



DTC Wine Workshops

DEVELOPING A DIRECT-TO-CONSUMER SALES STRATEGIC PLAN START-UPS

Welcome!

Sandra Hess

February 18, 2022
12:30-1:30

GaragisteCon



SANDRA HESS

- **Founder** - DTC Wine Workshops and the DTC Consultant Network
- **Speaker** - National and International Industry Events
- **Publisher** - DTC Wine Case Study Series & DTC Wine Sales Blog
- **Past President** - Women for WineSense Napa Sonoma
- **Advisory Board Member** - WIVI Central Coast
- **Executive Director** - Calaveras Winegrape Alliance
- **Mother** of Tyler (28) and Christian (23) MOST IMPORTANT JOB EVER!
- **NOW Grandma** of Baby Benjamin



DTC Wine Workshops
GROW Direct to Consumer Sales



wisainc

WELCOME TO THE "EXPERIENCE ECONOMY"



Keynote at Impact Conference Australia



Developing All-Star Hospitality Teams

[Sandra Hess – July 27, 2021 – San Francisco, CA] As the US wine industry ...

[Read more »](#)

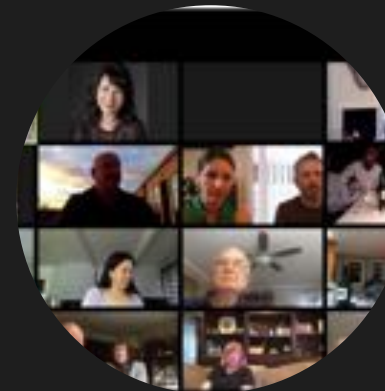
A black and white portrait of Maya Angelou, an elderly woman with short, curly grey hair, looking directly at the camera with a gentle expression. She is wearing a dark top, a pearl necklace, and a single pearl earring. The background is dark and out of focus.

PEOPLE WILL FORGET
WHAT YOU SAID.
PEOPLE WILL FORGET
WHAT YOU DID.
BUT PEOPLE WILL
NEVER FORGET HOW
YOU MADE THEM FEEL.

Maya Angelou

3 BIG THEMES

As we pull from proven methods In 2020/2021 to best map out direct wine sales success strategies 2022+



Build Communities

Know your tribes,
reengage and empower



Retain Brand Builders

Both externally and
Internally



Leverage Relevant Tools

Deepen consumer relationships
with the right tools



2021 Direct Wine Sales Stats

WE HIT THE \$4 BILLION MARK IN 2021 - WINE SHIPPED DIRECT TO CONSUMER

Rabobank estimates online sales represent around 23% of the USD \$7.2 billion U.S. direct-to-consumer wine business.

DtC Hits Record Highs in November. Total value for the month was more than \$604 million, which is 17% higher than at the same time in 2020, while total volume was up 3% versus last year.

Average bottle price of shipments also reached a record high point for November of more than \$50.



Developing a DTC Strategic Sales Plan

U.S. Wineries - By Winery Size January 2021

Source: Wines Vines Analytics

Winery Size	Winery Count	%
Large (500,000+)	74	1%
Medium (50,000 - 499,999)	263	2%
Small (5,000 - 49,999)	1,720	16%
Very Small (1,000 - 4,999)	3,753	34%
Limited Production (< 1,000)	5,243	47%
Total U.S. Wineries	11,053	100%

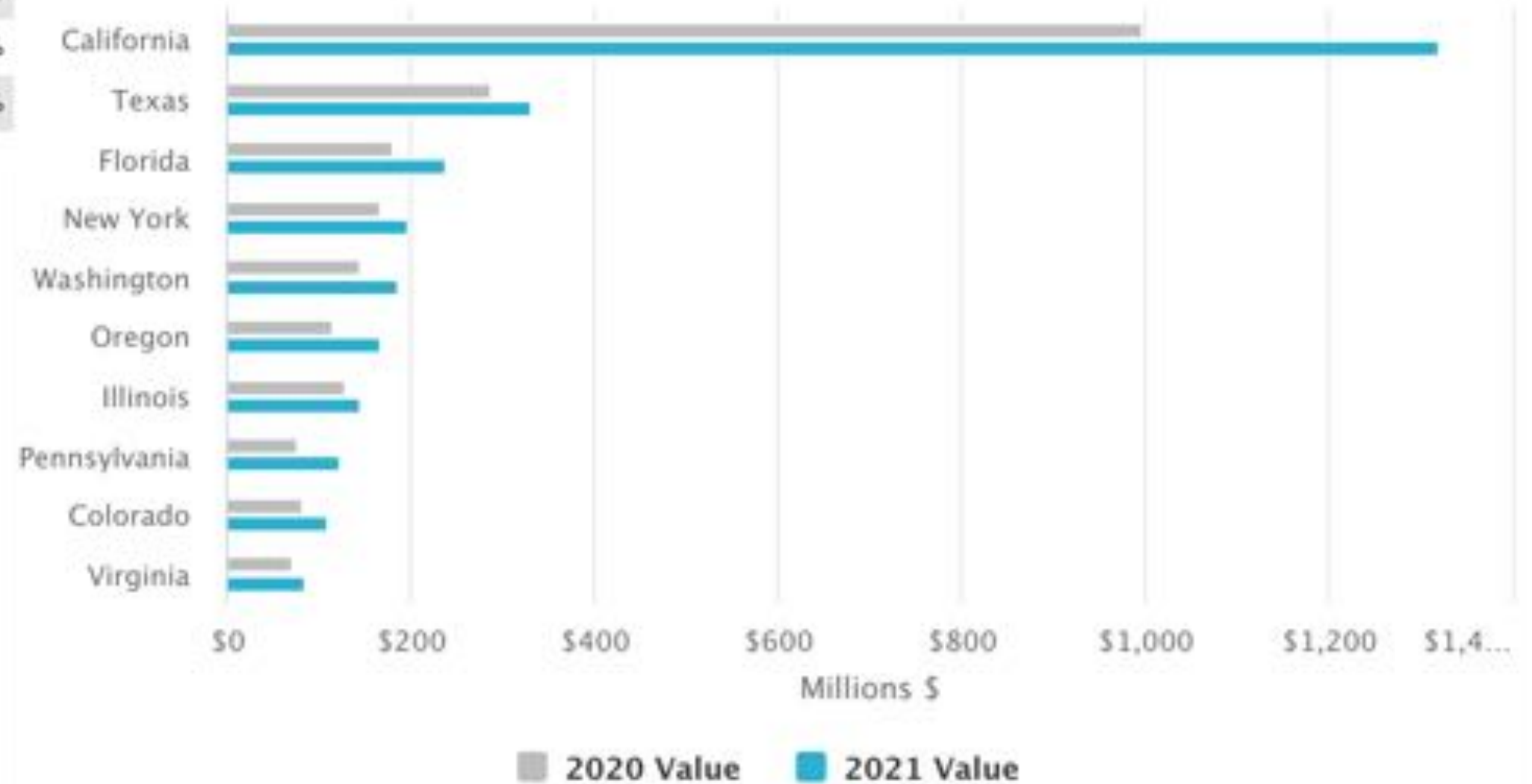
U.S. Wineries - By Average Bottle Price January 2021

