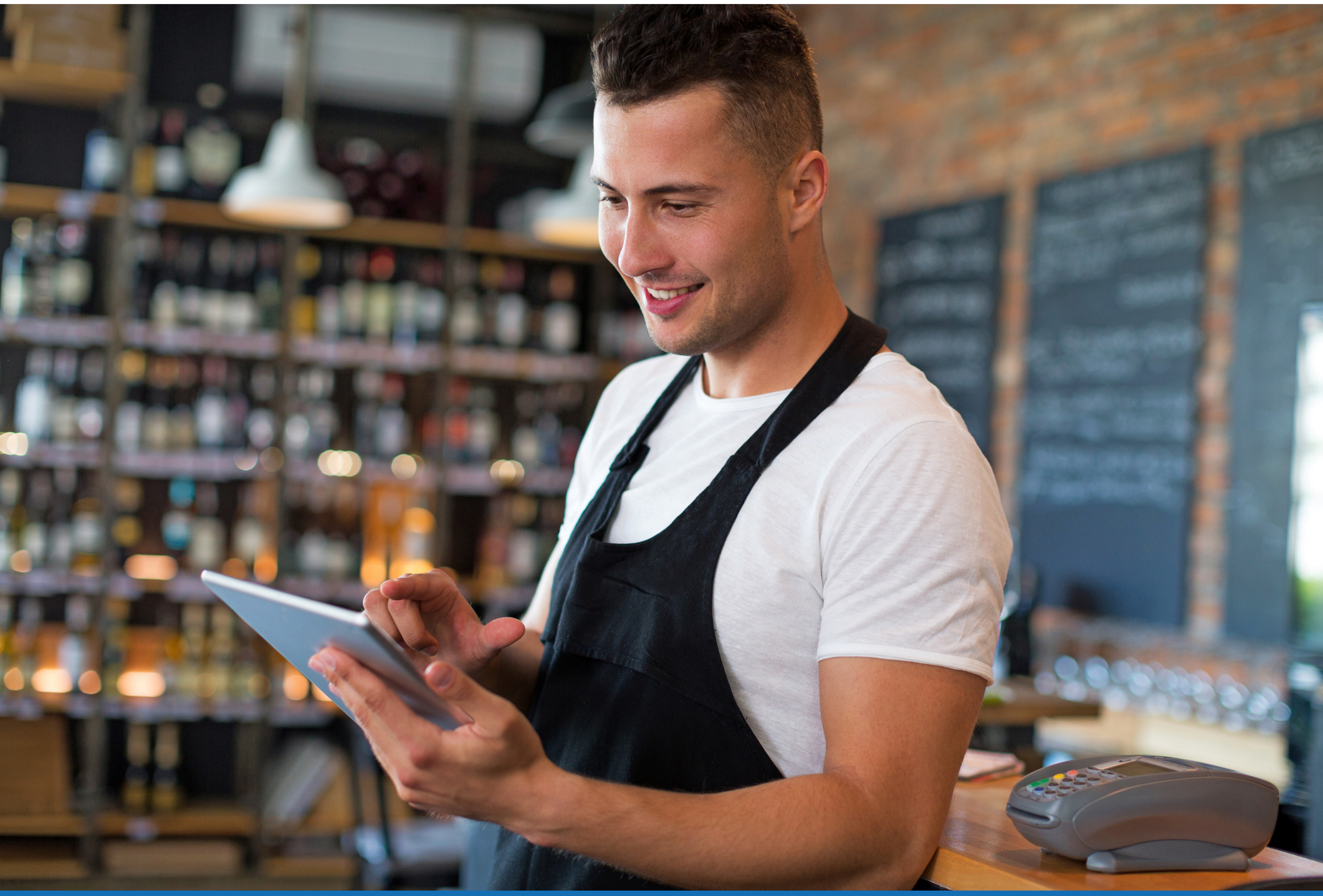
BUYER'S GUIDE

Merchant23



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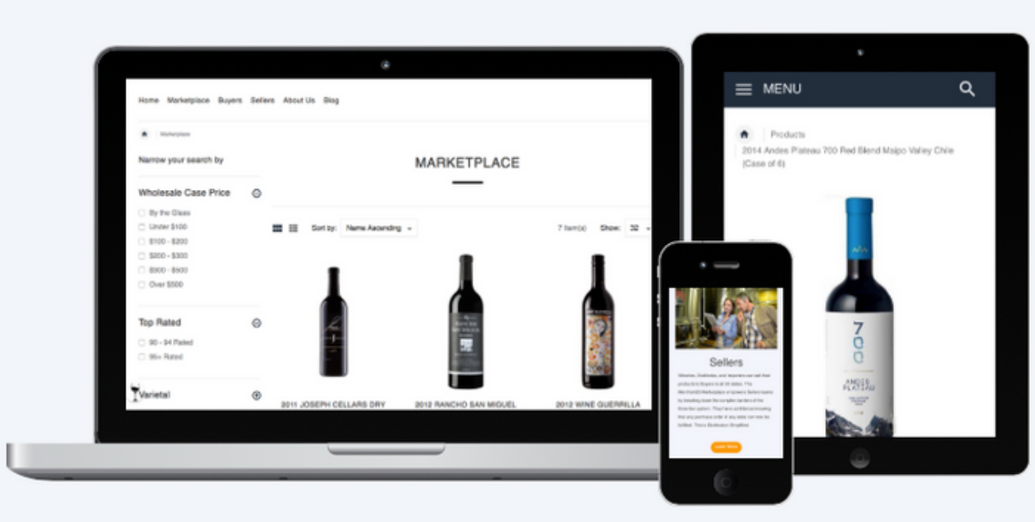
ABOUT MERCHANT23

While meeting with retailers, restaurants, and bars from around the country, we saw a disconnect in the alcohol industry. Buyers have difficulty sourcing new products, earning margins, and oftentimes feel limited by their in-state Distributors' books.

To simplify distribution and give Buyers more options, we took the Direct-to-Trade concept and made it digital. The Merchant23 Marketplace allows licensed Buyers nationwide to purchase wholesale beverages Direct-to-Trade, instantly.



Buyers can search for products, request samples, communicate with Sellers, and create digital purchase orders. Products in the Marketplace are immediately available to be purchased and delivered by our distribution partners in all 50 states.

WHAT IS DIRECT-TO-TRADE?

Most people in the alcohol industry are familiar with Direct-to-Consumer (DTC) sales. In DTC, a Seller bypasses the three-tier system and sells their product directly to consumers. While Direct-to-Trade doesn't bypass the three-tier system completely, it does give Buyers and Sellers more freedom. So, what is 'Direct-to-Trade'?

"Direct-to-Trade (DTT): The act of buying wholesale alcohol in the three-tier system by placing orders directly with Sellers and having an in-state Distributor clear the transaction. "

The Direct-to-Trade trend has been growing in response to Distributor consolidations which have created a bottleneck on the products that are able to get to market. That, coupled with Buyers' desire to bring in new and diverse products, is fueling the DTT movement.

WHY SHOULD YOU BUY DIRECT-TO-TRADE?

SHORT ANSWER: COMPETITIVE ADVANTAGE

Access Products Outside of Distributors' Books

With Direct-to-Trade (DTT) you are able to bring in products not offered on your in-state Distributors books. If there's a product you love, something your customers ask for, or a category you need to be making better margins in, buy those items DTT.

