

## Leveraging Distributor Products to Reach More Customers

**A**bout 8 years ago I was involved with an auction website called the Wall Street Wine Exchange. It is unlikely you would have heard of this project as it quickly became overshadowed by the success of that store's e-commerce site; a business we understood much better. However, the store owner had an interesting idea about how to source the wine for his auction site; he recognized that the majority of wine in the local market is warehoused by distributors, so we listed their wines on the auction site. Connecting consumers with items in distributors' warehouses sounded like a great idea to us; indeed it still is a great idea.

Little did I realize that years later I would be helping retailers realize a similar goal by connecting their customers with distributors' inventory. More than any other link in the supply chain, the distributor, or wholesaler, carries a significant inventory of product and finances the storage and distribution of that product. But in this industry the wholesaler cannot sell direct to consumers. Only when a retailer commits to accept delivery does a consumer gain access to this extensive inventory. This can leave consumers searching for wines that are not obviously available through a local retailer and yet are available in the supply chain.

Occasionally store customers will request that items be special ordered, which is one way to access this treasure trove. The Internet has added a new wrinkle to special ordering that is more efficient for consumers, retailers and distributors. Virtual inventory is a service retailers can offer their web customers who want to access distributor products the store doesn't carry. Customers often access virtual inventory at aggressive prices against frontline cost. Retailers who list virtual products are very aware that prices are posted publicly online and often use virtual inventory to attract customers to their website. With more products available there are more opportuni-

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ties for that website to be listed on a search engine results page.

Without the cost of financing their inventory a retailer can expand his selection by thousands of products and will settle for a smaller return given the reduced cost of fulfilling the order. However, because all virtual pricing is based on the assumption of a single bottle or case purchase, pricing never goes as low as to disrupt a supplier's goals for deep purchases. The retailer can always elect to purchase in deeper quantities to benefit from available discounts.

For the distributor, virtual inventory provides access to business the sales force had no way of reaching; the retailer had no idea they wanted this product until a customer bought it. It also helps build a presence for a distributor's products to have them listed on multiple retailer websites so that Internet searches return multiple results. When these results include labels, tasting notes and ratings all the better and it helps distributors make the case to the winery or importer that they are successfully growing the reach of that product in the market.

While my foray into the auction business had a minimal impact on the wine trade, it gave me an early appreciation for the opportunity virtual inventory presents to consumers, retailers and distributors.

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**To learn more about how the Beverage Media can help with a website for your retail store, contact Ian Griffith at [ian@bevmedia.com](mailto:ian@bevmedia.com), (212) 571-3232, or visit [www.bevnetwork.com/retailweb](http://www.bevnetwork.com/retailweb).**