Source: Wines Vines Analytics

Price Range	Winery Count	%
\$1 - \$10.99	159	1%
\$11 - \$19.99	3,303	30%
\$20 - \$29.99	3,531	32%
\$30 - \$39.99	1,826	17%
\$40 - \$59.99	1,476	13%
\$60 - \$99.99	548	5%
\$100 and over	210	2%
Total U.S. Wineries	11,053	100%

DtC Shipment Value by Destination State

Source: Wines Vines Analytics/Sovos ShipCompliant, 12 months ended September 2021, 2020



Vintage Wine Estates Direct-to-Consumer Business Grows 37% Driving Total Revenue to \$56 million in First Quarter Fiscal 2022

Upgrades Annual Revenue & Adjusted EBITDA Guidance

November 15, 2021 16:15 ET | Source: [Vintage Wine Estates, Inc.](#)

- *Executing on omni-channel, multi-brand strategy with expanded bottling capacity to drive growth and margins; delivering growth while addressing supply chain headwinds*
- *Gross margin expanded 24 basis points over the prior-year period to 42.1%*
- *Net income of \$2.8 million with adjusted EBITDA¹ of \$11.8 million, or 21.1% of revenue*

Duckhorn's Sales Rise 13.7%, Gross Profit Up 18.3% In First Quarter

December 9, 2021

California-based Duckhorn reported net sales of \$104.2 million for its fiscal first quarter 2022, up 13.7% compared to the same period in the previous year. Gross profit for the period was up 18.3% to \$52.4 million. The company's three-tier business made up 68.5% of sales in the first quarter of 2022, with its California direct-to-retail business comprising 16.4%, and its DTC program contributing 15.4%. The DTC and direct-to-retail share of sales both represented increases from the year-earlier period, when DTC was 12.6% of sales and direct-to-retailer was 14.3%.

Duckhorn posted a 7.5% increase in volume for the quarter—a slower rise than the 39.8% surge seen in Q1 2021—and a 6.2% price/mix contribution as the source of sales growth. The price/mix aspect of the company's growth was attributed to the strong performance of both its California direct-to-retail business and DTC sales. Overall, Duckhorn attributed much of the progress in Q1 2022 to the on-premise rebound, following the shutdowns that plagued 2021.



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TOOL #1

Remain High-Touch
in a Touchless World



Prioritize "Community Building" to get to the 2nd Sale...

Reengagement Strategy

When high-touch hospitality is the priority, frontline staff excel and top-performing teams are formed. Staff to visitor ratios need to be dialed in. Start with the 'Tuesday Morning Workflow' to increase reengagement #s within 60-90 days of first engagement.

Proactively Reward

With average membership conversion ratios at 8-20% in the tasting room, how are qualified customers invited back beyond club events? Recognize for loyalty at the first sale if a minimum revenue threshold is met (1 case of \$500+). What is your reward?

Surprise & Delight

We help our clients build high-performing hospitality teams with the ideal blend of talent, tools & technologies. This process begins with 'Hospitality Standards and Toolkit' docs. Empower frontline staff to anticipate needs and deliver the unexpected.



Create Top "Customer Types" to Personalize Offers and Invitations by Segment

1st Time Customers

Order management systems such as WineDirect and Commerce7 automatically sort customer types based on name/email and order status. Make sure to run a weekly report to identify "qualified first-time customers" across all DTC channels and personally invite back. **Aim for a 2nd engagement within 90 days.**

Repeat Customers

These customers are on the way to becoming brand loyalists and have not yet converted to a membership program. Decide on what your "minimum spend threshold" will be to **activate private client services and personal offers such as a private vineyard tour, upgrade to VIP or Reserve Tasting on 3rd visit.** Aim to convert to a membership or private client program during the 3rd-4th visit.

