous insight into how wholesalers think. The findings included information on what is most important to wholesalers and what they need from wineries in order to be successful.

By taking the time to seek out and comprehend this information, we can take the first step in better understanding the wholesale business. Just as with interpersonal relationships, a clearer and deeper understanding of what's most important to your partner is the first step toward building a strong foundation for a good business relationship.

2 DO PRESENT YOUR BRAND'S SALES AND MARKETING PLAN TO YOUR WHOLESALE, ALONG WITH DIRECTIONS ON HOW TO IMPLEMENT IT.

First, you need to *have* a sales and marketing plan. If you don't, you need to develop one. Any winery operating without a well-considered sales and marketing plan is operating at a clear disadvantage.

Beyond providing strategic direction for your winery, the sales and marketing plan should also help you make some key decisions that will affect your success, such as varietal mix per market and pricing in the near- and medium-term. Although recent market conditions have certainly caused many of us to focus on what we can do right here and right now

to sell XX-number of cases, it's also important to understand your winery's long-term direction, and to share this with your wholesalers.

Borrowing an analogy from Fred Reno of the Henry Wine Group: When it comes to your winery's battle to succeed, *you* are the general. It's up to *you* to define your goals, develop your strategy, and carefully plan your attack. When you have done that, utilize your wholesalers as the foot soldiers in your army to carry out your plan.

3 DO PRICE YOUR WINE RIGHT THE FIRST TIME.

Wineries have a significant amount of time between producing their wines and releasing them to the market. Yet, too often, prices are communicated to wholesalers at the last minute, when the wine is ready for shipment. Wholesalers need ample time and notification to bring your prices to the trade, especially for new vintages that have had price increases. I am sure NO one reading this has *ever* missed a price posting deadline in a posting state, right?

Distributors don't like having to lower a price on a wine just to raise it again a month or two later any more than we do as wineries. On the nuts-and-bolts side, price fluctuation means administrative busy work, but the bigger problem is that it upsets customers, causes lost placements and bad blood between wholesaler reps and their accounts.

The best way to avoid discounting and its assorted troubles is to price your wine correctly upon its release. Barring unforeseen circumstances, you should feel comfortable when you set the price that you'll definitely be able to sell the desired amount of wine over the course of the year. Don't price it with the hope that you'll be able to sell it if a miracle happens and it's 1999 again.

There's no magic formula for pricing. It's a combination of art and science that takes many factors into account, including brand strength, quality, production volume, costs, and overall positioning. It takes a lot of work up front, but pricing your wine right the first time is clearly beneficial for everyone involved — you, your wholesalers, and especially your brand.

4 DO KEEP LINES OF COMMUNICATION OPEN AND EASY.

It's critical to respond quickly to your wholesalers, and if you have a

multi-person sales team, empower your people in the field who manage wholesalers to do so as well.

Working with wholesalers requires quick responses to questions regarding special pricing, inventory, release dates, event donations, promotional material, etc. In most instances, wholesalers are forwarding a question to wineries from their accounts. When winery personnel fail to respond quickly to wholesalers, it makes wholesalers look unresponsive to their customers, which is detrimental to those relationships.

A slow response from the winery could mean a lost sale not just to the wholesaler, but also to a rep whose income is based on commission. On the other hand, a quick decision could mean strong depletions for you, a happy account to the wholesaler, and a fat paycheck for the sales rep. Fat paychecks make sales reps like you!

When I was a sales rep, I called on the Fish Market, which is a high-volume account that had four outlets at the time in the San Francisco Bay Area (they now have nine). As a "seafooder," it cruised through Chardonnay by the glass.

I called the Fish Market buyer on a Thursday afternoon and learned that the buyer had just been informed that the regular Chardonnay he was pouring by the glass was going up in price, effective immediately. The rep who had this placement was not given the option to replace it with something else from his book because the buyer was upset that no one had told him of the price increase beforehand. Of course, the rep claimed he had just found out.

Luckily for me, I was the next rep who walked through the door. The buyer needed 40 cases of Chardonnay the next day, and he needed to taste it before purchase. I immediately called the winery in my portfolio that had the perfect wine for this placement, and left a voice mail.

Seemingly miraculously, that winery rep returned my call right away! I was able to pick up a sample within the hour, then went back to the restaurant, tasted the buyer on it, and placed an order. By this time I had missed the order deadline, so I had to will-call the 40 cases of Chardonnay the next day and deliver 10 to each restaurant. I'm still in shock that all 40 cases fit in the little hatchback I was driving at the time! (My shocks were shocked, too.)

The moral of this story is that quick and responsive communication leads to depletions and happy wholesalers — who are more likely to work hard for your brand in the future. (The other moral of the story: Don't lift up cases of wine while bending over inside hatchbacks. Your back will never forgive you.)

In addition to responsive communication, wineries also need to communicate proactively to their wholesalers. When I asked a friend who works for a wholesaler about winery *do's* or *don't's*, she replied: "Do communicate. Communication — everybody thinks they are good at it, but only a few truly are. Wineries often feel they are conveying what they want, but being on the receiving end of that communication, I find the message is often muddled.

"Many wineries feel they aren't getting enough attention or the pricing they want, etc., but sometimes I swear they don't say anything about it until they're about to notify the distributor that they're letting them go. It's important for all involved to remember that this is a relationship like any other; would you really want to date someone who gave you only infrequent and vague ideas to go on, then got mad and left when you didn't do what they wanted?"

