

# GUIDE TO EXPORTING WINE TO THE UNITED KINGDOM



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# 1. UK OVERVIEW & LANDSCAPE

## 1. UK OVERVIEW & LANDSCAPE

The UK has long been recognised as a key export market for leading wine producing countries and as one of the most competitive markets in the world.

Traditionally, it has been an old world focussed market with wines from France, Italy and Spain dominating. However, over the past 30 years wines from the New World have grown strongly in interest for the UK consumer with their easy-to-understand labelling, ripe flavours and a perception of being excellent value-for-money.

In this Guide we refer to **Distributors** who are also the **Importer**. There is no 3-Tier system in the UK so your **Importer** is your **Distributor** and they can sell to anyone they like across the entire country, whether they be licensed on or off-trade businesses or even directly to the general public.



**2.**

**THE OPPORTUNITY  
FOR CALIFORNIA  
WINE PRODUCERS**

## 2. THE OPPORTUNITY FOR CALIFORNIA WINE PRODUCERS

Demand for California wine in the UK is strong, with over \$150 Million worth shipped to the UK every year, making it the largest US agricultural export to the UK.

Asked why 'do they list Californian wines' Importers and retailers focussed on the following attractions of Californian wines:

- **ICONIC BRANDS:**

The strongest range of multiple icon/luxury brands than any other New World country and even rivalling France and Italy. For example, whilst Australia has Penfolds, California has Harlan, Bond, Opus One, Screaming Eagle, Ridge and many many more. There is depth at the luxury end and this has a valuable halo-effect for all California wines at any price point.

- **FAMOUS REGIONS:**

Although it is only a small part of total California wine production, the Napa Valley also creates a halo affect for all California as it puts the state on the map of global fine wine producers.

Many other AVAs including Sonoma and its sub-AVAs, Lodi, Central Coast and Santa Barbara are also very well-known and give California credibility alongside the AOC and DOC systems of Europe.

- **GOOD AVAILABILITY OF MUSEUM WINES:**

This has been critical to Bordeaux's success and is an opportunity for California. Consumers are increasingly willing to pay a premium for aged wines of high quality."

Justifying your pricing will be the single biggest factor in helping you find an Importer.

The balancing factor against this strong demand is that California wines are considered expensive in the UK market, and price is by far the largest factor in buying decisions by trade and consumers.



3.

## A WINE BUYER'S ADVICE

### 3. A WINE BUYER'S ADVICE

The UK on and off-trade wine buyer is both the gatekeeper and influencer in the UK market. They are the ultimate decision makers for whether a new brand achieves listings, so it is extremely valuable for you to understand what they are looking for. Our extensive research and interviews with many highly experienced trade buyers has garnered valuable insight into their decision-making process. Important subjects to consider:

- Everyone loves a story; prepare yours in detail and be authentic. The British are understated and appreciate a more subtle approach to selling than in US business culture.
- Be humble about your success in the US, it doesn't always translate to this market. UK Buyer's don't like arrogance.
- Do your research into an Importer's existing range and where you might fit in. Consider style and price vs competitive set of their other global wine brands.
- Your 'unique selling proposition' gives the buyer compelling reasons to value your brand. Go beyond points and media coverage; consider your sustainability programme and your relationship with distributors in the US/Europe - it is a global trade, so they may know some people and if you can show you have strong and trusted relationships in other markets, these are a great reference.

The UK wine market is driven by Trade Buyer PUSH rather than Consumer PULL.

### 3. A WINE BUYER'S ADVICE

- Remember, they also need to tell the story to their customers and to inspire them, so make sure you can deliver an elevator pitch style summary of your brand that is easy for them to remember. Anecdotes and unique personal points are easier for buyers and staff to remember than soil types and root stock.
- While marketing plans may be promised, evidence of actual execution, ahead of listings, carries credibility.
- Don't try to bluff the buyers. Generally speaking, they all know each other and do talk. If you say to a retailer you are 'our only retailer of choice' be honest because if it's not the case, your credibility will be undermined. But take comfort...they all said it's absolutely fine, to seek multiple listings.
- Training of your Importer's team, and ideally of staff in retail stores is critical. It is an important but often overlooked area of feedback.
- Samples – always make sure you include your most expensive wines in tastings with the trade. It generates enormous good will and has a very noticeable and negative effect if you don't show them.

