

Internet Wine Sales: An Important Private Label Wine Memo

For internet, direct to consumer wine sales, using Cali Wine to produce your own wine brand is probably the easiest challenge you have in order to become successful. But beyond that there are several other and more difficult issues to solve:

(1) To legally store bulk quantities of wine, you must either have your own local state alcohol and tax permitting, or find a third party wine storage facility that has all the necessary local permitting. Further, to sell and ship your wine inventory directly to consumers will require you, or a third party acting for you, to have a license in every state you sell and ship into.

(2) You must handle yourself or find a third party to do the physical order packaging and to arrange and pay for shipping.

(3) You must have a way to file monthly reports with every state that you shipped wine into, and then pay each state for their sales and alcohol tax amounts on your sales.

(4) You must arrange to create an online e-commerce website which is capable of accepting the customer orders and their ship-to information. Your e-commerce site must collect the correct sales and alcohol taxes on all orders you receive, and it must also collect shipping charges for each order that is to be shipped. This involves massive complexity in knowing how much tax to collect for any given address in the country, and knowing the same with regard to shipping charges.

(5) Probably the biggest hurdle for a successful internet wine business is generating customers. You cannot expect your enthusiasm, a cool wine label and a slick marketing campaign to automatically generate lots of business. Those things alone have a very low chance of success because the competition for wine sales is so ferocious and immense. Customers can walk into any wine & liquor outlet and see up to hundreds of wine varietals for sale, a large majority of which are priced far cheaper than you can price your wines. And even if you are price competitive, you still have to add on to your prices the very expensive shipping cost for small, direct to consumer orders. Shipping will run from 20 to 50 dollars for each package, which is a cost that the local grocery or liquor store doesn't have to add on. So, the competition plus your much higher final prices will make it extremely difficult to compete with all the local retailers that consumers can turn to.

Cali Wine can provide basic information on these matters, and we can refer you to one or two, third party order fulfillment operations (which can solve most of the technical, legal, tax, packaging and shipping issues for you). But other than those referrals we offer no specific services to handle the above listed issues. Our services are limited to helping with your specific wine label, obtaining label approval from federal alcohol authorities, then producing the wine and shipping it in bulk quantities to your chosen destination.