


# How I Started A \$400K/Month Selling Wine Online

February 22nd, 2020

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Agent Red

Founder, The Wine Spies



\$1,000,000

REVENUE/MO 

2

FOUNDERS

6

EMPLOYEES

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## Hello! Who are you and what business did you start?

My name is Red. Agent Red.

At least that's *solely* how most people in the wine trade know me, even after 13 years of working together.

I founded **The Wine Spies** in 2007, to showcase and sell incredible wines - from hidden gem wineries and big-name wineries alike. We sell a different wine every 24 hours at [winespies.com](#), and we only sell wines that we absolutely love. We go 'above & beyond' with customer service, and our loyal fans (we call our customers our 'Operatives') around the country have stayed with us for much longer than most customers stay with other wine companies.

Want to start an online wine business? [Learn more →](#)


## What's your backstory and how did you come up with the idea?

I had spent most of my professional career in high-tech and with the advent of the Internet, I dove headlong into eCommerce. I had worked on successful projects with the likes of Philips, Sony, KMPG, Urban Decay, and others, helping them early on to define and launch their Internet presence and eCommerce strategy.

FREE GUIDE

## How To Start An Online Wine Business

If you're starting an online wine business, or if you're looking to ways to run your existing business better, this free 25 page guide is for you.

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On one thrilling project for the San Francisco Newspaper Agency, the company that I was running hired a skilled developer. At the conclusion of that project, I became friends with their lead on the project. We stayed friends and had many discussions about one day starting a business together. I made a life change and moved up to Sonoma County where I started a joint venture company with a Swiss toy manufacturer. They had a great guy named Alex join our California team, helping to liaise between California and Switzerland. Alex *loved* wine and he felt like a kid in a candy store in Sonoma Wine Country. He would take us along on outings to wineries and I work up to just how big the industry was - and how badly it needed a trusted online source for fine wines. We wrapped up our joint venture a year later, and I set about to figure out what my next startup would be.

“ I literally went door to door, visiting with hundreds of wineries and trying to describe to them this new-fangled ‘flash sale’ business model.



The idea for The Wine Spies’ business model came to me late one night, and I called my friend from the newspaper project to, essentially, tell him what business we’d be starting together! He loved the idea, and in less than 6 months, The Wine Spies was built and launched. I took on the Agent Red moniker, and he became Agent White.

And that was the easy part! It took a great deal of persistence to convince wineries, which were at the time the definition ‘old school’ when it came to new selling methods like Internet selling. I had to kick down a lot of doors, and I had to become immune to the word, ‘No’. Gradually, we earned the trust of the wineries that we were served. We did that by being sensitive to their needs, and by always portraying their wines and their brands with sensitivity. Since we only featured wines that passed our personal vetting, all reviews were positive reviews. That certainly helped.

The next challenge was earning consumer trust. Our brand and, importantly, our business model, was new to them as well. We focused on sourcing the best wines, and on a high level of service and support. Because we are so consistent in these areas, we have scores of customers that have been with us since our founding back in 2007. We’ve gotten to know them, and we’re honored to be a part of their lives most cherished occasions. Nothing makes us happier than to hear how the wine we supplied made their anniversaries, birthdays and other special occasions even more special.

