

# Expanding Sales through Distributors and Retail Trade

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# Ron Janowczyk

A leader in building brands, people and revenue

“I have been blessed to have played key roles in two brand transactions in excess of \$100M at Mark West and at Charles Smith Wines. In each case, I built or rebuilt the wholesaler network from scratch. “



- Ron has thirty-seven years of executive experience. He has led executive teams in sales management, planning and execution, sales analysis, wholesaler evaluation and management, brand marketing and positioning, pricing and programming.

This presentation will focus on entering new markets and or expanding sales via distributors into retailers.

## What's Changed?

- Modern wine sales versus wine sales over the last 5 years—
- The internet has provided more options for Sales strategies than ever..

## What Hasn't Changed?

- Understanding your Wine allows you to sell smarter.





# Identifying the 10 P's of your brand

The ten P's of a wine product			
PASSION	conception	investment	Usage
PRODUCT	category	differentials	style
PACKAGING	label	container	Add-ons
PRICING	value	strategy	status
PROMOTION	traditional	new media	events
PRODUCTION	process	stewardship	ingredients
PROGRESSION	history	present	future
PLACE	local	tradition	exotic
PRIDE	accolades	placements	testimonials
PERFORMANCE	analytics	inference	projections



# Understanding Your Wine

- Vision/Positioning
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- Locate Your Customer
  - Identify the Channels
  - Wholesaler Due diligence
  - Wholesaler Selection



# Evaluating the expansion opportunities

Market: >					Date: >			
	state	subset	franchise	control		month	date	year
Distributors :>					Leader:>			
	primary	second	other	other		Point Person P & P. P & L		
In-House Point Person					VP:			
	primary		second			Advisor/Check P & P, P & L		
Brands	primary	second	other	other		Market Reseller Status:		
Brand 1						check >		
Brand 2						Chain >	Grocery	Drug
Brand 3						check >		
Brand 4						Chain >	Indy	Other
Brand 5						check >		

Handout

# Retail Trade Pricing Fundamentals

**Margin** = Profit on **Sell**

- *(Sales Price less Cost) divided by Sales Price*
- $(\$14.99 - 10.50) / \$14.99 = 29.9\%$
- *Cost divided by the reciprocal of the desired Margin*
- $(10.50 / .7) = \$14.99$

**Markup** = Profit on **Cost**

- *(Sales Price less Cost) divided by Cost*
- $(\$14.99 - 10.50) / \$10.50 = 42.7\%$
- *Cost X Desired Markup*
- $(10.50 \times 1.43) = \$14.99$

# Off Premise Pricing

Profit			\$ cost	+		\$ profit	=	\$ resell
			\$ profit	/		\$ resell	=	% Margin
Cost	resell price		\$ profit	/		\$ cost	=	% Markup
		If you know \$ cost and \$ resell then						
			\$ resell	-		\$ cost	=	\$ profit
			then					
			\$ profit	/		\$ resell	=	% Margin
			then					
			\$ profit	/		\$ cost	=	% Markup
\$ 2.23		If you know \$ resell and % margin then						
			then					
			\$ resell	x		% margin	=	\$ profit
			then					
\$ 7.77	\$ 10.00		\$ resell	-		\$ profit	=	\$ cost



# On Premise Pricing Fundamentals

- 750ml bottle contains 25.4 ounces
- If the Cost of Acquisition is \$8.00 per bottle, the cost per ounce is 31.4 cents per ounce.
- If the Restaurant pours a five-ounce glass, the cost of the glass is  $5 \times \$31.4 = \$1.57$ .
- When the restaurant charges \$10.00 per glass, the profit is \$10.00 less \$1.57 = \$8.43 per glass
- If the restaurant gets five glasses from a 750ml bottle, it yields  $5 \times \$8.43/\text{glass}$  or 42.15 per bottle.
- For bottle pricing on the wine list, most restaurants will simply take the cost of a bottle and multiply it by some number like 4 or 5. In this case, a \$8.00 bottle would likely be \$32-\$40 on the wine list.

# On Premise Pricing Scenarios

750 ml bottle has 25.4 Ounces				
<b>Cost per Btl</b>	\$8.00	\$10.00	\$12.00	\$14.00
<b>Cost per OZ</b>	\$0.31	\$0.39	\$0.47	\$0.55
<b>OZ in a Glass</b>	<b>Cost of wine in a glass by size of pour</b>			
4	\$1.26	\$1.57	\$1.89	\$2.20
5	\$1.57	\$1.97	\$2.36	\$2.76
6	\$1.89	\$2.36	\$2.83	\$3.31
7	\$2.20	\$2.76	\$3.31	\$3.86
<b>OZ in a Glass</b>	<b>Price of Glass to diner</b>			
4	\$6.00	\$8.00	\$10.00	\$14.00
5	\$7.00	\$9.00	\$12.00	\$16.00
6	\$8.00	\$10.00	\$14.00	\$18.00
7	\$9.00	\$11.00	\$16.00	\$20.00
<b>Pouring cost Percentage (PC) as a % of Selling Price</b>				
4	21%	20%	19%	16%
5	22%	22%	20%	17%
6	24%	24%	20%	18%
7	24%	25%	21%	19%



## SUMMARY

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- Understanding your wine and your brand is the bedrock to expanding to wholesalers and the trade.
- Be an Evangelist for the attributes of your Wines.
- Become adept at the basics of Pricing. It will serve you well with the trade and wholesaler.

The image is a collage. On the left, there's a photograph of several wine glasses on a dark, reflective surface. The glasses are of different shapes and sizes, some containing a dark liquid. Behind them, there's a dark, abstract brushstroke that sweeps across the upper left portion of the image. The background is a light, warm yellow. On the right side, the words 'THANK YOU!' are written in a large, bold, red serif font. A thin red horizontal line is positioned directly beneath the text.

**THANK YOU!**