The most important thing you can do is to ask the potential Importer about their business and their needs.

The more you learn about them the better placed you will be to target their existing needs with your brand.



4.

## PREPARATION

#### 4. PREPARATION

Consider the following elements in your preparation for connecting with potential UK Importers:

**Presentation and Story-telling** - put yourself in the Distributor's position and tailor your presentation to their needs. Inform and inspire them.

- Avoid a 'copy and paste' of your US domestic presentation. Make it bespoke to the UK.
- US ACN data can demonstrate success but avoid too many pages of this information.
- Keep to 10 pages maximum, with 50% of the presentation being high quality images and branding.
- Day to day living, have a page showing this, harvest party, having fun, celebrating events...authenticity is always welcomed. Give the Distributor an authentic reason to connect with your brand and your people.

**Research** – be prepared with ideas on where you believe your wines fit a specific gap in their portfolio.

**USP's** - show these and be succinct (no more than 3). Tie them back to the research you did on the potential Importer.

**Commercial Terms** – demonstrate the margin chain:

- Turnover and 9L volume projection.
- Proposed Importer % margin (expect at least 20%).
- Proposed Retailer % margin (expect at least 30%).
- Freight allowances, ex-winery to UK bonded warehouse or designated destination.
- A&P support.
- Recommend Retail Prices (RRP's) based on your research of similar wines in the UK market, and using our UK Pricing Calculator to help you with the above.

#### 4. PREPARATION

**By the Glass Support** – if you really want to scale in the on-trade then consider what support you can offer. Be aware, wines under \$10 ex-cellars per bottle are more likely to be included in the by the glass section of an On-trade list. Above this they end up very expensive and would have to be a famous brand to have a chance of being listed.

**PR/Marketing Plan** – outline what you can offer in terms of FOC sample stock, time you can spend in-market working with the Distributor to build your brand.



# 5. ROUTE TO MARKET

## 5. ROUTE TO MARKET

The UK market is very open to import and sale of alcohol, and does not operate in a US-style three-tier system. So there are almost no restrictions to importing and selling alcohol in the UK.

### IMPORTER SELECTION

When considering which Importer may be best for you to target, consider their routes to markets, and capability for placement and scale. Also remember, every wine brand in the world wants to be in the UK market, so many Importers are not looking for new brands and don't 'need' your wine. You will have to convince them!

- **MAJOR UK IMPORTER** – Larger Importers have a greater number of customers and sales operators across the UK, but also a larger portfolio of other brands, demanding wider focus and attention. Sometimes you may not feel they have a sales focus on your brand.
- For larger brands with unrestricted volume of wine to offer a major importer would be a prized target.
- **MEDIUM SIZE IMPORTER** – Often have excellent London distribution and some reach into other areas of the country. Smaller numbers of accounts and salespeople, but you may have better relationships with decision-makers here if you are a smaller brand.
- **BOUTIQUE IMPORTER** – Will obviously have fewer accounts and scale, but may provide greater focus. If you wish to sell a pallet or 2 of wine per year to begin with then a smaller player might just be a great partner for you.

## 5. ROUTE TO MARKET

- **DIRECT TO RETAILER** – You may also want to consider being a California solution for an independent retailer who may have more than 1 store and would like a mixed pallet of your brand once or twice per year.
- If you are a large brand then major retailers in the UK like Majestic Wines, The Wine Society and the supermarkets (eg. Waitrose, Sainsburys etc) often like to purchase direct from the winery with no Distributor involved. If you have the admin resources to manage this then it allows more margin for you and the retailer and can be a great incentive for them to work with you.
- **AGENCY MODEL** – If you have no luck in securing an Importer you may wish to consider appointing an in-market consultant, who will drive your agenda as an Agent. You would ship wine at your own cost and risk but have them place it in accounts to establish a base of sales in the UK. This can be a good step to then securing an Importer as they appreciate there being some brand presence. Agent commissions will be under 10% as you are covering costs and storage of stock until it is sold, but you ultimately receive more of the profit as an Importer would be taking 20+%.

## COMMERCIAL TERMS

Expect to have to negotiate on the following:

- **Payment Terms:** 90-120 ex-cellars and 60 days ex-bond, UK.
- **Shipping Times:** allow 60-80 days for ocean freight.  
See more notes below.
- **Samples:** budget 3-5% of NSR, offer as a retrospective allowance.  
Also consider shipping tasting samples with the first order.
- **A&P Support:** budget 10% of NSR. Agree plan to cover events, dinners and tastings.

