



ESTABLISHING STANDARDS

- WINE ARCHITECTURE
- CHANNEL STANDARDS
- PRICE STANDARDS
- PRODUCT STANDARDS
- BUILDING-IN FLEXIBILITY

TOOLKIT FOR MAINTAINING PRICE POSITIONING

- RELATIONSHIPS
- USE OF DATA
 - NEILSEN DATA
 - LOCAL SURVEYS
 - COMPETITIVE SETS

ESTABLISHING STANDARDS

- **WINE ARCHITECTURE**
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- MOST OREGON WINERIES USE OF A TIERED APPROACH TO VALUATION
- WHAT ARE THE DIFFERENTIATING FACTORS BETWEEN TIERS ?
 - AVA?
 - SPECIFIC SOURCING OR ORIGIN (E.G. - SINGLE VINEYARD?)
 - PROPRIETARY BLEND/BRAND?
 - COGS
 - RARITY?
 - BROAD → NARROW / GOOD → BEST

ESTABLISHING STANDARDS

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WHOLESALE CHANNEL →

- Deliver Broad distribution (sales) of strategic wines in foundational fine wine accounts to build long term awareness & appreciation.
- Promote Oregon wines thru select National Chains to build broader regional awareness.
- Build long term relationships with markets to improve our pricing controls. →

DIRECT TO CONSUMER CHANNEL

- Focus on best, most exclusive & highest margin wines.
- Provide context, history & process that embody the brand
- Educate market on collectability thru volume purchasing
- Invest in advocacy development with consumers, (*who have done the difficult work of finding us*).

EXPORT CHANNEL →

- Build depth to *Brand Oregon* over a limited target market geography and focused product range.
- Build brand discipline to reach the consumers across difficult geography with market presence challenges

VOLUME DELIVERY

MARGIN DELIVERY

BRAND EXPANSION

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WHOLESALE CHANNEL

- Protect the Brand: keep market pricing aligned to annual standards for shipments, depletions.
- Define strategy up front (which wines, which markets, which outlets are being target)
- Survey market pricing to ensure consistent pull through
- Mindfulness of the impact of discounters on direct consumers businesses

DIRECT TO CONSUMER CHANNEL

- Maintain highest front line price standards to preserve margin and on all wines & tiers
- Model pricing for US retailers (e.g. *it is not in the interest of the Cellar Door to 'compete' with local discount pricing in the US Channel*).
- Leverage volume Discount benefits as a vehicle to selling on merit/benefits & drive collectability

EXPORT CHANNEL

- Maintain front line prices in the US channel (Especially important in supply challenged vintages)

BALANCING ACT

PROTECTING BRAND
 WHILE SELLING MORE VOLUME

MODEL PRICING & MARGIN DELIVERY WHILE REWARDING LOYALTY

FINDING THE RIGHT TARGET VOLUME WHILE MAINTAINING STRATEGY



BALANCING ACT

PROTECTING
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WHAT ARE THE RULES OF THE ROAD FOR EACH TIER & EACH WINE?

WHERE ARE OUR WINES TO BE SOLD AND WHERE ARE THEY NOT TO BE SOLD?

WHAT PRICING EXPOSURE DO YOU HAVE FOR EACH WINE? (E.G. DOES THIS WINE HAVE A EXPECTATION FOR BTG PRICING?)

WHAT IS THE RANGE FOR RETAIL PRICING DO WE WANT TO SEE IN THE MARKET FOR EACH OF OUR WINES?

WHAT ARE THE DTC RAMIFICAITONS OF THESE DECISIONS?