Members, Private Clients, VIPs

These customers are vital to your long-term business success. **Always go "beyond the transaction" when interacting and inviting back.** Leverage CRM tools in the order management system/Mobile POS to record a note each engagement. (PIL - Passions, Interest and Lifestyle). Do not apply One Size Fits All Strategies with these type of consumers. Find ways to Personalize and Surprise on a regular basis.

Three Pillars of DTC Wine Sales Success

WINE INDUSTRY
SALES SYMPOSIUM



3:54 / 1:01:59

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Moderator



Sandra Hess
Founder / DTC Wine Workshops
[READ BIO](#)

Speakers



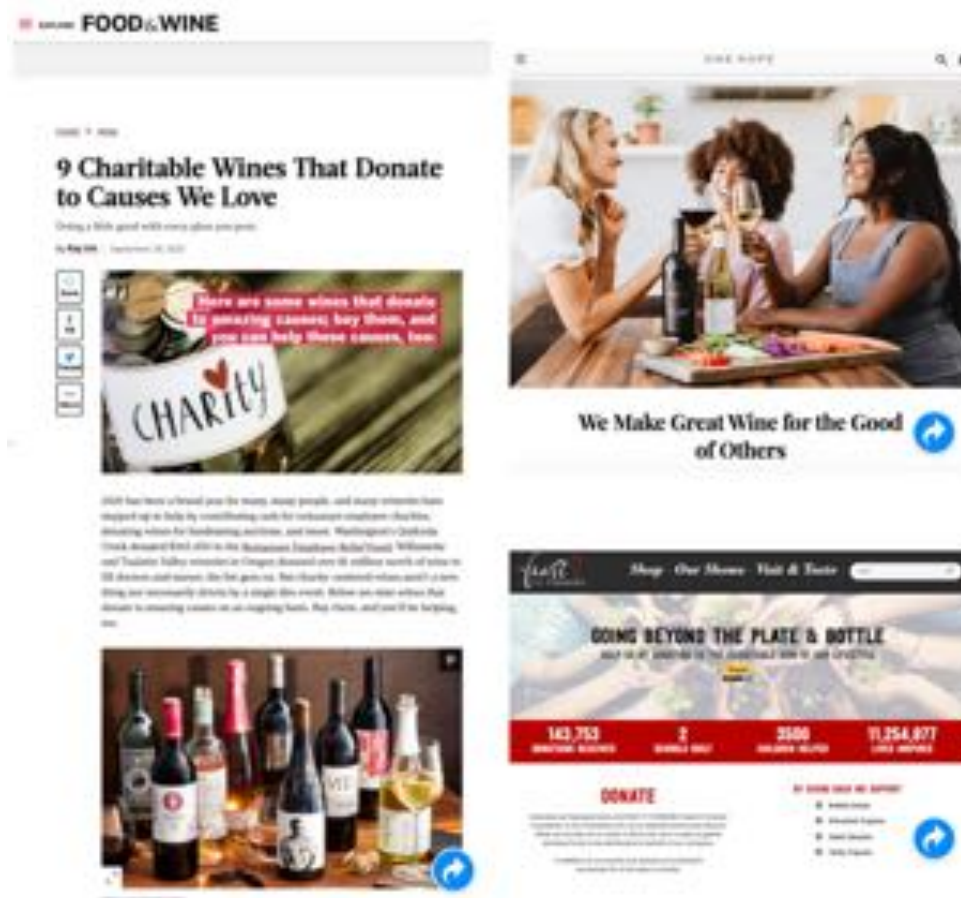
Efrain Barragan
Director of Digital Marketing / Cliff Family Winery
[READ BIO](#)



Maggie Tillman
Owner/Director of Sales & Marketing / Alta Collina Vineyards & Winery
[READ BIO](#)



Judd Wallenbrock
President & CEO / C. Mondavi & Family
[READ BIO](#)



WHAT.....

Are the 3 Pillars of DTC Wine Sales Success?



#1 Providing meaningful invitations for like-minded consumers to become a part of the community.

#2 Getting behind a cause with your tribe of wine brand loyalists.

#3 Extending personal touch-points in between visits to deepen relationships and stay connected.





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TOOL #2

Develop Comp Plans that Prioritize Community Building



Identify Your Top 5-7 Conversion Paths In 2022 and Pay for Success

Pay for Reengagement

If you are only providing flat-rate bonuses for conversion to club, case sales & revenue achievement, your business is no longer competitive. When high-performing teams are focused on the 2nd sale+, they are paid for adding customers to qualified orders, selling event tickets, and inviting back. Track results.

Identify Private Clients

Younger generations of qualified wine buyers aren't always interested in long-term membership commitments. And high-rollers want to feel like VIPs with or without club conversion. Access is everything to a private client ready to spend \$500-\$1000 at the first visit. Personally invite back to "off the grid" experiences.

Surprise & Delight

Plot out opportunities for your frontline staff to Surprise and Delight a variety of guests by "customer type" leveraging key CRM details. Program Mobile POS and Reservation Tools to make it easy to view LTV History and Lifestyle Details in a quick flash. Leverage the "Hospitality Toolkit" to encourage deeper engagement (all channels).



