

**ENGAGING BUYERS AND  
SUPPORTING SUPPLIERS  
IN THE CONTROL STATES**

**BEST PRACTICES**

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SOUTHERN GLAZER'S WINE AND SPIRITS**



# PAINTING IN BROAD STROKES

- Various laws and subtle nuances of each Control State can be daunting;
- First steps are crucial towards long lasting success;
- Finding the right distributor to help is an undertaking in and of itself.



***“Distributors aren’t really employees or customers- they’re more like partners.”***

**JORDAN KATZ –GALLUP.COM 4.17.13**



## **PARTNERSHIPS**

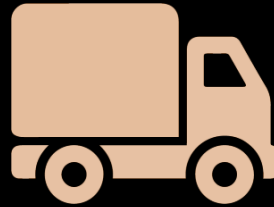
**Partnership is part of our company identity and interwoven into the fabric of our daily work. Engaging distributors and buyers with a partnership mindset will provide a foundation for long lasting and prosperous relationships.**

# CONTROL STATES MODEL



## SUPPLIER

Compliance, Distributor Education, FOBs, POS, IRCs, MIRs, Special Purchase Allowance, DA, Programming, National Programs, Budgets, Shipping & Storage Logistics, Brand Focus, Incentive Programs



## DISTRIBUTOR

Compliance, On and Off Premise Team Education, Consumer & Licensee Education, POS Creation and Dissemination, Tastings & Events, Market Visits, Sales Metrics, Merchandising, Inventory



## STATE

Licensing, Appoint an Agent for Storage of Inventory (Shipping, Handling, Receiving), Merchandising, Consumer and Licensee Education, Events, Regulation, Legislation and Enforcement

# CONTROL STATES MODEL

- Licensees may only purchase wine and spirits from the state controlled warehouse and /or state stores and their authorized agents.
- Depending on the Control State, consumers may purchase from the state controlled stores, supermarkets, chains, and independent retailers.



# BEST PRACTICES FOR CONTROL STATES

**1**

Initial contact with the National Alcoholic Beverage Control Association (NABCA)  
NABCA.ORG.



# NABCA

# NABCA

Established in January of 1938 as the national association of the Control States, NABCA's mission is to support member jurisdictions in their efforts to protect public health and safety and ensure responsible and efficient systems for beverage alcohol distribution and sales.

ABOUT US | EMPLOYERS

**NABCA** National Alcohol Beverage Control Association

Meetings Membership Control Systems Resources Analytics & Statistical Data

## BUILDING RELATIONS

NABCA provides a forum for alcohol control systems agencies, public health organizations, the media, and the industry to communicate, collaborate and find solutions.

## RESOURCES

- Education
- Public Health & Other Resources
- Publications
- White Papers
- Webinars
- Research & Studies
- Reports & Pricing

Email NABCA with Questions

### Education

Each year, NABCA provides an opportunity for the control states to receive a grant towards developing an alcohol education/awareness program within their state. NABCA recognizes the importance of its role in this area, and the importance of its member states in the area of alcohol abuse prevention/education.

[Read More](#)

### Public Health & Other Resources

NABCA provides the following resources to help in understanding alcohol as a commodity and its public health impact. The scientific research provided is to broaden the educational information available about this product.

Their website provides detailed information about all states currently subscribing to the Control Model.

They provide the latest in informational resources, data reporting, networking and provide a forum for strengthening industry relationships.



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# BEST PRACTICES FOR CONTROL STATES

**2**

**Establish contact with a potential distributor in your desired Control State and visit their market if possible.**



- “On Boarding” for all new suppliers that covers:
  - Key market dynamics;
  - Structure of our liquor commission;
  - Structure of our distributor organization;
  - Logistics (warehouse);
  - Paths to market in the On, Off and State channels;
  - Seasonality of sales, programming calendar and pricing.
- Establishing contact allows the opportunity to ask questions and understand the nuances and subtleties of the market



- Suppliers are assigned a Portfolio Manager, who works in close partnership to execute your business plan and keep you apprised of opportunities and progress
- Market visits allow the supplier to educate and work with the distributor teams who will ultimately serve as the face of your company operating in that particular state
- Distributors will be able to paint an accurate picture of what success and failure looks like in their market.

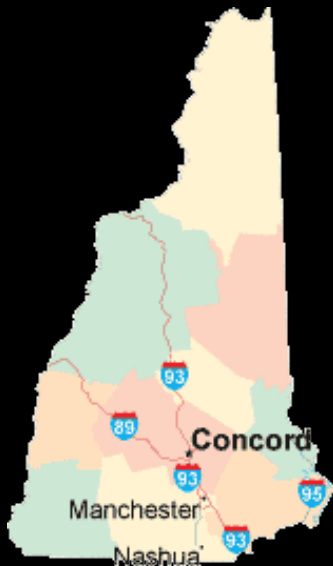
# KEY MARKET DYNAMICS: NEW HAMPSHIRE

Population: 1,323,000

Median Age: 41.1 years (4<sup>th</sup> Oldest)

