



THE SECRETS TO BUILDING A SUCCESSFUL WINE CLUB

INDEPENDENT RETAILERS ACROSS THE COUNTRY SHARE THEIR TIPS FOR RUNNING A PROFITABLE SUBSCRIPTION-BASED WINE CLUB

BY CHRISTY FRANK

In addition to adding robust ecommerce platforms and enhanced delivery programs, retailers have found opportunity in creating subscription wine clubs.

While a subscription-based model may seem like a stream of easy money, launching one and ensuring it operates smoothly is anything but. As with so many things in the small shop world, the wine is only a small part of the formula. *SevenFifty Daily* spoke with independent wine shops to get their insights on logistics and strategy.

First Things First: Know Your Laws and Set Your Goals

“Understand how you’re getting wine to your customer ... not just logistically, but legally. If you can’t answer that, you’re going to run into major headaches really quickly,” says Chris Leon, owner of Leon & Son in New York City and Grand Rapids, Michigan.

Also, how will your customers pay for those wines? And how will you pay for them? If you need to commit to club-related purchases before your members have made their subscription payments, this could impact your shop’s cash flow, especially if your state requires cash payment on delivery. Make sure you understand your state’s



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- Telina Rohrer, Mom & Pop's

To determine pricing for a wine club, first consider what customers typically spend on a bottle of wine and make sure the per-bottle club price is in this general range. Consider the total spend the club is asking of customers each month and, if you expect they'll have sticker shock, scale back the number of bottles.

When setting margin targets, be sure to take into consideration any extra collateral pieces, packaging materials, processing fees, and delivery costs that you may be regularly absorbing, as well as the additional work involved with preparing notes on the wines. If it's possible to buy wines on a quantity deal, decide if you'll pass the savings along to the customer or add it to the bottom line.

Track club margins each month and on a rolling basis so if you miss your target one month, you can make it up over the next couple periods. “There are months when we will sacrifice margins for selection since this past year has been utter madness with shipping delays,” explains James Havens of The Heights Grocer in Houston. Eric Moorer at Domestique in Washington, D.C. also notes, “I've had months where I should have left a little bit more there, but if it's a wine that brings new subscribers in,

specific laws regarding delivery options, online payments, quantity discounts, and distributor payment terms.

Give some serious thought to how your wine club program will tie into your shop's philosophy. Will you be offering value, discovery, or exclusivity? At Le Du's Wine in New York City, general manager JT Robertson explains one of the goals of their monthly Grand Crew club was to promote lesser-known wines. “There are wines we taste which are delicious and intriguing but are super limited and often obscure. We wanted a home for wines which would otherwise languish on the shelf,” he says.

Telina Rohrer, owner of Portland, Oregon's Mom & Pop Wine Shop, says she felt a lack of connection when she closed

the shop's doors to walk-in customers during the pandemic. To build that connection into her club program, “I wanted to create something that was a little more heartfelt,” so she began including artwork, digital winemaker portraits, playlists, and artisan-made goods created by her local peers in her shop's monthly offering.

Determine your goals and build your club program from there. Remember that the more club selections you offer, the more likely that you'll need additional staff members to help run it, adding costs before you have the revenue to support it.

Determine Your Margin and Price Targets

A clear focus on price and margin targets will ensure that a wine club program doesn't turn into a money pit. Do this before starting to shop for wine and falling in love with bottles that the club—and its members—can't afford.

ABOVE: Leon & Son offers wine clubs in New York and Michigan // Le Du's in NYC offers lesser-known, discovery wine club picks // Mom & Pop Wine Shop in Oregon includes work from local artists in her mailings.



then it's worth it." Working on a lower-than-normal margin can also make sense if you're making it up on volume.

Leverage Strong Distributor Relationships to Maximize Bottle Selections

Smaller clubs may be able to shop around to see what's currently available to meet their membership targets, but growth requires planning further in advance. Working three months ahead of time is a good starting point, but if you're planning to lock up limited bottles, longer lead times may be needed even for smaller clubs. If the club is focused on a specific region or narrowly defined theme, make sure there's a decent selection of relevant wines available that meet price and margin targets.

Sarah Pierre, owner of Atlanta's 3 Parks Wine Shop, recommends putting together an editorial calendar and a prospective wine wish list to help manage the selection process and ensure a deep slate of options.

ABOVE: At Domestique in D.C., Eric Moorer may work on lower margins to entice new members to his wine club. // Houston's The Heights Grocer offers a diverse selection.

"Maintaining really good vendor relationships gives you the opportunity to have a little more flexibility," notes Mom & Pop's Rohrer. Distributors can hold a few extra cases while you finalize your monthly numbers, keep you updated on wine arrival dates, help sort out the logistical hoops of locking up highly in-demand wines, and put a special deal in place (where legal). The bigger the club gets, the more important these relationships become—especially if membership gets to a size where you can line up exclusives.



Formalize the Billing Process

A service such as Recharge can automatically bill customers each month while allowing them to access and manage their own accounts. However, these services add additional costs, including higher processing fees, monthly service fees, and upfront development work to integrate with your existing payment platform. If your club doesn't have the scale to warrant these costs, most retail payment processing systems (Square, Shopify, Stripe) offer some form of secure invoicing or a recurring charge function which can be combined with a simple tracking spreadsheet to get the job done.

If the processing system charges members every month on the same date they originally signed up, set a cut-off date so it is clear which month the charge applies to. If you are sending out monthly invoices or manually processing payments, communicate when this will happen. Consider choosing a day of the week (such as the second Wednesday of each month) rather than a date (the sixth) so that your billing cycle doesn't take place on the busiest day of the week.