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SAMPLE PRICING GRID

FLEX RANGE

FLEX RANGE

	DIRECT TO CONSUMER							WHOLESALE				
	SRP/DTC	FOB	STAFF	IND.'y	VOL CASE	CLUB 6BTL	CLUB 12BTL	LIST	NET	BTG	DEAL #1	DEAL #2
PINOT NOIR WV	25.00	12.50	15.00	18.00	22.50	21.75	20.00	172.00	143.00	15.00	22.99	19.99
PINOT NOIR TIER 2	40.00	20.00	24.00	28.00	36.00	34.00	32.00	260.00	205.00	20.00	37.99	34.99
PINOT NOIR TIER 3	60.00	30.00	36.00	40.00	54.00	51.00	48.00	362.00	300.00	N/A	54.99	N/A
CHARDONNAY TIER 1	20.00		12.00	14.00	18.00	17.00	16.00	120.00	115.00	12.00	17.99	14.99
CHARD TIER 2	30.00		18.00	20.00	27.00	25.50	24.00	240.00	215.00	18.00	27.99	24.99

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- **DISCOUNTING IS AN INVESTMENT.**
- **POTENTIAL HIGH DEPLETION ALLOWANCES REQUIRED TO SUPPORT PROMO PRICES CAN BE RECAPTURED TO MORE MEANINGFUL EFFECT WITH OTHER MARKETING PROGRAMS (INCETIVES, TRAVEL, EVENTS ETC)**



PRICING IN PRACTICE

WINERY	AVA	\$ VOL	\$'% CHG YA	9I IVOL	AVG UNIT	AVG UNIT CHG	%ACV
OREGON PINOT NOIR 15.00-20.00 26 WEEKS							
PINOT 1	OR	6,197,145	17.60	32,134	16.06	(.07)	23.8
PINOT 2	OR	4,821,673	8.38	23,000	17.34	(.08)	19.3
PINOT 3	OR	2,522,090	90.65	10,929	19.22	(.74)	10.7
PINOT 4	WV	1,505,709	25.05	6,448	19.45	.06	5.4
PINOT 5	OR	1,350,795	14.00	6,200	17.89	(.01)	7.9
PINOT 6	WV	1,098,347	4.37	5,215	17.55	.23	6.9
OREGON PINOT NOIR 20.00-25.00 26 WEEKS							
PINOT 1	WV	1,371,686	40.75	5,000	22.12	.27	6.5
PINOT 2	WV	1,007,457	30.51	3,600	23.17	(1.38)	3.8
PINOT 3	WV	463,136	9.77	1,900	20.15	(.67)	1.3
PINOT 4	WV	436,103	20.79	1,478	24.58	(2.58)	1.4
PINOT 5	WV	301,948	135.00	1,217	20.17	(.96)	.2
OREGON PINOT NOIR 25.00-30.00 26 WEEKS							
PINOT 1	WV	1,275,748	47.52	3,976	26.75	(.90)	.7
PINOT 2	WV	878,789	.87	2,910	25.16	.07	.5
PINOT 3	WV	750,943	4.24	2,300	26.77	.18	0
PINOT 4	WV	470,135	46.12	1,516	24.75	(.30)	.3

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- USE OF DATA
 - NEILSEN DATA
 - WHO'S IN AND WHO'S OUT?
 - ONE PIECE OF THE PIE
 - UTILITY FOR OVERALL CONUMPTION OF OR WINES.
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 - COMPETIVE SETS



PRICING IN PRACTICE

WINERY	AVA	SUB AVA	S/VYD	SRP	TTL PROD 9 li	SCORES
TIER 1						
PINOT 1	WV	X	X	24.00	30,000	90
PINOT 2	WV	X	X	28.00	19,000	91
PINOT 3	WV	X	X	25.00	12,000	88
PINOT 4	WV	X	X	30.00	15,500	90
PINOT 5	WV	X	X	25.00	6291	90
PINOT 6	WV	X	X	26.00	8,000	91
TIER 2						
PINOT 1	WV	DH	X	40.00	2500	92
PINOT 2	WV	EOLA	X	40.00	1,900	91
PINOT 3	WV	DH	X	25.00	1000	90
PINOT 4	WV	CHEH	X	35.00	800	92
PINOT 5	WV	EOLA	X	25.00	2000	90
PINOT 6	WV	RR	X	38.00	1000	92
TIER 3						
PINOT 1	WV	DH	SV	60.00	700	92
PINOT 2	WV	DH	KV	75.00	250	93
PINOT 3	WV	EOLA	SSV	80.00	450	94
PINOT 4	WV	EOLA	THV	70.00	300	92

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 - COMPETITIVE SETS
 - OCCASIONAL CHECK UP
 - CREATE AVERAGES
 - APPLY LEARNINGS