Sell Blind Price Products

Bringing in lesser-known products allows you to take advantage of Blind Prices. Blind Price products (products that consumers can't go price-compare at other local retailers) allow you to set your own SRP's and earn higher profit margins.

Communicate Directly With Sellers

You can learn so much from Sellers which helps you re-sell their products to customers. Using DTT you can really build relationships with the people making your products.

THE DTT MARKETPLACE BY MERCHANT23

Sourcing Made Simple

Catalogs are old school (and boring). In the Marketplace, you can see bottle images, tasting notes, tech sheets, information about the producer and brand. It's window shopping for wholesale alcohol.

Work On Your Terms

Like any E-commerce website, the Merchant23 Marketplace is never 'closed'. Feel like creating a PO while drinking a martini in your pajamas at 9:00 pm? Go right ahead.

Smart Filters Save You Time

By filtering your searches, you can find exactly what you're looking for. Want a Cabernet Sauvignon from Napa Valley under $200 per case? You're just three clicks away.

Straight To The Source

With a Buyer's Account, you can negotiate with Sellers, ask questions, engage in conversation, and request samples. Communication is always initiated by the Buyer.

No Pushy Sales People

Ordering through the Marketplace requires no appointments, calls, or meetings. Instead of sales reps beating down your door, you have curated email offers. Simple.

SETTING UP A BUYER'S ACCOUNT

Begin by clicking 'BUY' on Merchant23.com. Creating an account is **free** for all trade Buyers with an ABC license number. You'll then be asked to submit your buying preferences. Your preferences help Merchant23 send you updates when new products are added to the Marketplace.

1

Creating an account unlocks all wholesale case prices. You can discover new products using the search bar or smart filters. Add products to your 'Favorites' or shopping cart. If you'd like to learn more about a product, hit the 'contact' button, and begin messaging with the Seller directly in your account.

