

2012



DIRECT TO CONSUMER

WINE SYMPOSIUM

# THE DTC WINE SYMPOSIUM CHECK UP

The inaugural research project of the DTC Wine Symposium to compare your winery's DTC metrics against your peers, with complete confidentiality.



# Bennett Valley Group, our research partner, the leader in wine customer insight

**In addition to providing wine industry benchmarking services, we provide voice of the customer / customer loyalty surveys for the wine industry**

- Wine club, Ex-wine club, Newsletter subscribers, E-Commerce customers

Find out why you are in the bottom 25% of the benchmark. What are your customers saying about their experiences? Where is your customer experience weak compared to your competition and why?



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# Why a Wine Industry Benchmark?

## Benchmarking should be part of your Business Model

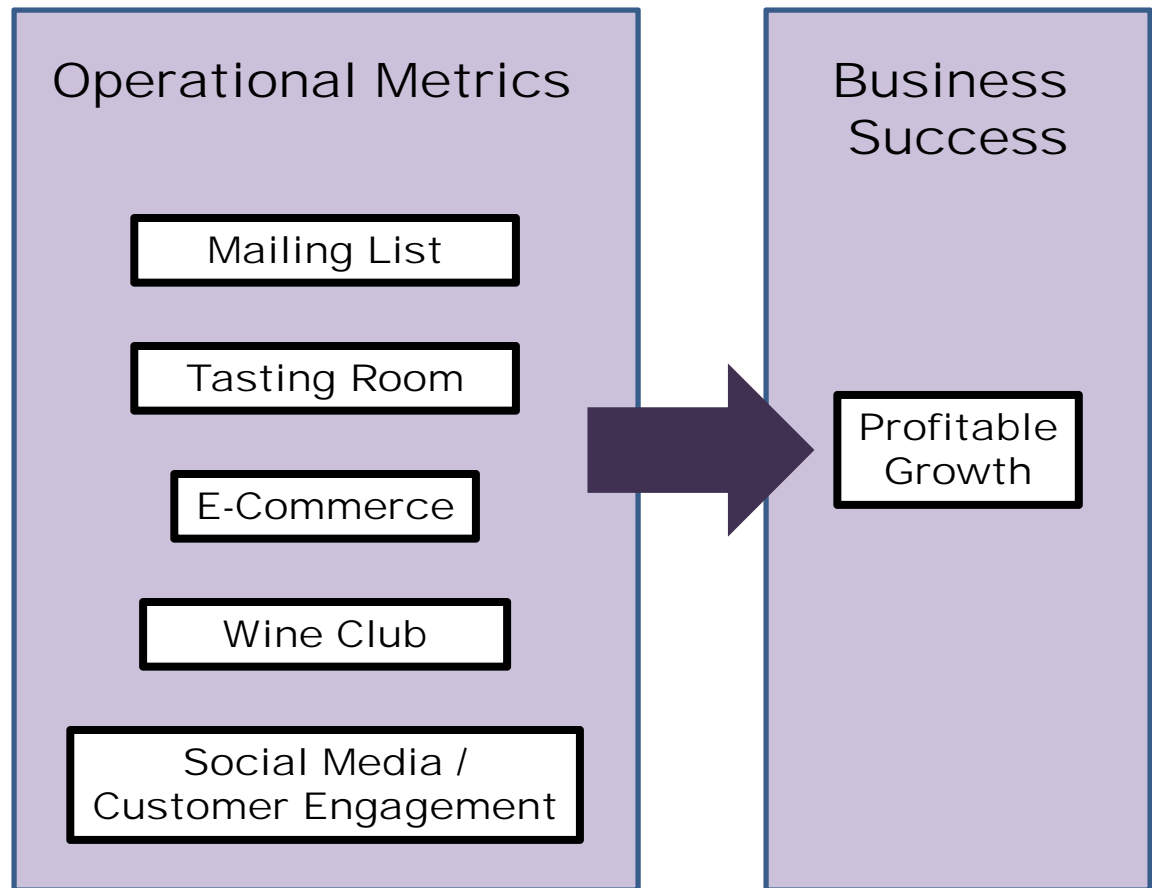
**How do we know if we are doing well?**