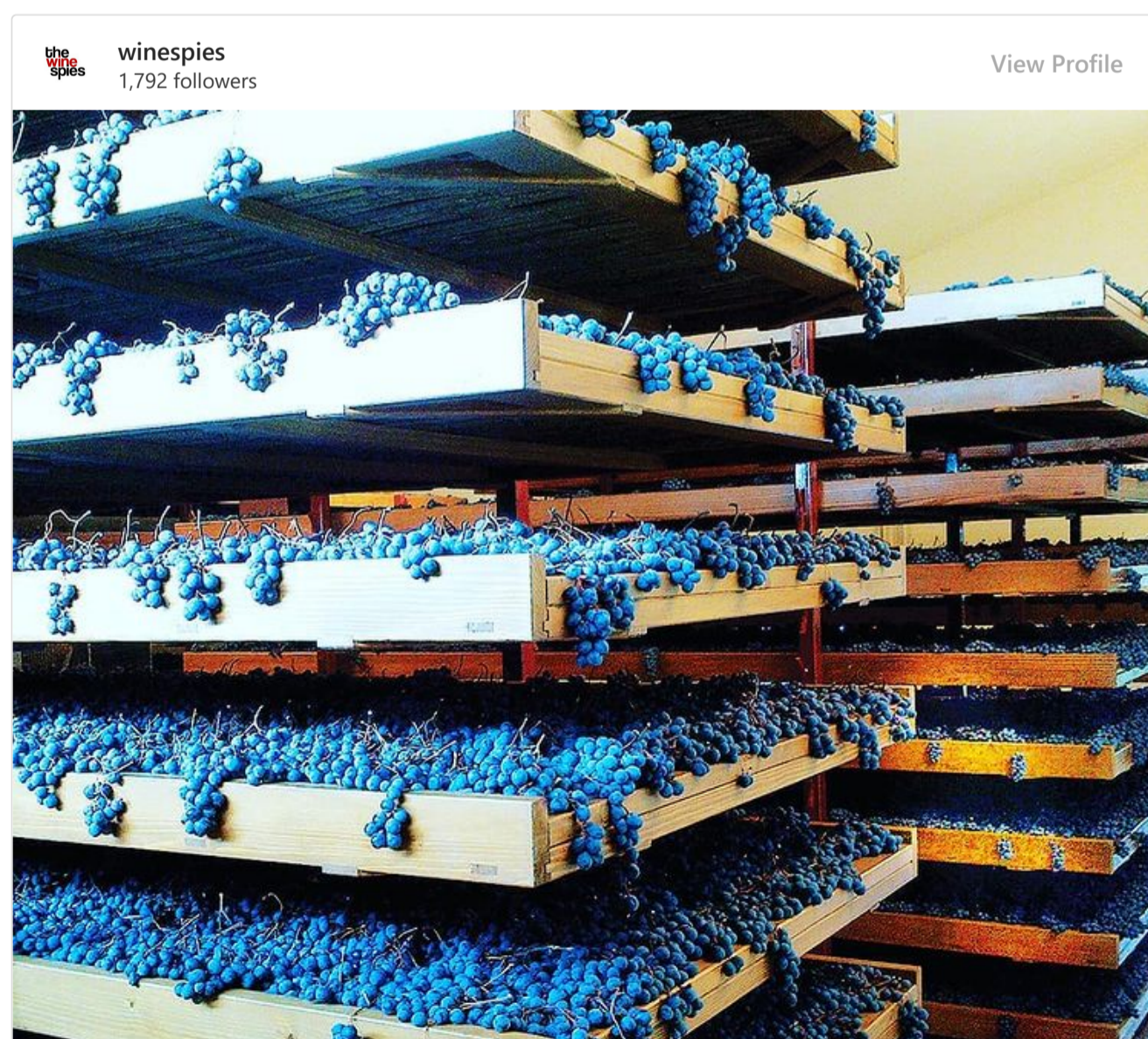
Through our hard work, we were able to attain profitability in less than six months from our founding. To this day, we continue to grow and we remain profitable.

## Take us through the process of designing, prototyping, and manufacturing your first product.

Our first website wasn’t the prettiest thing, but it was elegant and functional. We made the choice to build 100% of the software that ran our company, day-to-day.

Our platform has grown and improved but it still handles everything from logistics and fulfillment, customer service and our online selling. We even built our own compliance system that allows us to navigate the strict regulatory framework set for alcohol sellers in America. Today, the platform continues to evolve, and we’re rolling out new improvements and features on a regular basis.

We built the first version of our platform for less than \$25,000 and it was paid for in less than 6 months from the time that we launched The Wine Spies.





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This morning we featured a "baby Amarone" aka Valpolicella Superiore Ripasso. These wines, along with Amarone, are fantastically complex treats that every wine lover should enjoy at least once.

Their deep core of sweet fruit flavor comes from a winemaking process is unlike anything else. The grapes (mostly Rondinella and Corvina) are dried on racks in a process called "appassimento" for weeks or months, until they appear closer to raisins. This concentrates the sugars and reduces the water content, so it takes 2x the grapes to make.

After pressing, the wine undergoes a long, slow fermentation. Between the extra time and the sheer amount of grapes needed, the price of Amarone tends to be quite high...BUT there is a secret value option - Valpolicella Superiore Ripasso and is made by fermenting wine with the leftover skins from Amarone. This results in a similar styled, dry wine with that rich flavor of fig, raspberry jam, mexican chocolate and tobacco - but it costs MUCH less!

#redwine #winetasting #winelover #winery #winetime #whitewine #instawine #winecountry  
#wineovers #winetasting #wineaddict #winetime #winepairing #mywinemoment #winewednesday  
#winedownwednesday #winesofinstagram #wineoclock #winemaker #winemaking #wineoftheday  
#winestagram #amarone #ripasso #valpolicella  
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Describe the process of launching the business.

I literally went door to door, visiting with hundreds of wineries and trying to describe to them this new-fangled ‘flash sale’ business model. And many just didn’t understand it or felt that the business model was too radically different from the traditional methods of had selling, and the newer (then) methods of online selling. Back in 2007, surprisingly few wineries even offered their own wines for sale online.

But, with a ton of fearless persistence, I was able to start winning wineries over. I assured them that since we only sold wines that we ourselves loved, their wine would be portrayed in the best possible light. Gradually, we earned the trust of our wineries, and as they saw results, word began to spread about the results that we were getting, and how gracious we were.

