

Company Information

URL of Release

<http://www.vinfolio.com/do/marketplace/home>

Category

Web Application

Tags

Wine Ecommerce

Model

Extension of core business, E-commerce

Company URL

www.vinfolio.com

Key Mgmt Team

Stephen Bachmann, CEO
 Rachel Blatt, VP Marketing
 Andres Camacho, VP Engineering
 Mike Murphy, VP Operations
 Tom DeSpain, VP Finance
 Anthony Mak, Mng Dir, Vinfolio HK

Funding

\$9.3M in equity

2008 Revenue

\$20.9M

Total customers

55,720+ registered users

Founded

2003

Key Partners

Cellarworks
 AIG
 Firemans Fund
 Hydrant
 Global Wine Stocks
 Able Grape
 Allen Meadows, Burghound
 Stephen Tanzer, International Wine Cellar
 Richard Juhlin, Richard Juhlin Champagne Club
 Roy Hersh, For the Love of Port

Vinfolio Launches the Vinfolio Marketplace






Analysis Summary

Positive

In early July 2009, Vinfolio will be releasing an innovative marketplace coupled with a tight partnership with CellarTracker.com. Aggregating supply from users' VinCellar and CellarTracker accounts, the Marketplace will potentially have the largest selection in the world for high end wines and more. What is groundbreaking and innovative in the program is the ability for wineries and importers to participate in the Marketplace.

Market Impact: Potentially HIGH

The ability for wine aficionados to buy and sell wine through the Vinfolio Marketplace will allow unprecedented access to long tail wines at all levels of price points creating a healthy and stable marketplace. Moreover, the ability for winery participation injects unique and possibly lower than market placed wines without creating channel conflict due to anonymity.

| User Interface | Consumer Value | Winery Value | Innovation | Team | Company Viability* |
|---|---|--|---|---|---|
|  |  |  |  |  |  |

*VinTank rates all start-up companies 1 out of 5 possible points for company viability.

VinTank Position

VinTank Position: Positive

In this economy, any healthy alternate route to market that causes margin release is favorable. This is the case with the Vinfolio Marketplace. Also since it is an auction model going through a retail license, not a marketing agent model, it has established precedents by regulators as a legal method to sell wine. As we have stated about Vinfolio, its technical acumen is already established as well as is their previous use of auction activities. The new Marketplace features allowing users to sell wine directly from VinCellar and CellarTracker are just as streamlined and feature full as their entire platform. The Marketplace potentially creates the largest single inventory of wines in the world and especially allows access to unique wine selections (extremely scarce wines, wines that are only direct, library wines). Also very relevant is the strong base of wine consumers who purchase wine frequently or have large wine collections through their usage of VinCellar and CellarTracker.com. This creates the largest aggregated high-end wine consumer base in the world into one place. Vinfolio is arguably one of the most sophisticated and experienced online wine retailers. Its store is the gold standard of how to merchandise and sell wine online. Just participating as a winery in the Marketplace gives healthy marketing exposure to a brand. Additionally, Vinfolio's strong skills at keyword purchasing, banner advertising, and more will help to increase the relevance and exposure of the Marketplace. Stress testing over the next six months will only yield better and more effective participation processes as Vinfolio learns more from this new feature set. All of these abilities of the Vinfolio team mitigate any execution risk for this new endeavor. We welcome this alternative sales and marketing channel into the wine industry.

Positives/Concerns

Positives:

- ❖ Vinfolio is a well funded, well managed company that remains focused on its core market and services and this application only enhances a solid business model that has already been tested at a smaller degree.
- ❖ Marketplace creates a key new channel for wineries looking to make additional revenue or move excess inventory.
- ❖ Marketplace offers winery specific benefits including 15% fees, storage, and pick ups in Napa and Sonoma for sold wine.
- ❖ Marketplace transactions are completely anonymous allowing wineries a channel to reduce oversupply at a discount or sell highly allocated wines at a premium
- ❖ Marketplace rates are some of the most economical in the market (15% for wines stored at Vinfolio, 20% for others).
- ❖ International exposure through their foreign expansion is advantageous.

Concerns:

- ❖ Marketplace is limited by the small quantity of retail direct states. Vinfolio is active in the Specialty Wine Retailers Association to help with legislative change to open access for retailers.

- ❖ Marketplace is limited by psychographics of current combined user base. Until more casual consumers join VinCellar or CellarTracker, wine sales through the Marketplace will be focused on high end brands.
- ❖ Shipping costs and requirements will be a friction point for remote wineries although Vinfolio offers reasonable free storage for the wineries and the trade (Washington, Oregon, New York). This will be a key point to ensure broad participation by producers (even local) through their drop ship model. Reducing shipping costs as well will be key for creating sales velocity for collectors.

Winery Recommendations

Highly recommended winery or importer interaction. Vinfolio is a company that wineries and importers should look to participate in Marketplace sales as an alternative channel for sales for increased profit or inventory movement.

Information about Trade participation here - <http://www.vinfolio.com/jsp/public/marketplace-for-trade.jsp>.

Vinfolio Marketplace Recommendations

Increase casual consumer usage of VinCellar by focusing on building out better social aspects and attracting wineries with lower priced wines.

Find solutions to create even more frictionless participation by wineries for storage and shipping.