General Sales Tax: 0%

Room and Meals Tax: 9%



## Two Full Time Commissioners:

- Chairman Joseph Mollica
- Deputy Commissioner Michael Milligan

## Changing NHSLC merchandising policies and procedures

- Pressure for higher margin and more price edge to MA and the region
- Reduction in state contribution to feature price. Top 200 SKU's
- Outlet Price Buster "OPB" pricing in place monthly for both wine and spirits
- Statewide Spirits SKU Optimization process in now in place led by SGWS/Beam



# STORE RENOVATIONS CONTINUING

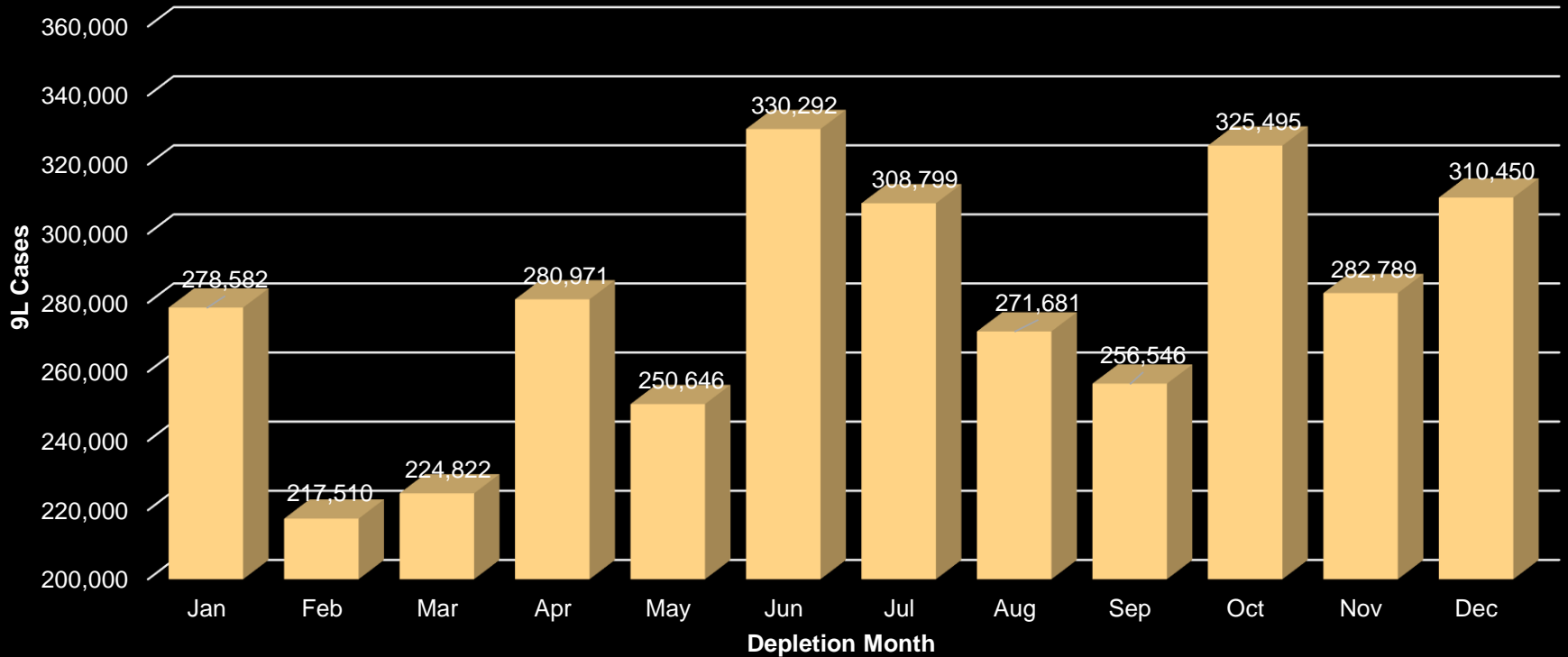
- 28 stores have been remodeled, replaced or opened since 2012
- Rochester, Dover, Portsmouth – Planned for the future



# HOOKSETT STORE RENOVATIONS



# NH WINE SEASONALITY



**June is the #1 Case Sales Month for Wines, selling 10% of Total Cases  
October is 2<sup>nd</sup>, and December is 3<sup>rd</sup> with 9.7% and 9.3% respectively**

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# BEST PRACTICES FOR CONTROL STATES

**3**

**Have a clear idea of  
budget parameters**



- FOB (Free On Board)
- Vendor of Record vs Broker Model and Related Permits and Licensing
- Registration of Selections
- Distributor Margins and/or Commissions
- Warehouse Bailment
- Depletion Allowances (DA)
- Operating Inventory
- Samples
- Special Pricing Agreement (SPA)

