



## Top 10 Tips:

# You and your distributor

David Ridge

**W**ith the changing face of the Australian wine market, the role of the distributor slowly evolves. Forgive them if you can't get access at all hours to their salespeople and you're even feeling that they might be sharing their affections with other producers. They have to live and they know what's good for them. It doesn't mean they don't love you.

### 1 Understand them

It's too late when you realise you have the wrong people. You should research your prospective distributor against a checklist before appointing them. Don't assume that in appointing a distributor you've also got a de facto marketing department. Maybe once upon a time ... Now it's a notion which will only lead to disappointment and recriminations.

To understand someone else or another organisation requires us to avoid using our own values and expectations to define them. This isn't easy, but in this case we have to develop disciplines and an instinct to think their way first. A few pointers to check off are:

- Know their history;

- Know the ownership—their plans and motivations;
- What is their portfolio—and what will it be?
- What's the customer base?
- Which are their channel specialties?
- Are the sales people accessible?
- How supple or flexible are they—or does the ship take a while to turn?
- How are they managed—rigid central or branch by branch—who has the hands on that wheel?
- How do they plan their year—what are their 'phases'?
- Do they build brands or purely shift cases?
- Are they measured by dollars sold or cases moved?
- Are the rewards shared or do 'winners' (aka branch managers and sales people) take all;

## SHAKE UP FOR SA LIQUOR LAWS

A review of the Liquor Licensing Act might see changes to the way winemakers can sell their products in South Australia, with the introduction of satellite cellar doors in Adelaide one possibility.

Minister for Small Business Karlene Maywald requested a review of legislation relating to wine producers in 2005, expressing concerns that small producers did not have adequate opportunities to sell their wine.

"The idea of satellite cellar doors, cooperative licences and limited licences for events such as festivals are some of the ideas we need to consider," she said.

The Office of the Liquor and Gambling Commissioner is conducting the review and a discussion paper will be released in late March or early April.

Commissioner Bill Pryor met with the South Australian Wine Industry Association prior to Christmas and chief executive officer Linda Bowes is currently coordinating the development of an industry position paper in consultation with members.

"From there, we'll come up with a general discussion paper to go to the Minister, most likely after the election. Then we'll go out to broad consultation," Mr Pryor said.

"We've asked the peak industry body (SAWIA) to come back with its recommendations which will highlight the issues and what some possible answers might be.

"I would certainly hope to see change in the areas of cooperative arrangements for small wineries to enable them to more effectively sell wine, for example, a Fleurieu Peninsula winemakers' outlet or something similar.

"The minister has flagged that she believes there is a need to give small producers, particularly the ones that are off the beaten track, the ability to compete with the large liquor merchants."

Queensland wine producers have been able to establish satellite cellar doors in metropolitan locations since the late 1990s. Satellite cellar doors must be operated by the main licensee, or a nominee, and the licensee is responsible for all activities at the satellite cellar door site.

Satellite cellar door operations are granted the same additional privileges as the main premises (for example, consumption on the premises, sale of other wine) but each application is assessed individually for its suitability.

- What is the support and service culture like? Does it all work together? and
- What do they expect from you?

If they know that you understand them, you've gone a huge way towards building a partnership.

## 2 Understand you

Likewise, of course, there's no point hiding the real you, your motivations, parameters and limitations. It all catches up eventually.

If your distributor understands your big picture, your motivations and what you make and why, they can buy in (or not). Do not hide stuff just to tie up a distributor. No future there.

While innovation and personality are key features of making many brands interesting—to your distributors and their market—they all soon tire of constant surprises. A wine that's moving well and suddenly runs out, or the announcement that, "Hey guys, I've now got 10,000 cases to sell this year ... of a wine you sold 1,000 of last year" just can't go down well. Understanding you is being able to count on you. Mostly.

## 3 Consultation

Consult with your distributor. This seems so obvious. Yet so often, as an idea comes up for a new wine or a new way, a promo, for example, we just forget to think what our distributor (partner!) will make of it:

- Is it one of those "been there, done that" or "just doesn't work"?
- Too big an effort for the rewards—are you the only winner? and
- Is it the wrong message or a wrong precedent?

Train yourself to think like this. Take heart, it doesn't come naturally to many of us, but it can be learned.

When you think about it, your distributor is a heap of people out there, right up against the market. If they're willing to share that font of savvy, why wouldn't you?

## 4 Inclusion

This one should come naturally, but if you take a leaf from the book of your distributor's gun salespeople, one of their basic instincts is usually an ability to include a customer's support staff in their

sphere of influence. To have the whole shop or restaurant working for you and not just the buyer, just makes sense. Just so with your distributor's back office and warehousing etc. It's a team caper.

## 5 Communication

Pretty simple too. Make sure you tell them what you're up to, where you are going and what you expect. Make sure you work out who needs to know and let them know. In time. Learn their lingo. Most of it has useful messages and things to be learnt.

Be prepared to take feedback. In fact, seek it and don't punish the salesperson, orders entry or warehouse guy who offers feedback. This is the market talking back to us. "So they'd rather buy my Shiraz Viognier than my Shiraz Grenache, hey? How dare they!"

## 6 Planning

Plan for your distributor and with them. If you are timing your most important wine releases in the wrong season or in a traditional lull period, your partner may be able to alert and steer you better. If you work together with them well ahead of a new year or sales phase, your priorities and messages become part of their routine. They must know and buy into your growth expectations. This is critical. Only then will they do the job for you.

There should be measurement and benchmarks in a good plan, along with a commitment to monitor these. Now few of us really want to be accountable, but it's in neither party's interest to let repeated budget failures or promo flops go unaccounted for.

## 7 Focus

The best way to explain this one is to say that if you set a series of the most intricate, demanding and seemingly endless plans and expect the troops to give a near undivided attention to all 13 wines in your range, they may well bomb out on a number of fronts. Failure breeds failure, but success breeds success. This might seem simplistic, but you watch what happens if you encourage a focus on your key wines, the volume lines e.g. Get them over the line and so often much of the rest scrambles over too.

## 8 Predictability

Your distributor definitely wants predictability. This is already echoed in points made earlier. Predictability and consistency are the oft-unstated measurements the organisation puts on you. We all do it. It's not uncool. Practical examples include: being inconsistent with delivery times with orders, running out of allocated stock (so you couldn't resist that big wine club order?) or allowing what, just a while ago, you considered was an irresponsible discount. These things all confuse, then frustrate and eventually demotivate your 'partner'.

## 9 Trust

Well, of course we trust each other. My principal knows I'm not selling the odd case on the sly to a restaurant customer, or a semi-trailer load of our signature wine with a

slightly different label to a retailer. Likewise I trust my distributor to be using their sample stock as samples and not putting it into price, discounting—or even worse, into their stock. Open-ness is the forerunner of trust. Know each other's parameters. The distributor, for one, will work to them. They're usually just too busy and well-organised to bother with little fiddles. Show trust, back their ideas and enjoy the results.

## 10 Encouragement

Finally the biggest challenges come in tricky times. Everything is tested: communications, expectations, trust, plans and consistency. Above all, people need to feel appreciated. I'll never forget a time when I was with a distribution group who were feeling very uncertain of the future. Just when they most needed encouragement on a few small wins they'd had, a brand manager gave them all a right talking to. "This is no time for self-



congratulation," she boomed. "Times are too serious for that." Well, what do you reckon they'd think of that?

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