Bianca Sanon, co-owner of Paradise Books & Bread in Miami, launched



her program with a billing system that focuses on accessibility and eliminates surprise charges. “I’m not going to automatically charge you unless you want me to,” she explains. Once members sign up, they are sent monthly invoices which they can pay or pass. After three passes, they’ll need to sign up again. Her system has worked so well that, though she plans to shift to an automated system, she will still maintain a three-day lag between sending the invoice and charging the member’s card. Operators can also consider offering trial or fixed-term memberships for customers who aren’t comfortable with automatic billing.

Don’t Underestimate the Logistics of Prep, Delivery, and Shipping

Wine clubs take up a lot of room. You’ll need space to store the cases when they arrive, a place to prep and assemble everything, and somewhere to hold club packs until pick up or delivery—and that can take awhile. As The Heights Grocer’s Havens notes, “we operate as a wine storage facility as most guests are an average of two months behind on their pick-ups.” If you completely outgrow your space, a bonded warehouse may

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– Chris Leon, Leon & Son

give you additional wiggle room. Leon & Son recently began leasing such a space. “It’s made our lives so much better,” says Leon, “even if we’re still learning to live and work out of a different location than the shop.”

Delivery and shipping, if legal in your state, will add another layer of complexity—and cost—to a wine club operation. If you already have standard minimums and policies in place, you’ll need to decide if your wine club will follow them or operate under a different set of rules. Do the math to determine if offering these services at your target margin will wipe out all of your profit and consider charging a fee to cover costs.

Expect to spend a lot of time educating your members on your prices, fees, and policies. Mark Grimaldi, owner of Cellar d’Or in Ithaca, New York, recommends that club websites are as detailed as possible. For the inevitable questions, he recommends a dedicated email address to ensure club-related questions don’t get lost in the regular email shuffle. While product-specific questions are best answered with a personal touch, having standard scripts for frequent issues such as declined credit cards, shipping delays due to weather, and upcoming billing notices can streamline the process.

ABOVE: Boxes from Vinya’s wine club in Miami // Down the Rabbit Hole private event



Clearly communicate any fees incurred if a package needs to be returned if no one is available to sign for it. A robust reminder system will help minimize this, but it will happen—and repeat offenders can quickly eat into your profits. You’ll also need to have a plan in place to deal with the inevitable extreme weather situation. Leon automatically consolidates July and August shipments together and notifies members that June and September decisions will be made according to weather.

Develop Member Perks and Collateral Materials

While wine and producer notes, discounts on wine and classes, and early access to allocated wines are standard member benefits, you will want to offer additional perks that tie directly into your club’s goals. At Domestique, where the focus is on fostering a more open wine conversation, members receive playlists, participate in IG Lives, and are invited to join DEMI, an app-based platform for food and wine communities. Mom & Pop’s includes artwork, playlists, and featured items from local artists and makers in her community. At Vinya Wines in Miami, a combination wine bar/wine shop, Allegra Angelo is launching an Uber Credit program for members, “so they can visit us in the store and feel good about getting home safely.”



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– Melissa Zeman, Bottles Up!

To reward recycling, Vinya Wines has a box recycling program—members get a free bottle of wine for every two customized boxes they return to the company’s drivers—and Domestique encourages members to bring their own bags for pick up to promote a sense of community.

Growing the Membership Base

Jesse Warner-Levine, owner of Convive Wine in New York City, recommends focusing the initial membership drive on regulars who are more likely to tolerate the inevitable learning pains that will take place in early months. To drive ongoing membership, make it as easy as possible for potential members to learn about your club and sign up, by featuring it on your website and social media. “We have permanent signage around the shop

ABOVE: Convive partnered with Cote Korean Steakhouse sommelier Victoria James to launch the club Cote+Convive.

that mentions the club, especially by the checkout area,” explains Melissa Zeman, owner of Chicago’s Bottles Up! “Word-of-mouth is the best marketing, so anything you can do to get members talking positively about your club is a good thing.”

Jessica Green of Down the Rabbit Hole on Long Island recommends “educating the staff and making sure they are knowledgeable about promoting the membership.” She also offers an incentive for each new member they sign up. Cellar d’Or’s clubmaster Eden Mayora is about to launch a QR code program to drive potential members to the website.

Consider a Co-Branded Club to Expand Reach

Partnering with sommeliers or restaurants can help both parties reach a broader base. Warner-Levine, who just launched Cote + Convive in partnership with Cote Korean Steakhouse’s Victoria James and Mia Van de Water, stresses the importance of a shared vision: “We have similar outlooks and interests. It’s something that’s built around trust and an understanding of service.”

Make sure there is clarity and agreement on who does what, how costs are

allocated and shared, and how the club’s various service elements are handled. Cellar d’Or partners with Lenn Thompson’s Cork Club and there is a clear division of labor: Cellar d’Or establishes defined cost parameters and Thompson selects the wines. While the shop team fields any logistical concerns, Thompson is forwarded questions about the wines.

Keep Evolving

Processes that were manageable for a certain membership base may need to be simplified as the program grows. Paradise Bread & Books’ Sanon says of her current approach, “I wouldn’t recommend this for a 200-member club!” Only one month into operating, her club has 50 members spread across two different club offerings—and she’s already considering ways to streamline.

Every wine shop is a work in progress. “Be flexible. Don’t be afraid to change it as you go,” advises Andrea Hillsey, owner of Square Wine Company in Madison, Wisconsin. “Don’t get stuck doing the same thing. You wouldn’t do that for your shop overall, so don’t do it for your wine club.” As long as your wine club program remains tied to your shop’s overall strategy and mission (and you’re watching your margins), it can live a long and healthy life. ■