Linfield College

Linfield College
DigitalCommons@Linfield

Student Engagement Posters

The Inauguration of Dr. Miles K. Davis

3-5-2019

Intercollegiate Wine Business Invitational

Nathan Saragoza
Linfield College

Ally Bushman
Linfield College

Cassidy Robinson
Linfield College

Hanna Bingham
Linfield College

Sam Weymouth
Linfield College

See next page for additional authors

Follow this and additional works at: https://digitalcommons.linfield.edu/inauguration2019_students

Part of the Advertising and Promotion Management Commons, Agribusiness Commons, Civic and Community Engagement Commons, Liberal Studies Commons, Marketing Commons, Sales and Merchandising Commons, and the Viticulture and Oenology Commons

Recommended Citation

Saragoza, Nathan; Bushman, Ally; Robinson, Cassidy; Bingham, Hanna; Weymouth, Sam; and Mallon, Luca, "Intercollegiate Wine Business Invitational" (2019). *Student Engagement Posters*. 16.
https://digitalcommons.linfield.edu/inauguration2019_students/16

This Book is protected by copyright and/or related rights. It is brought to you for free via open access, courtesy of DigitalCommons@Linfield, with permission from the rights-holder(s). Your use of this Book must comply with the Terms of Use for material posted in DigitalCommons@Linfield, or with other stated terms (such as a Creative Commons license) indicated in the record and/or on the work itself. For more information, or if you have questions about permitted uses, please contact digitalcommons@linfield.edu.

Authors
Nathan Saragoza, Ally Bushman, Cassidy Robinson, Hanna Bingham, Sam Weymouth, and Luca Mallon

This book is available at DigitalCommons@Linfield: https://digitalcommons.linfield.edu/inauguration2019_students/16

Intercollegiate Wine Business Invitational

Nathan Saragoza, Ally Bushman, Cassidy Robinson, Hanna Bingham, Sam Weymouth, Luca Mallon

Evenstad Center for Wine Education at Linfield College

Team Roles

Samantha Weymouth: CEO
Nathan Saragoza: Business Director
Ally Bushman: Sales
Cassidy Robinson: Marketing & Label
Hanna Bingham: Production & Operations
Luca Mallon: Winemaker
Advisors: Gregory Jones, Virlena Crosley, Russ Paine

Competition Overview

Business Plan provides the mission, vision and goals of the winery, outlines sales and marketing strategies and conducts a competitive analysis for their wine.
Financial Plan for working up cost of goods, establishing wine FOB selling price, plus distribution and pricing financials for establishing selling price of the wine in retail stores, online and restaurants.
Wine Label including winery name, wine name and information that meets Certificate of Label Approval standards (both front and back labels including the wine and winery name, verbiage, label graphics, and legal information)

Wine and Winery

Sobremesa was started by six friends after a night where the conversations never stopped flowing. We decided to build our concept around the word, Sobremesa, because it describes the time after a meal when the conversation continues to flow around the table. We wanted to produce a product that encourages people to stay for a while and enjoy time with their family or friends. Our wine, Alianza is the catalyst for Sobremesa Cellars.

Winery name: Sobremesa Cellars
Wine name: Alianza
Total case production: 10,000 cases
MSRP Retail Price: $25
Actual selling price for your wine: $22

Business Plan

Mission statement: The six founders established Sobremesa Cellars from the joys of friendship crafted through sharing wine and conversation around a table. We are dedicated to creating handcrafted wines that foster old world style that meets new world expectations. Our wines are intended to cultivate an environment for friendships to be formed and strengthened. We offer quality wine along with the commitment to delivering value to our customers. We want our wines to bring friendship to your table.

Company vision : To continually improve our wines so others experience the friendship of Sobremesa at an approachable price point.

Business Goals and Objectives: Sobremesa will increase production by 1,000 cases over the next two years, reaching our goal of producing 12,000 cases of our Alianza blend. In our third year, we will introduce a second blend. Our second blend will be different varietals but will be at the same price point or lower. We are choosing to stay at the $25 price point because we do not wish for our new wine to detract from the sales of our first wine, Alianza. Production of this new blend will be less than Alianza (3,000 cases). Our 5-year projection is to maintain Sobremesa as a boutique winery, producing a total of 15,000 cases.

Sales Strategy

- MSRP: $25
- Average selling price: $22

Pricing Rationale: The $25 SRP is the highest that we want our wines to be priced in retail. However, we are willing to discount our wines from $25 to around $22 retail for promotions that encourage consumers to purchase our wines.