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TOOL #3

Leverage Must-Have Direct to Consumer Technologies and Tools



Match the Ideal Tech and Tool to the Situation for Long-Term Success...

Communication Tools

Keeping the Main Thing the Main Thing Is key when building long-term success with allocation-style customers and loyalists. Small producers share up to 5000 cases of wine annually and the "hand sell" approach is most effective for maximizing profits while retaining loyalists. **Communication Tools must be updated to remain relevant 2022+. Text, IM, Personal Email, Phone, etc...**

Mobile POS Tools

Empower your frontline staff to **have meaningful conversations at every guest visit**. Mobile POS tools allow your hosts to begin building wine orders and converting to club from the 2nd pour onward. **Members and long-time brand loyalists want to be recognized and remembered.** Train your teams best practices for using Mobile POS tools to better convert and connect using CRM Notes and Flags.

Winery Webstore Tools

Is it easy for web store visitors to complete an eComm order in 2-3 clicks and 2-3 minutes? Clumsy web Interfaces no longer fly with connected consumers. **Slick mobile Interfaces** and the ability to stock up using **shipping offers** are essentials to the work-at-home consumer. **Live Chat, Personal Shopper & Concierge-Style Services** are key across all digital channels. Encourage reengagement through seasonal video stories, winemaker notes.

RABOBANK 2020 REPORT



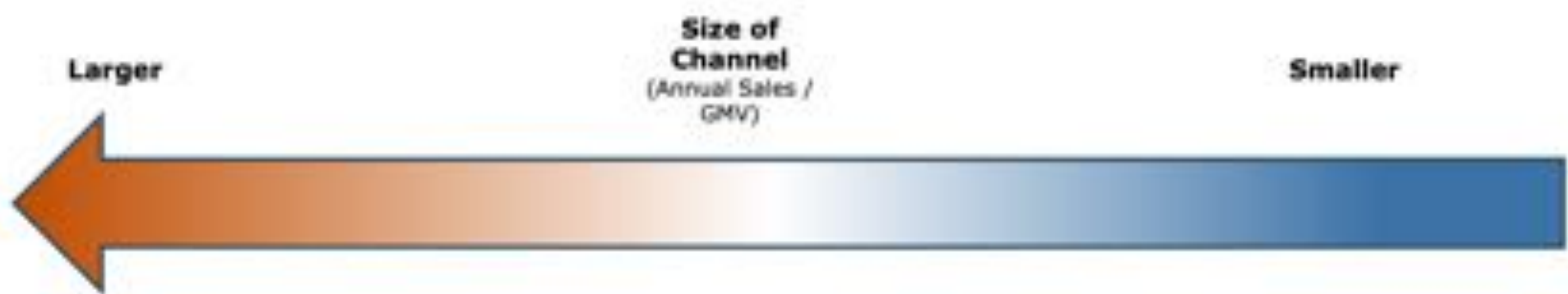
RABOBANK 2020 REPORT

Ecommerce has exploded...



April & May YOY sales by ecommerce channel (excl. On-trade)

Alcohol (online and in-store)	DtC Wine WINE.COM Commerce Wine	Online Grocery Amazon Instacart Walmart	Drizly DRIZLY	Wine.com WINE.COM Wine.com	City Hive CITYHIVE
20%	>340%	300% - 450%	700%	350%	>1000%