2

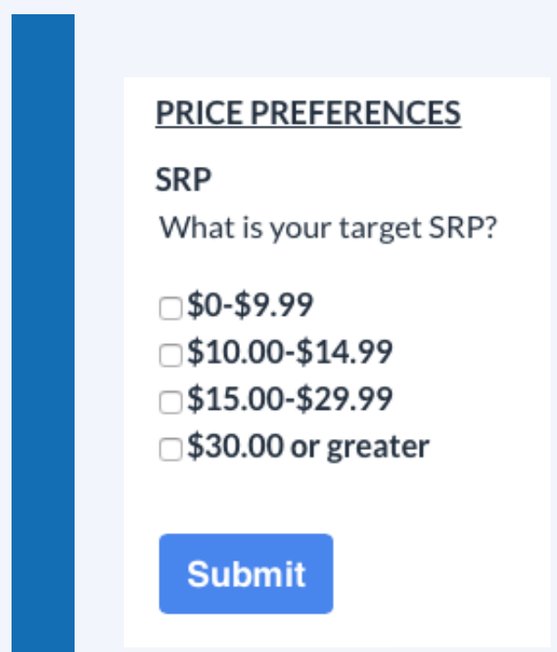
3

When you're ready to order, simply go through the checkout process like you would on any website. Instead of entering your payment information, a digital purchase order will be created. Payment is due once you've received your order. Details on page 9.

TIPS FOR BUYERS

Interested in a product, but not sure if it's exactly what you're looking for? Request a sample! Our Sellers send samples directly to your store or warehouse. This way you can sample the product whenever your schedule is open.

Updating your preferences is the best way to ensure you always see the products you want. Setting your preferences helps us know when notifying you when new products you may like are added to the Marketplace.



Look for products that will give you a competitive advantage in a specific category. Whether it be margin, packing, varietal, or price point. Source products that can be specific to you and your business, but most importantly, your customers.

Get behind brands that you can champion. There are thousands of impressive products and Sellers waiting to be discovered. Whether it be a great margin, story, or quality, find the something that you can personally get behind, because nothing sells better than passion.

DISTRIBUTION & INVOICING

Distributor of Record

Merchant23 clearing Distributors are the 'Distributor of Record' for all purchase orders. This means that when a purchase order comes in, we pair up the Seller with a Distributor in the state of the Buyer. The Distributor either picks up the product from the Seller's warehouse or the Seller ships the product to the Distributor's warehouse. Merchant23 facilitates all the compliance and logistics. The Distributor of Record takes title of the product as it enters the state, pays the tax, and delivers it to the Buyer. The product is not offered on the Distributors 'book' or portfolio. The Distributor simply facilitates deals on a case-by-case basis.

Invoicing & Payment

To remain compliant with the three-tier system, Buyers always pay the Distributor of Record, not the Sellers. The Buyer will be invoiced by the Distributor for the exact amount listed on the Merchant23 Marketplace or negotiated price. In the Marketplace, landed prices include shipping, taxes, and distribution fees.* The price you see is the price you pay. Payment terms are net 30-45 days.

*Taxes for spirits are excluded. Due to the large fluctuations in gallon taxes for spirits by state, taxes for spirits products are are added on top of the landed price.

FREQUENTLY ASKED QUESTIONS (FAQS)

There's a product I'd like to bring in that's not listed in the Marketplace. Can I still buy it through Merchant23?

Yes! If you have a product that you'd like to bring in but are unable to because the Seller doesn't have distribution in your state, they do now. Simply refer them to create an account on Merchant23.com or contact us with your request.

I like the idea of buying DTT, but it's still new to me. Do you have a 'sales rep' I could talk to?

Absolutely. We understand that sometimes you just want a human in the loop, which is why you can talk to our Support Specialists at any time. If you'd like, they can send you offers, negotiate with the wineries on your behalf, and help you place orders.

My state has pretty strict laws, what happens if I order a product that's never been sold here?

Congratulations! Way to be a trailblazer. When an order comes in, our compliance team immediately gets to work getting the brand registered, prices posted, COLAs approved, etc. Depending on your states' laws, the wait time for a new product may last a couple of weeks. But don't worry, your Support Specialist will keep you up-to-date throughout the process of your order.

KEEP IN TOUCH

Merchant23, Inc.
1720 Redwood Blvd. Suite 300
Novato CA 94945
United States

www.Merchant23.com

@Merchant23inc

Merchant23, Inc.

Merchant23, Inc.

@merchant23inc

Support@Merchant23.com

+1 (415) 716-1920