Promotional Outline:

- We will promote our tasting room and website through advertisements in the local newspaper: Paso Robles Daily News. Through this forum, we will also advertise new wine releases, and special events that occur in our tasting room.
- We will promote our tasting room in travel kiosks located at the regional airport, bus stations, and other transport venues. During weeks of high tourism, we will provide special offers and discounts in the pamphlets located at the travel kiosks. Special offers and discounts might include: free tastings, and special offers for specific periods upon joining our wine club (i.e., extra bottle, discounted case purchase).
- To support the local wine community, we will collaborate with other local wineries. In this collaboration, those who sign up for a club membership receive two free tasting certificates to other wineries in the region. This is supportive of both the community in general, and our partner wineries.
- We will include information for the website on our brochures, tasting notes, wine club sign up flyers, and sales slips that we give to our customers.

S1 Direct to Consumer

Wine Pricing Calculator
Developed by Tim Hanni MW
CLICK HERE TO VIEW TUTORIAL VIDEO

The Wine Pricing Calculator is intended to provide FOB pricing scenarios for individual wines, either transferred to the Tasting Room or Wine Club, as well as sold through 3-tier distribution and export channels. The FOB pricing you generate using this calculator, along with the Cost of Goods from the Cost of Goods Calculator, is then used to input into the Portfolio Management Calculator to generate profitability and sales/marketing budget scanarios for your winery. Fill in the information on each page and then change Line 1 -the DtC Transfer and/or Winery FOB/ex-cellars price to see impact on selling price.

Alianza	Ally Bushman	Date:	1/1/1900	
			Per Case	Per Bottle
1	Winery Selling/Transfer Price - **enter the Case Cost** for internal tranfer from production to winery Dtc outlets, winery FOB/ex-cellars (price winery sells this wine to a licensed wholesaler):	$	133	$11.08
2	MSRP - **enter MSRP/bottle price** (established to represent top end compartive price on web site, retail and marketing materials, **before discounts and incentives**, but is not factored into financials):		$300.00	$ 25.00

Direct to Consumer Pricing
NATIONAL RETAIL/BOTTLE: $23.92
RESTAURANT: $57.42
DIST. SELLING PRICE $19.94

3	$133.00		**Transfer cost from production (usually same as winery FOB/ex-cellars)**
3	$11.08		**Transfer cost per bottle from production**
			TASTING ROOM
4		2.25	Tasting room retail markup **(1.5=150%, 2=200% markup, etc.)**
5	$24.94		**AVERAGE SELLING PRICE (ASP)**
6		56%	Margin (%)
7	$13.85	$166.25	Margin per bottle and per case (dollars) Tasting Room
			WINE CLUB/ONLINE
8		2.00	Wine Club markup if different from Tasting Room **(1.5=150%, 2=200% markup, etc.)**
9	$22.17		**AVERAGE SELLING PRICE (ASP)**
10		50%	Margin (%)
11	$22.17	$133.00	Margin per bottle and per case (dollars) Wine Club

The WineBizSim® calculators are meant for simulation purposes only and author assumes no responsibility, liability or financial obligation for its use. Please read full Terms of service. This work may not be reproduced in part or in its entirety without express written permission. For more information contact Tim Hanni MW, tim@timhanni.com 707-337-0327 Copyright 2018 eCode.me LLC. all rights reserved.

Marketing Strategy

Our target consumer will be wine enthusiasts between 27 and 40 years old, that appreciate and understand the Red Rhône Blend of Grenache, Syrah, and Mourvèdre. We have the view that price does influence our consumers, but that it does not control them. Specifically, we have chosen to focus our marketing efforts on the image seekers, the enthusiasts, and the engaged newcomers.

The image seekers already have a basic knowledge of wine, but are really starting to become connoisseurs, and are looking to wine as a status symbol. These consumers are also open to innovative and new packaging styles, and love to be the first one to try new wines. This group tends to be millennials.

The enthusiasts consider themselves knowledgeable about wine and take time to browse through the wine sections of stores and are influenced by wine ratings and scores. They come from cosmopolitan centers, affluent suburbs, and upscale country settings. On the weekends they like to host and entertain their friends and like to impress them with their wine selection.

The engaged newcomers do not know much about wine but enjoy consuming wine. These tend to be young millennials who enjoy wine in social settings. Although they do not know very much, they are interested and open to learning more about wine.

We want our primary demographic to be millennials with the desire to engage in conversation and enjoy great wines. According to a study done by UC Davis, millennials consumed an estimated 42% of wine (UC Davis Jan. 2018).

Winemaking

Deep red and aromatic, our blend of Grenache, Syrah, Mourvèdre and Viognier produces a wine that is well balanced and complex. Alianza brings together the generosity and boldness of Grenache, the aromatics and fruit nuances of Syrah (raspberry, blackcurrant and blackberry), the complexity, spice and suppleness of Mourvèdre, and the lighter freshness of Viognier. Supple, voluptuous yet rich in tannins.

S2 Grape Costs

Grape Costs
COST OF GOODS/CASE $73.28
GROSS MARGIN/CASE $59.72
TOTAL GROSS MARGIN $597,211.17

INSTRUCTIONS: Select Varietal in first column from pulldown list. Very general cost guidelines by region and quality are provided as a reference. Enter your cost per ton in the next column using up to 8 varieties for blended wines. If making a blend enter percentage of total for each variety (0r 100% if wine is single variety) in third column. Use final two rows for varieties not listed (for complete production or additions to blend)

Reference: Benchmark Costs (USD per ton) by Region.