“ Focus on your supplier, focus on your customers, and deliver incredible service and value. Do these things and you’ll earn relationships that endure.



Nowadays, our sales calendar is always full, and wineries eagerly present their best wines to us. We feature a mix of wines, from new releases to perfectly aged Library selections, and everything in between.

Regarding customers, Agent White’s mom was actually our very first customer. From there, we relied on our own professional networks to get the word out. We encouraged everyone we could to help spread the word about the sales on our platform. It took us a while to figure out how to find and then market to our online audience and that’s something that we’re still getting better at, everyday.

It took several months to get our footing, but we were able to connect with our core audience so strongly that most of our early customers have been with us for more than a decade. And they’ve brought their friends.

In our early days, we were confident that our gamble would pay off. We knew that if we focused on quality execution, we’d find success for our wineries, for our customers and ultimately, ourselves. Those credit card bills that we racked up to find the development of our company were quickly paid off. Achieving profitability and zero debt within 6 months is an

achievement that we’re so proud of.

Since launch, what has worked to attract and retain customers?

Our focus on a quality experience for all in the value chain has created a virtuous cycle where everyone feels that they’ve come out ahead on each transaction. At the heart of this virtuous cycle is the Wine Spies team, itself.

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In the early days, we relied on word of mouth and to this day this is one of our strongest sources of new customers. We enjoy industry-beating customer retention, with some loyal fans still ordering from us after 13 years. We’re so grateful to engender such loyalty, and we are so grateful that our loyal Operatives (that’s what we call our customers) just spread the word on their own.

Today, we the team that is working to build our audience further, through ever better merchandising, interactions on social media, and improvements to our selling platform. We’re going to launch a new mobile app, soon, giving our Operatives an even easier way to interact with us and take advantage of offers.

Overall, our small team works hard to deliver exceptional value to everyone that we work with, and we all have an ‘all for one, one for all’ mentality that extends beyond the comradery of the team, to their duty to and interactions with our suppliers and our customers. We’re really all in this together.



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It's hard work ensuring our customers only get the best wines.

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## How are you doing today and what does the future look like?

The Wine Spies is rolling out some exciting new initiatives that will make the experience of shopping for wines even more enjoyable - while lowering the barrier to trying new wines. We're about to roll out a new program, called 'Lockers'. Prior to Lockers, customers needed to buy 6 or more bottles in order to obtain free (included) shipping. That makes trying a new wine a risky, or sometimes prohibitively expensive proposition.


With the advent of our new Lockers program, which we haven't officially announced, customers can add single bottles to their temperature-controlled Lockers, each day, until their Locker is full - at which point it ships to them for free. Those customers that are using Lockers *love* the new feature. If your readers would like early access to our Locker program, they can reach out to us at [support@winespies.com](mailto:support@winespies.com)!

More innovations are coming in 2020, so be sure to keep up by subscribing to our Daily Dispatch, for the latest wines that we've spied.

## Through starting the business, have you learned anything particularly helpful or advantageous?

Focus on your supplier, focus on your customers, and deliver incredible service and value. Do these things and you'll earn relationships that endure.

## What platform/tools do you use for your business?

Our platform is 100% homebuilt. We developed it on Ruby on Rails, which makes iterating more efficient than on other platforms. [Amazon Web Services](#)  is the only choice for application hosting. We've had almost zero downtime in our 13 years, which is a testament to our development team.

## What have been the most influential books, podcasts, or other resources?

Personally, I am a superfan of Jason Calacanis' [This Week in Startups](#), where I have learned many a lesson from other entrepreneurs and their journeys.

## Advice for other entrepreneurs who want to get started or are just starting out?

1. Maintain a laser focus on your execution.
2. Super serve your customers, by exceeding expectations and delivering incredible value. Without them, you've got nobody to buy the products that you're selling.
3. Take great care of your suppliers. Without *them*, you've got nothing to *sell*!

## Are you looking to hire for certain positions right now?

While we're not currently hiring, we're always happy to have conversations with folks that are interested in our mission. We've hired folks that have shown up on our doorstep with a unique capability, like ways to expand our reach.

We love having 'conversations for the opportunity' as I like to call them, and we almost never refuse an initial meeting. Keep the door open like that is keeping an open mind to opportunities. You never know where a conversation will lead!

## Where can we go to learn more?

- [Website](#)
- [Facebook](#)

Thanks for this opportunity to tell you a little bit about The Wine Spies. We’re super proud of what we’ve built here, and we love every opportunity to meet new folks. If you and your readers would like to give Wine Spies a try, please use this coupon code for an additional 10% off on your order: STARTERSTORY

Cheers!

If you have any questions or comments, drop a comment below!

-  **Agent Red**, Founder of The Wine Spies

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-  **Pat Walls**, Founder of Starter Story

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