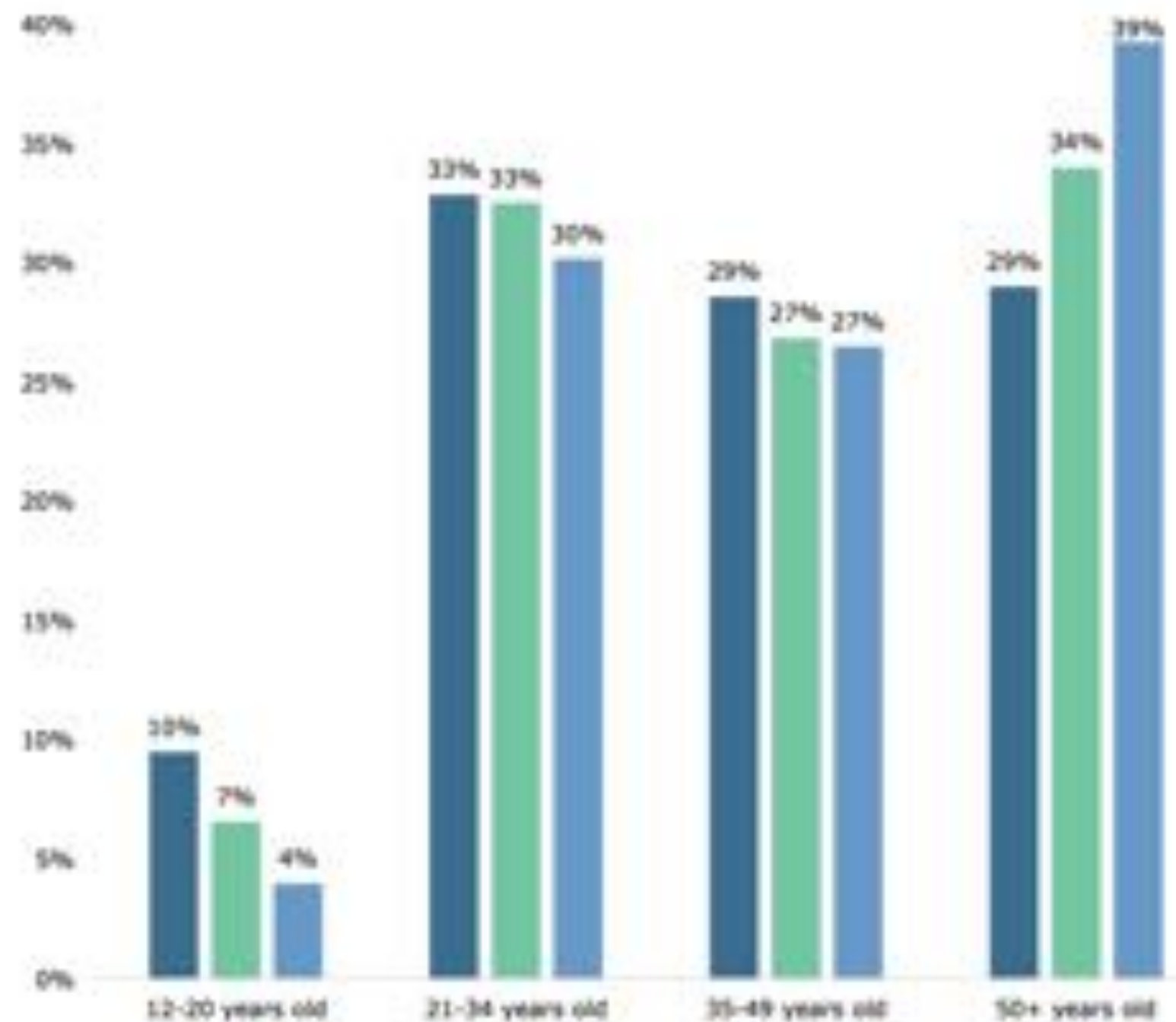


RABOBANK 2020 REPORT

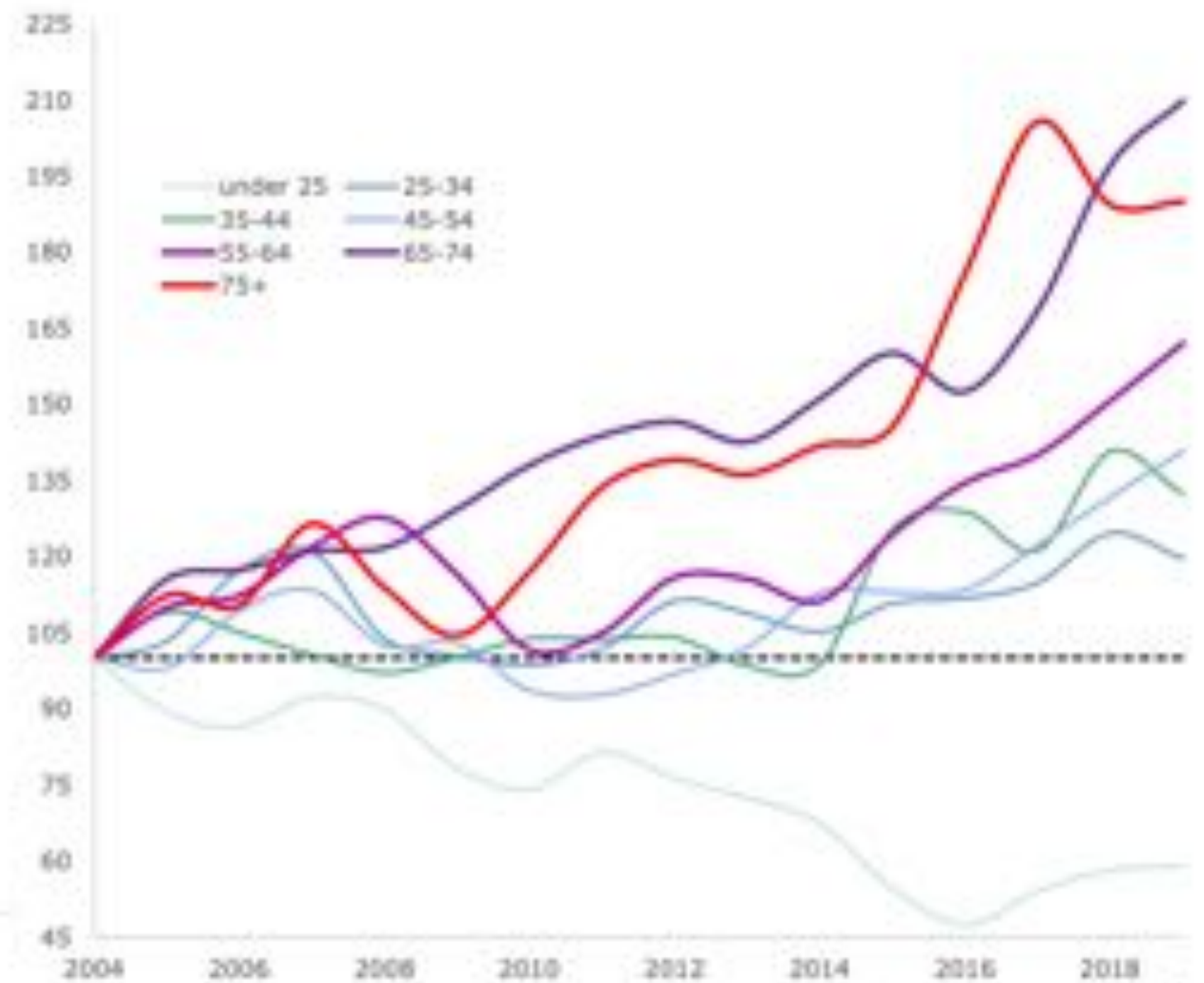


Keeping an eye on Demographic Trends – Aging consumers