	Select Varietal from Pulldown	Enter Cost Per Ton	Variety % of Total 100%		Ultra premium single vineyard	Ultra premium AVA	Premium AVA	Premium County	County	State
1	Grenache	1,677	40%	$671	N/A	N/A	$2,500	$2,000	$1,500	$600
2	Syrah	1,544	40%	$618	N/A	$4,000	$3,000	$2,500	$1,200	$800
3	Viognier	1,236	5%	$62	N/A	$2,500	$2,000	$1,500	$1,000	$800
4	Select (Pulldown)		0%	$0						
5	Select (Pulldown)		0%	$0						
6	Select (Pulldown)		0%	$0						
7	Mourvèdre	1,688	15%	$253						
8			0%	$0						
			Total cost per ton:	$1,603						

The WineBizSim® calculators are meant for simulation purposes only and author assumes no responsibility, liability or financial obligation for its use. Please read full Terms of service. This work may not be reproduced in part or in its entirety without express written permission. For more information contact Tim Hanni MW, tim@timhanni.com 707-337-0327 Copyright 2018 eCode.me LLC. all rights reserved.

Production Model

Sobremesa Cellars is a full production urban winery in downtown Paso Robles. We purchase our fruit from different growers in Paso Robles to produce our Rhône red blend in the winery.

S7 FOB & Cost Breakdown

FOB & Cost Breakdown
COST OF GOODS/CASE $73.28
GROSS MARGIN/CASE $59.72
TOTAL GROSS MARGIN $597,211.17

$73.28 Unallocated Cost of Finished Goods (use this number to enter into Sales & Distribution Calculator)

	Cost of Finished Goods Breakdown	% of total	$ per Case	Total Costs/Margin
2	Grapes	36%	$26.72	$267,233
3	Production	18%	$13.41	$134,083
4	Bulk wine	0%	$0.00	$0
5	Barrel aging	3%	$2.47	$24,722
6	Cellar and storage	6%	$4.10	$41,000
7	Packaging	36%	$26.58	$265,750
8	Cost of finished goods	100%	$73.28	$732,789
9	GROSS MARGIN (FOB selling price less cost of goods)		$59.72	$597,211

Preliminary retail pricing calculation pricing forecaster*

10	$133.00	**Winery FOB/ex-cellars price (WINERY SELLING PRICE; transferred from, and change at, S1 Project Info line 3)**
11	$1,330,000.00	**Total winery revenue for this wine (FOB times case production)**
12	$20.77	Distributor selling price (freight, landed cost X 1.5 markup to licenced resellers: on-premise and off-premise)
13	$24.86	Estimated retail shelf selling price after 33% retail markup (25% margin)

* Distributor and retail selling prices are provided for reference based on benchmark costs and markups to provide Gross Margin figures. Full distributor & retail calculations can be completed using the Distribution, Retail and Restaurant Calculator.

We found that the most costly aspects of our finished Cost of Goods was packaging and grapes. When making our decisions we wanted to be as authentic as possible in finding the numbers. Not only did we want to produce the most cost efficient wine but also high quality. We achieved this through challenging ourselves by learning what it means to run an economical and resourceful business.

References

K&L Wine Merchants, www.cellartracker.com/producer.asp?iProducer=60255.

“Beringer Vineyards.” *Wine.com*, www.wine.com/product/beringer-the-waymaker-red-blend-2014/175619.

Designed and coded by Firefly Creative Company: http://fireflycompany.com.

“Hahn GSM.” *Hahn Family Wines*, www.hahnwines.com/wine/hahn-gsm/.

“Please Choose Mark Ryan Winery or Board Track Racer.” *Mark Ryan Winery - Wines*, markryanwinery.orderport.net/wines/.

“The Steading.” *Torbreck Vintners*, torbreck.com/products/the-steading.

“The Wine Institute.” *US / California Wine Production - The Wine Institute*, www.wineinstitute.org/resources/statistics/article83.

Willcox, Kathleen. “How Millennials Are Changing the Wine-Selling Game.” *SevenFifty Daily*, 18 Jan. 2018, daily.sevenfifty.com/how-millennials-are-changing-the-wine-selling-game/.

“Wine Market - Segmented By Colour (Red Wine , Rose Wine , White Wine), Product Type (Still Wine, Sparkling Wine, Dessert Wine, Fortified Wine) Growth, Trends and Forecasts (2018 - 2023).” *Wine Market Share, Size, Stats | Industry Analysis | Growth*, www.mordorintelligence.com/industry-reports/wine-market.

RESEARCH POSTER PRESENTATION DESIGN © 2015
www.PosterPresentations.com