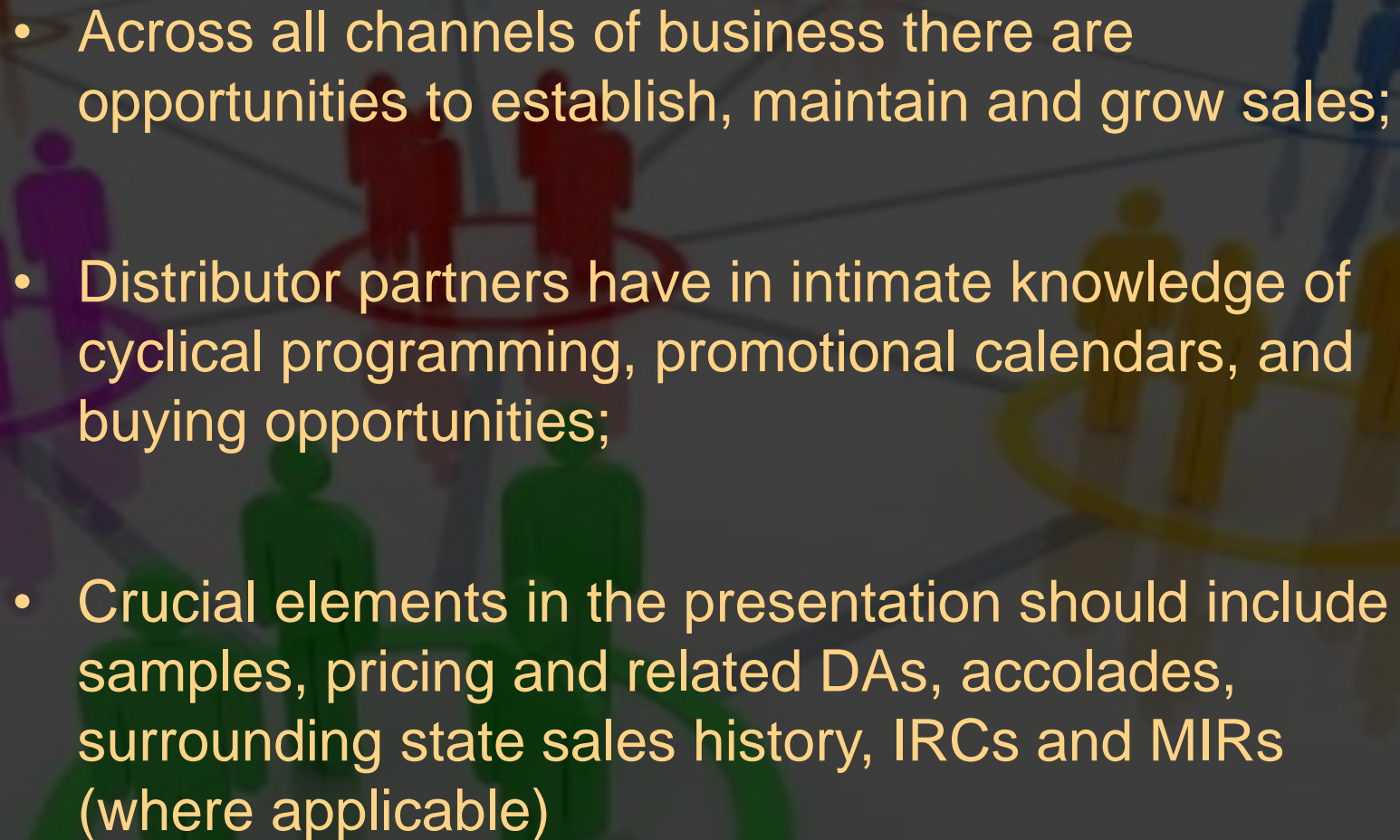
- Merchandising Considerations
- Events and Tastings
- Advertised Sales in Surrounding States
- Incentives
- State Markup (in New Hampshire the retail mark-up formula is set by segments)
- Price in wines
  - Based on FOB's
  - Wines ranges from 1.66% on the lower priced, down to 1.40% on the higher priced
  - Sparkling ranges from 1.61% on the lower priced, down to 1.35% on the higher priced

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# BEST PRACTICES FOR CONTROL STATES

**4**

**Understand your paths to market and partner with your distributor to craft impactful presentations across all channels of business.**

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- Across all channels of business there are opportunities to establish, maintain and grow sales;
  - Distributor partners have intimate knowledge of cyclical programming, promotional calendars, and buying opportunities;
  - Crucial elements in the presentation should include samples, pricing and related DAs, accolades, surrounding state sales history, IRCs and MIRs (where applicable)

# EXAMPLE 1: NHSLC STORES TEST MARKET PROGRAM

Selected items will receive distribution in 11 of their stores for a 4 month period. The item will have 2 bottle facings (no displays) on the shelf and special POS will be created to draw attention to the item. In addition live sampling will be conducted throughout the Test Market period. If the threshold of Gross Profit is reached after the four months the item will receive expanded distribution into 29 NHSLC stores.

# **EXAMPLE 2: HANNAFORD SUPERMARKET LIMITED RESERVE BIN PROGRAM**

Hannaford Supermarket has wooden bins highlighting unique selections not normally found in their wine set. Every three months a new approved list of items is given to their respective store manager for consideration. Approved items range in price from \$10.00 to \$25.00, generally with accolades or unique attributes.

**THANK YOU!**