Share of Total Alcohol Consumption by age group



Index for Alcohol Spending Per Capita by age group

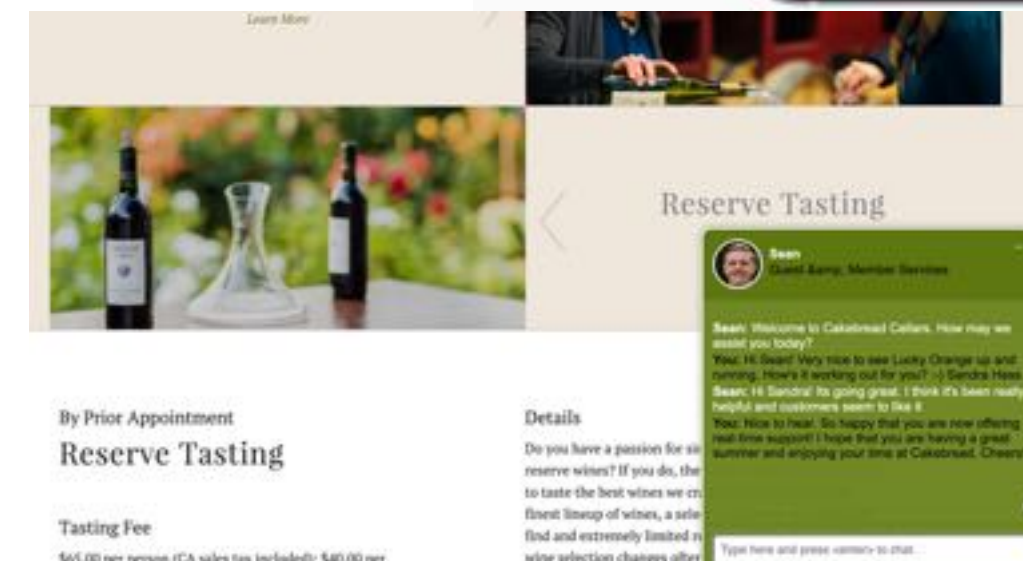