## 5. ROUTE TO MARKET

### **TIME IN MARKET**

The single biggest factor in your brand's chances of success in the UK is you being there to meet the people buying and selling your wines. Factor in market visits to the UK every year for at least 5 days, and make your being there a tradition where you visit as many accounts as possible and taste your wines with as many people as possible.

This will affect your margins in the early years but it's an investment.

### **SHIPPING**

Use a reputable global freight forwarder, that can plan shipments, from ex-cellar collection through delivery, to end destination. Companies like Albatrans and Seamates are worth contacting.



**6.**

## **PRICING YOUR PRODUCT**

## 6. PRICING YOUR PRODUCT

The UK is a very price sensitive market so understanding your pricing is a critical element to export success. A few points to note:

- Use our UK Pricing Calculator to give you an idea of where your wine will sit on a retail shelf;
- Review online UK wine retailers to compare your potential pricing vs competitor set wines;
- Note that an Importer will generally expect a minimum 20% margin and a Retailer will expect 30-40% margin. These are factored into the pricing calculator but can be adjusted depending on your specific negotiations;
- In addition to shelf price calculation you should consider your investment in samples and marketing budgets and whether this is priced outside of your per bottle/case price or offered as a discount on your top line pricing.

Some of the most successful exporters of California wine make less profit on their wines sent to export markets, and understand that to succeed in the UK you may need to reduce your profit expectations significantly.

The upside, long-term value for your brand by being in a halo market like the UK, and by diversifying your business into a new market, can far outweigh the potential of initially lower profits.



7.  
WHAT TO DO,  
AND WHAT NOT TO.  
TIPS FROM UK BUYERS

## WHAT TO DO:

“Tell your story”

“Research, research, research...  
your category and competitors”

“Education, education, education”

“Focus on lifestyle content...not just points”

“Be confident, perhaps even  
humble of success”

“Liquid on lips, activation plans”

“Do the traditional things well, educate the  
teams, host consumer and trade tastings”

“Be patient. It could take a few years  
to break into the market”

“Be self-aware of competitors from  
California and from other countries”

“If we say no to a listing, understand why  
that is the case. We may not tell you upfront  
out of politeness but if you do ask sincerely  
we will let you know”

“Budget on long term investments”

## WHAT NOT TO DO:

“Don’t be pushy, we receive multiple proposals each day from producers all around the world”

“Proposals that are made outside the country of origin listing cycles, are unlikely to be looked at. Important to clarify timings with us for e.g. California review”

“Be open about where you want listings in the route to market, be clear”

“Don’t make false promises, because if you don’t deliver, your reputation may not recover”



# 8. CASE STUDY



## 8. CASE STUDY

### BACKGROUND

A successful and rapidly growing winery in California was seeking UK distribution but is based in a lesser known AVA (from a UK buyer and consumer perspective), with price points that would mean UK shelf prices of £50-£150+. Together, these factors presented a challenge to having an Importer select them to work with.

### INITIAL PLANNING AND PROPOSALS

To gain initial distribution and brand awareness, an Agent was appointed as no Importers wished to take on the brand. The Agent arranged direct supply to a number of prestige retailers, restaurants and brokers to establish a base of sales in the UK.

Communication and commercial aspects were managed by the UK Agent, with the focus being on building brand awareness through the story of the winery and its terroir. This was done for a small Agent's commission rather than the full Importer commission rate.

### LOGISTICS

The winery shipped stock to the UK at its own cost (freight and UK bonded warehousing) to provide stock accessibility and remove barriers to doing business. This made the difference as initial retail customers for the brand could make small purchases without taking on the risk of a large order.

## 8. CASE STUDY

### PR

A comprehensive campaign was executed ahead of the proposal process, which showed the UK trade that the brand was serious about the UK market. Consumer and trade tastings were also conducted, in conjunction with close and regular contact with the CWI.

### DISTRIBUTOR SELECTION

Following the direct distribution success, a selection for a distributor, was conducted. A medium sized national distributor was excited to take on the brand at this stage due to the few existing listings with retailers and the fact that the brand had built its own initial presence in the market.

