

“Most restaurants and bars will look at a percentage mark-up on the cost price at which they buy their wines”

Cheap at half the price

Mark-up madness is a common problem, but increasingly such overcharging won't wash with savvy customers, as **Christopher Cooper** reports

I love Riesling. I'll always buy it in the supermarket, I will always look out for it in restaurants and I'll always seek it out wherever I go. I'm a bit nuts like that, but I'm probably like a lot of people when it comes to loving particular wines, or particular grapes. When we love something, we'll go for it. We're creatures of habit and when we find something that we love, whenever we go out we'll buy it and end up raving about it for days.

We tend to remember the wines that we loved when we drank them. When you go out you remember what bottle of wine you ordered the night before – even if it had a different label from your normal one. We remember because we love wine. We're all getting more wine savvy and don't need to be professional wine people to know our Rieslings from our Grüner Veltliners.

We may not remember exactly what the wine was, but we sure remember prices. We remember that a glass of Nyetimber is £6 at 10 Greek Street in London's Soho. We know that the £2.99 bottle of Spanish white from Tesco is not a bad drop for cooking and guzzling. Or we know that Lidl actually has some rather decent wines.

Going out and remembering stuff like great wines and their prices is pretty standard for a man in my profession, but surely you've all noticed that some places are really expensive.

This is becoming really boring and it's blatantly obvious that there are some restaurants out there that are simply taking the piss.

Justified mark-ups

Don't get me wrong; I have no problem with mark-ups. I know the reasons why wines in restaurants are priced the way they are. Reasonable mark-ups are there to balance the finances and revenue stream of the restaurant. If it wasn't for wine margins we'd be paying twice as much for our steak, otherwise the restaurant would have to close.

Restaurants, bars, clubs, bistros and cafes are all businesses and have to make money somewhere. How else can they pay for rent, electricity, gas, laundry, lovely linen napkins, the lovely loo paper you're using, glorious shiny cutlery, the super amazing waiter that you're talking to, everyone's clean uniforms... and the list could go on and on.

I also know that a Michelin-starred restaurant has different overheads compared with that of the greasy spoon around the corner, and so has many more overheads that warrant the extra budget. But we're not talking about that. We're talking about the restaurants that are charging beyond their means. Those restaurants and venues that are obviously expensive.

Why do they do it? It's not just to fleece the poor punters and make more money.

We may imagine a restaurant manager who sneers at his staff, pays them a pittance, steals all their service charge and pockets big dividends to fund his luxurious lifestyle

and coke habit. But in reality, it's not the poor restaurant manager who's behind all of this; it's much more sinister than that.

Generally, it's to fuel an overly ambitious growth plan put in place by investors or directors who more often than not have no experience or expertise in hospitality. It's glaringly obvious that there's an increasing number of high-net-worth individuals that are using the hospitality trade as their playground, with no consideration for the trade itself. Striped-suited fat cats with no idea about food, wine, cocktails or people are making financial decisions that affect your enjoyment of the restaurants you go to.

They think they can get away with it because the restaurant already has a great reputation, or maybe because they're located in a busy place where they get loads of passing trade, or even because they have a powerful brand presence. But increasingly more likely it's also because they're part of a bigger company ruled by financiers and pen-pushers who simply don't care about the real world of restaurants.

Cash vs percentage margin

Most restaurants and bars will look at a percentage mark-up on the cost price at which they buy their wines. Most places set reasonable margins based on their overheads and a reasonable profit margin – and then there are those places that are quite excessive.

There are, however, some very savvy restaurants, such as 10 Greek Street, that are only looking to take a cash margin. Which basically means they don't want to rip people off at all and will only add a nominal cash increase on every bottle of wine sold.

For example: a restaurant buys a wine in at £5 cost price (excluding VAT). The very savvy restaurateur might like to add their cash margin of £10 on to that, so the wine ends up on the list at a very reasonable £18 (including VAT). Let's say for an amazing wine at £20 cost price, they add



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Wine list



WINE PRICE £££

MAS PRÊT
A PORTER 2015



WINE PRICE ££££

BODEGAS NOUVEAU
RICHE 2000



WINE PRICE £££££

PACIFIC RING
ICON BLEND 1855



WINE PRICE ££££££

CHÂTEAU MAXIMILIAN
INCROYABLE 2017



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a £20 cash margin on to that wine. This would mean that we'd end up buying a decent Meursault or a sexy super Tuscan for £48 after tax. Not bad!

With percentage margins the whole world of pricing suddenly becomes a bit more grey. The industry standard for gross profit percentage margins is around 70-73% averaged out over the total list.

To achieve their target percentage GP, venues will charge a slightly higher margin for wines by the glass and then significantly less for the top wines on the list (to entice us all to spend more). Although some restaurant groups and bars feel they can get away with up to and above an 80% average mark-up on their list; shocking when you realise that this creates a vast difference in the prices we see on wine lists.

If I go to Viet Food in Soho, they have a Riesling there from Charles Smith that's amazing. It's one that many know and love – the Kung Fu Girl. It has sublime aromatic flavours of apricot, lime and nectarine, yet is a typical dry and crisp Riesling. There it's £35. That very same wine in a number of quite well-known places within a five-minute walk is priced at £39 and £45. I won't name and shame them.

In every town and city in the country there are glaring examples of this. There are restaurants and bars with vastly differing prices for exactly the same wine. How on earth in this day and age of modern technology and access of information can some restaurants still be taking the piss with their pricing?

We now have the information at our fingertips to be much more savvy shoppers. And when you know a bit about wine you're suddenly armed with the knowledge to know if every wine on every list is reasonable or not.

Vote with your hard-earned cash, ladies and gentlemen. Walk confidently with brains in your head and feet in your shoes, and put that hard-earned cash into the tills of those who deserve it.

Otherwise, you're only lining the fat cats' pockets even more and fuelling their idea that it's OK to do this kind of thing. ❶