

PLCB/PWA PA PREFERRED WINE PROGRAM

Frequently asked questions

March 2014

- 1.) If a limited winery's products are already in the system, can the winery continue to use the same distribution for those wines but add wines using a different method of distribution through the PA Preferred Program? For instance, if a winery currently has two wines at Fine Wine & Good Spirits stores and utilizes the distribution center, can the winery sell two more wines through the PA Preferred Program and deliver directly to the store?**

Yes, the limited winery can use either direct-to-store delivery or the distribution center, even if they currently utilize the PLCB distribution centers for products listed in the stores.

- 2.) How much does it cost to submit a wine?**

You must fill out an application and pay a \$150.00 fee for each wine submitted to the program.

- 3.) What is the review process for the wines to participate in the program?**

The Pennsylvania Liquor Control Board will collaborate with the Pennsylvania Winery Association to select the wines to carry in the requested stores. The decision will be based on price point, the number of the same varietals submitted for the same store and a wine tasting.

- 4.) How would the ordering process occur?**

The ordering process would follow one of two paths: a purchase order sent to the winery for delivery to one of the PLCB's three distribution centers or a purchase order sent to the winery for shipment directly to the store(s).

For shipments to the distribution center, the PLCB will make an initial purchase of either a full pallet or layer quantities. The agency's Marketing Department, in consultation with Supply Chain, will determine initial purchase quantities and target inventory levels to meet the needs of the distribution center. After the initial purchase, the agency will issue purchase orders on a periodic basis to maintain a specific level of inventory in the distribution center to service the needs of stores.

For direct-to-store shipments, there will be an initial order for each store. Again, the agency will determine the initial purchase quantities and target inventory levels. Follow-up orders will be placed to maintain targeted inventory levels. Case quantities on follow-up orders will be based on sales volume, but may be as small as one case.

5.) What is the minimum order quantity?

We do not have a minimum order quantity. Our orders are placed based on consumer demand. However, please see the answer to Question #4.

6.) What is the difference between direct-to-store delivery and distribution center delivery? Are there any minimum standards to either process?

For any product to flow through the distribution center, the product packaging must meet all PLCB strength/durability and labeling standards. These requirements can be found on the PLCB website,

<http://www.lcb.state.pa.us/PLCB/Partners/PAWineProgram/index.htm>.

In addition, the winery must be willing to ship quantities ranging from a single layer to a full pallet to the distribution center.

For direct-to-store delivery, the cartons must meet the same standards as those shipped to the distribution centers to minimize the risk of damage. However, the labeling requirements are less stringent. For example, there is no shipping container code (SCC) requirement for direct-to-store shipments. As far as direct-to-store order quantities, the winery should be prepared to ship an initial order as small as one case to each store. Subsequent replenishment orders will vary depending on sales patterns and could be as small as one case.

7.) What is an SCC?

A Shipping Container Code is a bar code similar to a UPC that is on the outside of each case so it can be scanned and tracked in the warehouse.

8.) How does a winery get an SCC?

There are organizations, such as GS1, that can assist the winery in developing an SCC. Its website is www.gs1us.org. The PLCB can also provide instructions on how to create an SCC.

9.) What is a UPC?

A UPC is a Universal Product Code. The PLCB's Point-of-Sale system uses the UPC to scan the product for sale.

10.) If a limited winery already has wine in the Fine Wine & Good Spirits Store, do those products count towards the 10 wines limit?

Yes, wines that are already listed in the PLCB's regular or luxury assortment count toward the 10-wine total.

11.) If a limited winery already has products listed in the stores, can the winery drop out of the listed side and utilize the PA Preferred Wine Program instead to get the 10 stores requested?

If a limited winery already has a product listed and would rather utilize the PA Preferred Wine Program, we would take the wineries' proposal into consideration.

12.) What is the precise definition of "current release?"

"Current release" is the most current vintage.

13.) Do you have an example of the pricing matrix for a bottle of wine?

For the PLCB's pricing calculator, visit:

<http://www.lcb.state.pa.us/PLCB/Partners/PAWineProgram/index.htm>

14.) Could you provide an example using a \$12.00 bottle of wine?

In the pricing calculator, select Normal Wines. Enter case cost (\$80.00 case cost, 12 units and 25-4 oz. will give an \$11.99 retail price). Package size equals case size (either 6 or 12). Unit size in ounces must be entered. Once all of this information is entered, a retail price will be calculated.

15.) What would the retail price be for a wine that sells around \$12 at the winery?

If the case cost is \$144 (\$12 x 12 units), the retail price, including markup, at Fine Wine & Good Spirits would be \$20.99.

16.) How much wine does a winery have to produce to be part of the program?

The PLCB does not require a minimum amount be produced to be part of this program. However, the agency does expect purchase orders to be filled based on consumer demand.

17.) What Fine Wine & Good Spirits stores can be selected?

If the winery chooses direct-to-store delivery, the winery can choose any store. It's important to note that wineries that selected stores in the geographical area around the winery saw the greatest success in the program. If the winery utilizes a PLCB distribution center, all stores requested must be serviced by one of the three distribution centers.

18.) How can the winery/winemaker do a wine tasting at Fine Wine & Good Spirits stores?

For information regarding in-store tastings, visit:

<http://www.lcb.state.pa.us/PLCB/Partners/In-StoreTastings/index.htm>

19.) Does the winery have to submit the wholesale price on the initial paperwork?

All pricing must be on the quote, including case cost. The case cost is the cost the winery will charge the PLCB.

20.) Will there be another listing period for PA Preferred wines?

Yes.

21.) How much product must be sold to stay in the program?

The winery must sell an average of one case (12 items), per item, per store, per month.

22.) From a wholesale level, can limited wineries give a discount to licensees greater than the 10 percent discount the PLCB gives licensee?

Yes, Limited Wineries can sell products at whatever price they choose if they are selling the product themselves, as opposed to selling through Fine Wine & Good Spirits

stores.

23.) In response to the recent pricing regulation change, can limited wineries adjust the prices of wine ALREADY sold in Fine Wine & Good Spirits stores?

Yes. If a limited winery wants to change the price of a wine currently sold in Fine Wine & Good Spirits stores, they need to fill out new Standard Quotation Forms with the new price. Quotes need to be submitted by May 1 for an August 1 price increase. Quotes can be submitted anytime for price decreases. A price change calculator is necessary for established items.

24.) How can sales reports be obtained?

Contact Christine Leiby, category manager, at chleiby@pa.gov or call (717)783-3363.

25.) How do PA Preferred Wines get placed on the shelves?

The Marketing Department provides guidance to all stores to position PA Preferred wines in the best possible location within the Pennsylvania/New York shelf set. For example, in stores that have a 4-shelf unit, the wines are expected to be placed on the top shelf. In stores that have a 5-shelf unit, the wines are expected to be placed at eye level.