



JOLO WINERY & VINEYARDS  
PARKER BINS VINEYARD  
RAYLEN VINEYARDS

# Pricing; Bottles, Tasting, Flights

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How Much Do You Charge for your Entry Level Bottle of Red Wine in Your Tasting Room?

A \$13.99

B \$15.99

C \$17.99

D \$20.00

(Actual web prices Yadkin Valley Wineries January 2023- before any discounts)



Did Any of Those  
Bottle Sales  
Generate a Profit?

Let's Find Out!

Average Cost of a Bottle of Barrel Aged Red  
Wine in Yadkin Valley NC Is?

A \$16.67

B \$15.83

C \$11.83

D \$9.83

# My cost is \$16.67???????? WTF

ASSUMING 3000 CASES PRODUCED (36,000 BOTTLES)

GRAPES: \$2.64 (TOP SHELF YADKIN VALLEY)

ASSUMES \$2,000 PER TON YEASTS, ML, NUTRIENTS, STABILIZATION, FILTRATIONS,

ADDITIVES: \$.22 (ASSUMES 1,000 GALLONS OF WINE)

VINEYARD INFRASTRUCTURE: \$.11 (5 YEAR AMO OF INFRASTRUCTURE \$19K PER ACRE )

OAK: \$1.00 ( OLD 2 YEAR AMERICAN OAK) ASSUMES AVERAGE COST \$350 PER BARREL DELIVERED

BOTTLE: \$1.00 (HIGHER END)

LABELS: \$.65 (LINEN PAPER)

CORK: \$.33 (DIAM)

FOIL: \$.30 (HIGH QUALITY)

BOTTLING: \$.21 (STANDARD BOTTLING LINE COST)

WINE CRUSH THRU BOTTLING (ELEVAGE) OVERHEAD: \$4.82 (BUILDING + PRODUCTION AND STORAGE EQUIPMENT)

UTILITIES: \$.46

EMPLOYEES: \$4.16 (WINEMAKER + ASSISTANT)

MARKETING: \$.77 (FESTIVALS, LOCAL PERIODICALS, BROCHURES, RADIO, WEB ADS, VIDEO, WEBSITE, ETC )

**TOTAL COST: \$16.67**

# Cost + Markup =??

Now you must mark up your bottles to pay for your other overhead AND your profit!

- Insurance
- Licenses
- Bonds
- Excise tax
- Rent/Property Tax
- Repairs (Chiller anyone???)
- Tasting Room (You haven't even priced in your RETAIL Business operation of a Tasting Room!)
  - Glasses, Bags, Boxes, Furniture etc
  - Employees
  - Etc!!



## LET'S LOOK AT AN ADJACENT INDUSTRY: RESTAURANTS

### Let's Look at an Adjacent Industry: Restaurants

Well Run Restaurant's Mark-Up Costs by 3-4X!

( If you were to markup the same amount the bottle price would be  $\$16.67 \times 4 = \$66.68$  )

- Burger ingredients and fries: COST = \$2.90
- MENU PRICE = \$11.60!
- 25% Food Cost (  $2.90 / .25$  ) = \$11.60
- Average restaurant runs a 30% Food Cost...

And restaurants have the 3rd highest failure rate in the US!



## On Premise Mark-Ups!!

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ON PREMISE MARK-UPS!!

IT'S NOT UNCOMMON FOR BARS AND RESTAURANTS TO MARK UP THEIR WINE BOTTLES 200 TO 400% OVER THE WHOLESALE PRICE.

AND THE CHEAPER THE WHOLESALE PRICE OF THE WINE BOTTLE, THE HIGHER THE MARKUP.  
FOR EXAMPLE:

- JUG WINE WOULD LIKELY BE MARKED UP AT AROUND 350-400%.
- POPULAR TABLE WINE WOULD BE MARKED UP AROUND 300-350%.
- SUPER PREMIUM WINE WOULD BE MARKED UP AROUND 250%

# 3 Tier System

- 3-TIER SYSTEM, MORE OFTEN THAN NOT, WINERIES DO NOT RECOUP RETAIL

- A WINERY SELLS ITS WINE TO A DISTRIBUTOR AT HALF OF RETAIL (CALLED FOB)—SOMETIMES EVEN LESS THAN THAT. IF THE RETAIL VALUE IS \$40, THE WINERY GETS \$20 FROM THE DISTRIBUTOR.

- A DISTRIBUTOR THEN SELLS THE WINE TO A WINE SHOP OR RESTAURANT AT WHOLESALE, WHICH IS @33% OVER FOB—\$27.

- RETAILER THEN SELLS THE WINE TO CONSUMERS AT A 50% MARKUP, OR ABOUT \$40.

SO, IF YOU SELL YOUR RED WINE FOR \$20 IN YOUR TASTING ROOM THE DISTRIBUTOR/WHOLESALER IS EXPECTING YOU TO SELL IT TO THEM FOR \$10. THEN THEY WILL SELL IT TO A RETAILER FOR \$15.00 AND THE RETAILER WILL SELL IT FOR \$30.00 AND THE RESTAURANT WILL SELL IT FOR A MINIMUM OF \$45!

