

Realistic wine pricing can increase your profits and build up volume, but more important to some members may be the special kind of ambience that wines create

By WILLIAM MASSEE

## Make Wines Work for You

"Wine Pricing should make no contribution to loss," a wise manager once told me, "but you have to watch the accountants. They'll toss in percentages that raise wine prices above what diners would consider a good value. The aim is to build a volume that makes stocking wines worthwhile,

which means the kind of pricing that is somewhere between the figures for food and drink."

Some accounting systems ignore wines altogether (accountants do not seem to be wine lovers). Other systems work from formulas based on cost or selling price. But no system can measure the intangibles inherent in drinking wines—the elegance one feels and the comraderie that fills a room. Wines and good talk go together, and there's no place that is talkier than a country club.

Wines are a pleasure not a nuisance. Pricing should reflect this pleasure for both clientele and staff. No one thinks twice about ordering before-dinner cocktails; wines, therefore, should be priced so that it is easy and natural to order a bottle with the entrée. A round of drinks for four may add \$6 or more to the check. If you figure about 16 drinks per bottle of liquor, each bottle returns \$24, or five to six times cost. Wine can never match that. Twice cost may be the best you can do. Additionally special glassware is needed as well as a special inventory, a wine list, special storage facili-



Illustration, courtesy Bettmann Archives

ties and a trained staff. These necessities are worth the trouble, if only because members demand wines, now that they are fashionable. And when pricing is sensible, it's also profitable.

One of the simplest formulas is being inaugurated by Red Stieger, who manages the River Oaks CC in

Houston, Tex. He offers a short list of wines, perhaps eight popular regionals and charges a flat price for each. A customer can order a white Burgundy or a red Bordeaux or a pink wine, each at the fixed price. When a wine proves unpopular or a wine runs out, another is substituted. This takes care of most members' demands. He has other stocks for special occasions and the few wine buffs among the membership.

This gets down to the basic point: What do you want to charge for a good wine? These days, good reds from the towns of Burgundy, the Rhone districts and the small chateaux of Bordeaux may cost from \$18 to \$36 a case. Taking the high figure, you might sell a selection of wines from this range for from \$5 to \$7 a bottle. Taking \$6 as your selling price, average return will be about three times selling cost. This is a little high for a Liebfraumilch or a Chianti or a Beaujolais, but reasonable for a Volnay, Moselle or St. Emilion. It also serves to encourage your clientele to try wines that are more than run-of-the-mill.

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What's more important, such pricing gives you buying flexibility among a large variety of wines. It lets you experiment as you find out what members want, while guarding against loss. This is the key to successful wine policy and is helpful in simplifying service, stocking and accounting.

The price I like is \$7 a bottle for wines in this cost range. Half-bottles would be priced at \$4. There is also the matter of selling wines by the glass—a California Grenache Rosé or a Beaujolais or an Alsatian Riesling for the price of a drink. Any wine you like that costs less than \$18 a case might best be marketed this way. Some clubs do well with eight-ounce carafes of such wines. These might be priced around \$4. Such merchandising makes it easy for somebody who might like a glass of wine with a sandwich or a salad, or makes it possible to include a glass of wine with a special luncheon dish or with a steak.

This kind of pricing is much simpler than taking a set markup on cost of 50 per cent or 100 per cent, or whatever. Wine prices vary so widely that bookkeeping becomes a nuisance, and you find yourself quibbling with yourself about whether to charge a little more for this, a little less for that, to balance the prices on your wine list. Set a price that is reasonable to you and your members and easy for the staff to cope with. Then concentrate on a small selection of wines. This will please most of the wine-drinking members. They will quickly find out which are the best buys on the list and will encourage experimentation by those members who don't drink wines and who may be afraid of higher prices or confused by long lists.

There's another pricing method used in some clubs that also builds up wine volume. With this method clients are charged what amounts

to corkage, cost being rounded out to the nearest dollar, plus \$3 or \$4 tacked on as a service charge.

One drawback to this system is that inexpensive wines can become overpriced and expensive wines underpriced. What's more, the wine list has prices all over the lot, which have to be changed every time cost changes. At first, club members accept this, because they know just what wines are costing the club. However, there are always members who can't see why corkage should be charged and who resent it.

Given a fixed price for a group of good wines that should be popular, you are in a sound position to consider stocking some fine wines from the top vineyards of France and the Rhine in small lots that can be bought young and held until they are ready. If volume or



fashion warrants, you might consider a second list of wines that would sell for \$10 or \$12 a bottle, costing \$36 to \$80 a case. On many of these you would be making less than twice cost, but the return per bottle is high. This makes the more expensive wines attractive to knowing members and serves to upgrade those who are not familiar with them, but want to make an impression. A dozen wines of this sort—two or three cases of each—is an adequate selection, at a cost of a thousand dollars or so.

Prices of such wines should be raised a dollar or two each year, new vintages replacing old ones. This means a new list each year, the increased cost offsetting the amount of money tied up in your stock of wines. Many clubs fail to

do this and end up by selling an old wine either at a fraction of its value or at a figure that may represent an actual loss to the club. The value of a wine purchased soon after bottling may increase 20 times over a decade, and the selling price should reflect at least some of this increase in value and rarity. Nothing is more attractive to wine lovers than old bottles at reasonable prices.

For a club just beginning to consider stocking wines, there is a tendency to put in two or three of the most popular regionals to see how they do. These are usually sold cheaply, representing a loss to the club, even when volume becomes substantial. Club managers tear their hair when they see themselves losing money on a volume of 20 or 30 cases a month, becoming progressively sadder as volume rises. It is as bad a practice to sell wines too cheaply as it is to sell bottles too dearly. Both ways are certain to fail.

When you decide to make wines a thriving part of your operation, select a few (no more than a dozen), price them so they do not contribute to loss (at least \$5 a bottle for wines in the \$18 to \$36 bracket), and set an initial quota (at least a case a week to start). After a few months, you should be able to raise the quota. If you can't, you might consider lowering the prices. This is better than raising them. With the pricing system outlined and a small investment, you can soon discover whether or not your club is interested in wines.

Wines are fashionable and can be profitable. A good club can scarcely afford not to extend to members the pleasures of the vintage and make a profit in the process. □

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