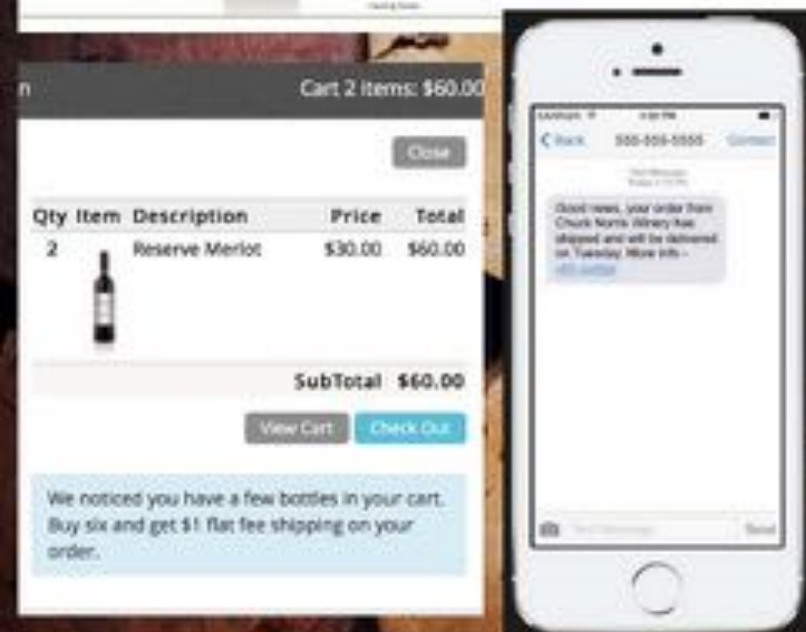
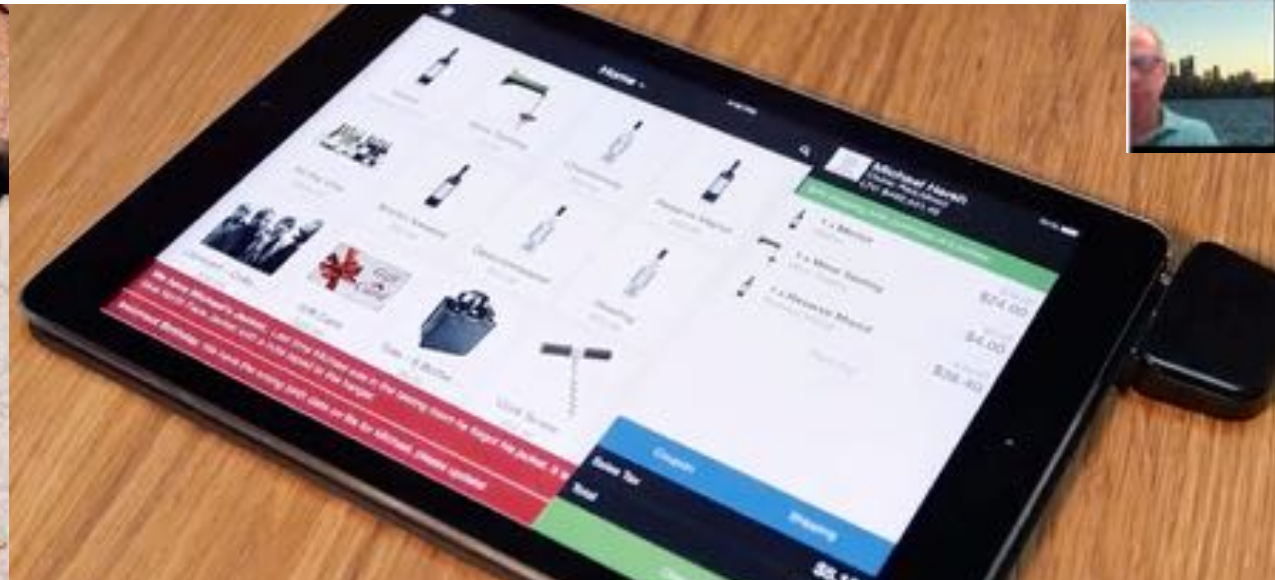
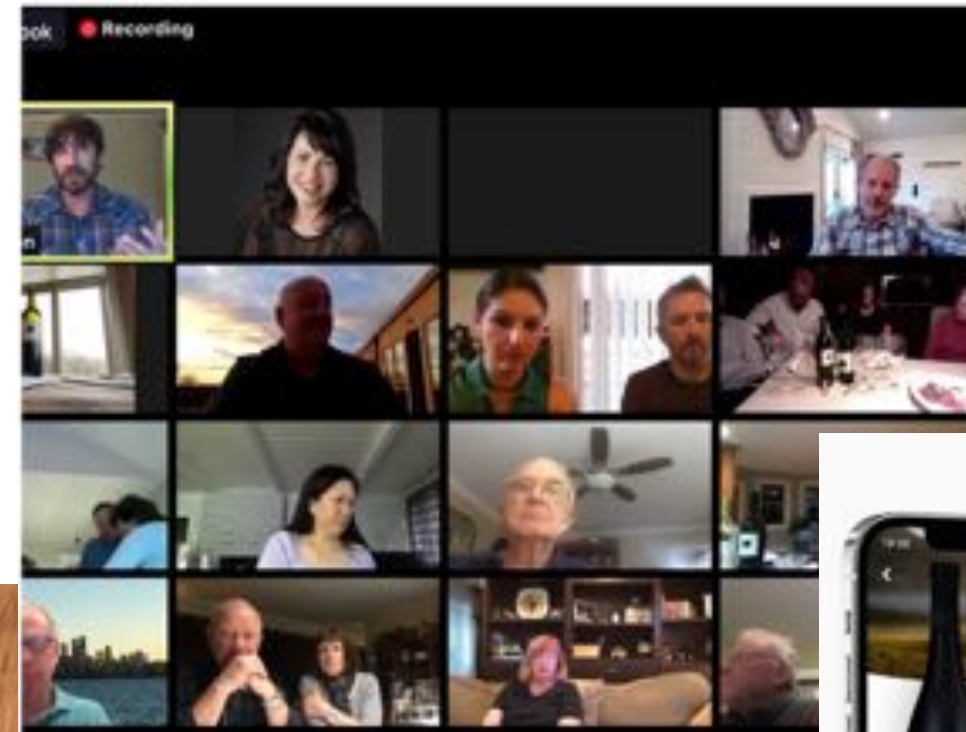