One last point on communication: We need to make sure we're speaking the same language as our wholesalers. One perhaps helpful place to begin: Along with my colleagues Jack Stuart and Kathleen Meek, I put together a glossary of frequently used industry terms that is available at www.newlevelgroup.com.

5 DO CONSIDER MENTORING DISTRIBUTOR SALESPeOPLE.

This is a fairly easy way to create your own brand ambassadors in the marketplace. When you personally click with a rep during a meeting or a work-with (travel all day in the marketplace with one), be sure to nurture that relationship. If the situation is right, consider offering the kind of guidance that can grow into a mentoring relationship.

Distributor reps frequently want to learn more about the industry beyond their markets. Wineries have the experience and the knowledge to share with them. Often a rep's longer term career goal is to work as a winery supplier. I'm not suggesting that you recruit reps (that's under the heading, "How to make your wholesalers hate you"), but by offering yourself as a

resource and showing an interest in their career development, you're building a relationship that could last for many years.

An example: Years ago, an accomplished sales professional I know was working for a large east coast distributor as a rep. He was mentored by a winery rep who believed in him and saw his potential. The rep is now the VP of sales for that distributor, and that brand is still in the same portfolio. You can bet that he makes sure that brand gets taken care of. Which brings me to point #6: We all know this is a pretty small industry, so ...

6 DO BE VERY NICE TO ALL OF THE PEOPLE WHO WORK FOR YOUR DISTRIBUTOR — AT EVERY LEVEL.

Let's start with sales people — even the ones in the ancillary markets. You need to treat them like gold. Today's rep is tomorrow's district manager. No matter how bad your flight was, how unhelpful the hotel was with your reservation, or how bad the burnt toast at breakfast, *Never take it out on the rep you're scheduled to meet that day!* Put quite simply, being a jerk is the easiest way to make sure that rep never sells another bottle of your wine.

When I was a supplier, I knew another winery rep who worked for a large winery. This guy was new to the wine industry, very gruff, and treated sales reps as if they were worthless. It was well known among this distributor's sales force that they should try to sell any other brand in their portfolio instead of his. While in this distributor's offices, I actually heard a rep ask another, "My account wants a case of this guy's wine brand. But that guy is such an *(insert expletive here)*. What should I sell my account instead?"

Beyond sales reps, try to forge relationships with everyone at the distributor who has anything to do with your brand, anywhere along the sales cycle. Do you know who is responsible for samples? He or she can be a great ally.

Of course, being extra nice to management gatekeepers goes without saying. Regardless of how low on the totem pole the person at the distributor is, and regardless of how high you think you are, treat everyone well. Both bad and good behavior will eventually get back to decision-makers, so check your nastiness at the door.

7 DO KNOW HOW TO BE A SALESPERSON YOURSELF.

Very few people selling wine for wineries had careers in sales *before* coming into the wine industry. Many of us came into this business because of a love for wine, not necessarily a love of closing the deal. Unfortunately, too often we get lost in the wonderful wine part and get a bit uneasy at the less poetic sales part.

Although many of us would prefer to take a course on biodynamics or clonal selection in our spare time, consider sales training instead. No matter how much you know about wine, even if you're an Master Sommelier or a Master of Wine, it still doesn't mean you'll be able to work the market and work with wholesalers in an agreeable and effective manner.

8 DO TAKE TIME TO REVIEW, UNDERSTAND, AND ACT UPON YOUR MONTHLY REPORTS.

Depletion reports and other data are important tools when it comes to distributor management. Yes, it's tough to obtain them sometimes, but more suppliers are now making this data available online. You don't have to be a database wizard to learn how to decipher this

information. It's the only tool you have to gauge how your distributor is doing beyond sales out of your warehouse. You can track lost placements and sluggish reorders, sometimes determine the best reps and regions, and maybe more important, determine the worst. And, you can raise the red flag and work to do something about it before it's too late.

9 DO MAKE SURE THAT YOU HAVE A CLEAR, COMPELLING AND CONCISE BRAND MESSAGE TO IMPRESS UPON YOUR WHOLESALERS.

Basically, this is your brand's elevator pitch — the one sentence that communicates the most important information about your wine brand. You must have one, you must communicate it, and everyone at your wholesaler's should be able to repeat it. Every winery rep should know by heart that *one unique sentence* that answers the questions, "What are you all about and why should I care?"

10 DO PULL AS WELL AS PUSH.

Marketing has never been more important than it is today. Do you know if your

problems selling wine have to do with lack of push, as in from your wholesalers, or lack of pull from consumers once your wine is placed? It's critical to know the answer to this so that you can focus your efforts on the right solution. If your brand is not interesting and appealing to consumers, if it's not selling once it's in restaurants and on retail shelves, then regardless of how well you manage your wholesalers, your brand will not become the success that you envisioned it would be.

That's it for the 10 Do's that will help improve your wholesaler relationships and, by extension, increase your wholesale sales. Sometimes, however, what you don't do is just as important. We'll cover 10 things on the Don't side to increase sales in the next issue of *PWV*. ■

As a wine sales / marketing consultant with NewLevel Group in Napa, CA, Michelle Rowell uses her decade of experience in all tiers of the three-tier system to help wineries improve relationships with wholesalers to sell more wine. Michelle may be reached at 707/255-5555 x 104 or mrowell@newlevelgroup.com.

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