

The Compliance Corner

By Mary Beth Williams

Christmas is Coming, the Goose is Getting Fat

It's hard to believe that summer is over and we're moving into the holiday season. With harvest coming early this year, it's a perfect opportunity to spend a little more time focusing on making the most of your holiday sales. Understandably, the last quarter of the year (Oct-Dec) is the highest quarter for direct to consumer sales of wine. November alone accounts for 12% of all direct ship sales in a year. A new nationwide study by Wines and Vines Magazine and ShipCompliant was recently released showing some very interesting data about direct ship sales. The top 10 states into which wine is shipped make up 76% of all direct ship shipments across the US. The good news is that you don't need to hold direct ship licenses in every state in order to capitalize on your online and direct ship sales. In fact, if you have direct ship licenses in these states, you'll be hitting the states where the most wine is purchased and shipped. If you combine this with the states from which you see the most tourist traffic, you'll have your bases covered. The Top 10 states, in order, are: CA, TX, NY, FL, IL, WA, VA, CO, OR, and NC.

Many wineries believe that they are too small to ship outside of their own state. One of the most interesting facts revealed by this study is the fact that wineries with a production of less than 5,000 cases per year make up about 24% of all direct ship sales in the United States. That's a tremendous amount of product being moved by the lower-production wineries. It's exciting to know also that NY residents were willing to pay \$10 more per bottle being shipped to them than VA residents!

There has also been a lot of talk about the impact on direct ship sales if HR 5034 passes. If HR 5034 passes, states could have the ability to limit out-of-state wineries from shipping wine directly to their consumers. With these potential issues on the horizon, a good plan is to go ahead and obtain your desired direct ship licenses, and to understand how to be in compliance with reporting, taxes and renewals. In an effort to help VA wineries be proactive in this area, Williams Compliance is happy to discount our fees for obtaining direct ship licenses for wineries by 40% through the end of November. Let us help you get your licenses in place now so that you can be ready to capitalize on this growing sector of business and start shipping in time for the holiday rush.

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