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2022 DIRECT WINE SALES SUCCESS TOOLS & TIPS

WINE PRODUCERS GAINED CONSUMER TRUST DURING THE COVID ERA - CONTINUE TO BUILD...





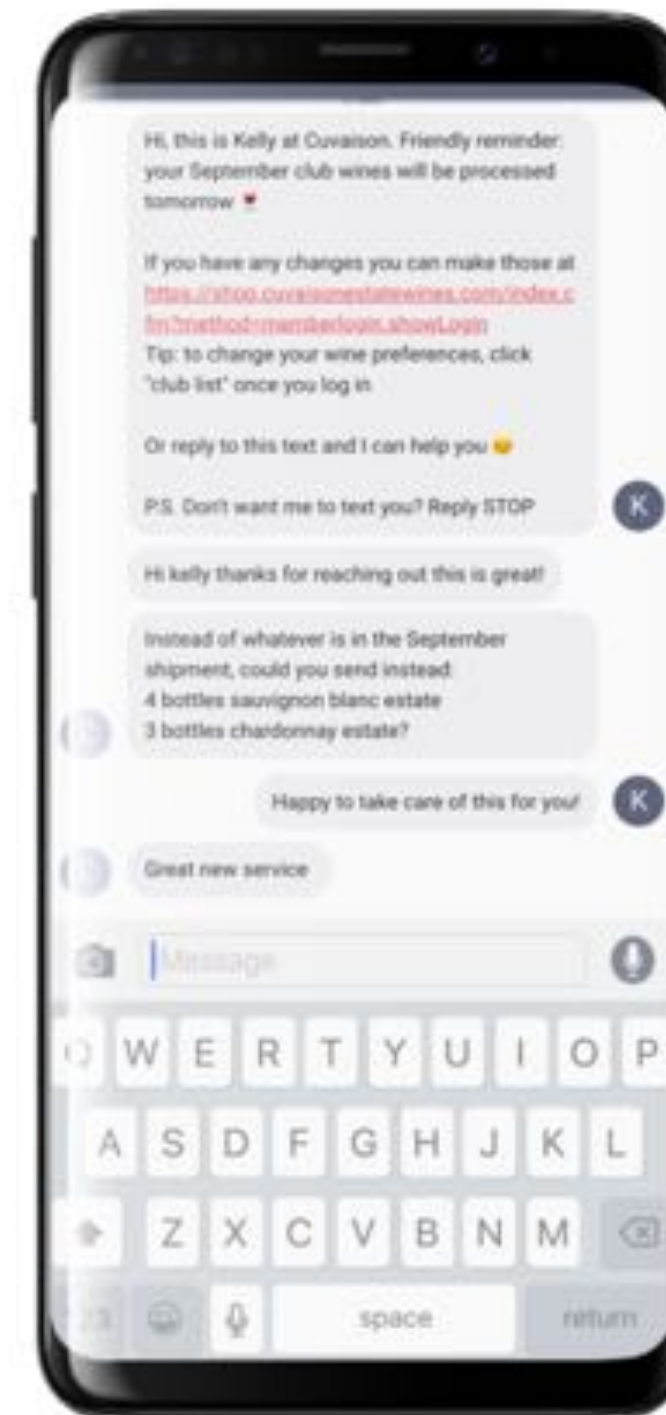
ADVISOR

WINE INDUSTRY NETWORK

HOME ARTICLES SPOTLIGHTS NEWS RELEASES AFTERNOON BRIEF

WINnovation Award Winner: RedChirp-Connecting Wine Brands with the Modern Consumer

By **Editor** - November 24, 2021  147  0



RedChirp encourages real interaction with consumers, which is proven to increase brand loyalty.





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TOOL #4

Build and Manage Brand Ambassador Relationships



Identify your Tribes and Build Into Brand Ambassadors

Recognize & Reward

One of the fastest ways to build direct to consumer business is to **Identify top sharers**. This could be members who like to bring in their friends/family as well as social media followers who consistently engage and share your posts. **Tag these customers in your CRM system, then formally recognize and reward.** Wine brand loyalists love to be honored in front of friends/followers.

Keep them Talking

Have some fun with this! Look at top Brand Ambassador Programs including Tesla, Mercedes Me, Lululemon, etc. These luxury brands leverage this business activity as key marketing and retention tools. Connect your communities through Brand Ambassador programs and **see long-term relationships formed around your experiences, events and offerings.** Make it easy to share news in their networks.

Give VIP Access

Direct point of contact and access to private event spaces, etc. can go a long way when encouraging Brand Ambassadors to refer. **These top customers and long-term loyalists should feel like family every time they interact.** Setup alerts in your POS and CRM systems by tagging Brand Ambassador Customer Types and corresponding access points. Let them make special requests.



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TOOL #5

Cut Through the Noise with Master Storytelling Tools

STOP Oversharing and START Inspiring to Effectively Connect through Stories

Apply the 70/30 Rule

Apply the 70/30 Rule across all consumer touch-points. **Ask open ended questions and build enough intrigue** to allow consumers to share and self-identify as brand loyalists. Too many negative reviews reflect the hosts inability to connect and Instead overshare based on their Interests/knowledge. Online outlets should also reflect this rule.

The Art of Storytelling

Train your frontline staff the "Art of Storytelling" to customize stories based on audience interests. Know who the HERO of your stories are and be sure to include brand loyalists as the hero when make sense. **A master storyteller:** Knows their Audience, Customizes the Story that Best Connects, Takes the Audience on a Journey, Can Appeal and Influence. Builds Intrigue to remain engaged.

Focus on Journeys

PAST, PRESENT & FUTURE JOURNEY. Every brand loyalist should be able to see themselves on the future journey with your wine brand and also know how to share your past and present journey stories. **Equip all members of your DTC teams with effective storytelling tools** with this three pillar approach in mind.

Leverage your Unique Brand Differentiators to Develop Meaningful Stories that Connect and Inspire

Questions to Consider

1. What do you think your key differentiators are?
2. What do your brand loyalists think your key differentiators are?
3. What do press contacts think your key differentiators are?
4. What do your partners/vendors think your key differentiators are?

The Art of Storytelling

Train your frontline staff the “Art of Storytelling” to customize stories based on audience interests. Know who the HERO of your stories are and be sure to include brand loyalists as the hero when make sense. **A master storyteller:** Knows their Audience, Customizes the Story that Best Connects, Takes the Audience on a Journey, Can Appeal and Influence. Builds Intrigue to remain engaged.

Audit all Outlets Annually

1. Does your website include fresh content seasonally? Information about upcoming events, latest news, wine scores, etc.?
2. Do you share press coverage and articles through your digital outlets? Include a Latest News section on your website.
3. Do you leverage Brand Loyalist stories, shares, reviews, etc.?
4. Do you share stories about your Referral Partners and leverage link-building to their websites?



Q&A?

No bad questions. This is
your time...



DTC Wine Workshops

Thank you!

PLEASE SHARE YOUR RESULTS

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