**Benchmark against *your* performance:**

- Compare month-to-month, quarter-to-quarter, year over year

**Benchmark against industry performance**

- Compare to an industry benchmark



# September 2011 DTC Wine Symposium Check Up Overview

## More than forty metrics in these areas:

- Tasting Room, Wine Club, Ecommerce, Customer Engagement / Social Media

## Participation: sixty-six California wineries from A to Z

- **Counties:** Napa, Sonoma, Monterey, Paso Robles, San Luis Obispo, Santa Barbara, Santa Clara
- **Type:** Appointment / Open / Appointment & Open / Neither
- **Cases:** <500 to >500,000
- **Visitors/month:** 100 to >15,000
- **Club size:** <100 to >10,000



# September 2011 DTC Wine Symposium Check Up

## Box Plots

### What is a Box Plot?

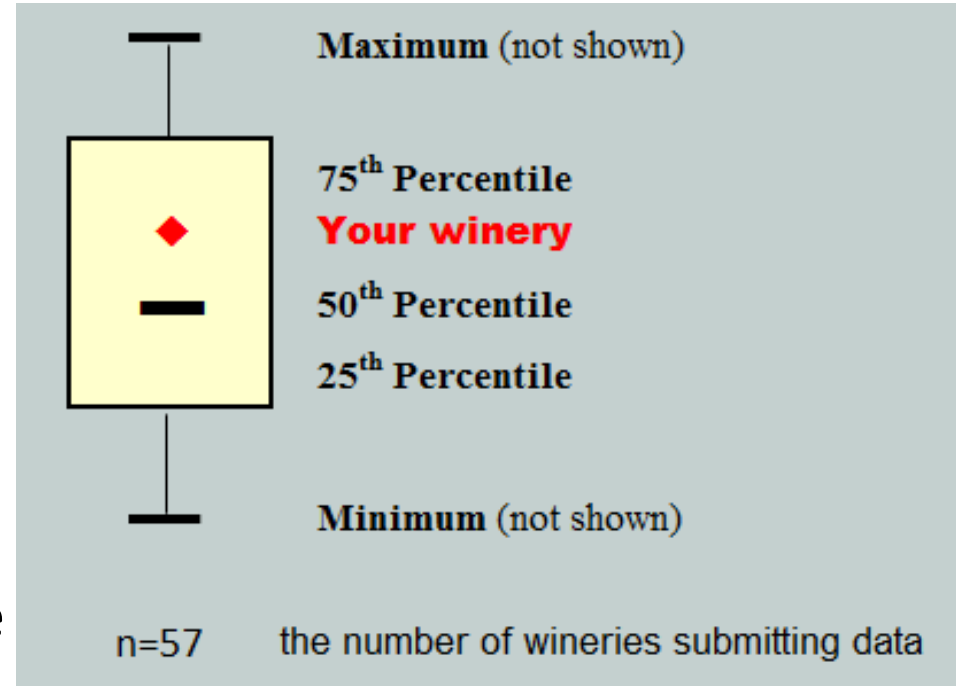
The box itself contains the middle 50% of the data.

The upper edge of the box is the 75th percentile of the data set.

The lower edge of the box is the 25th percentile.

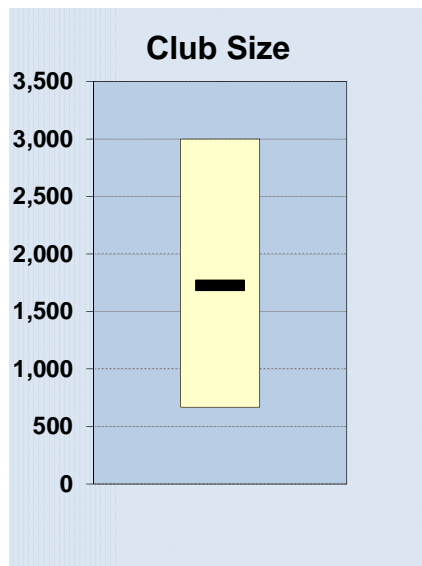
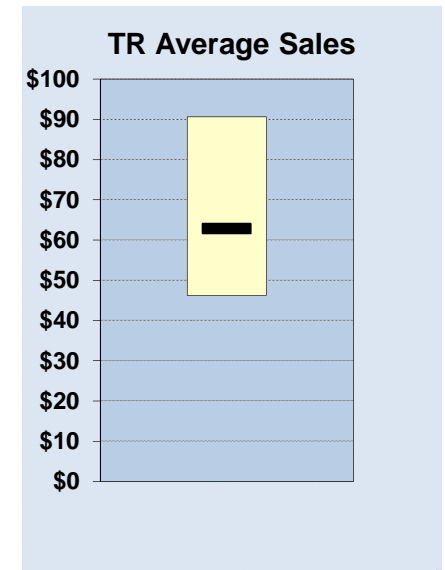
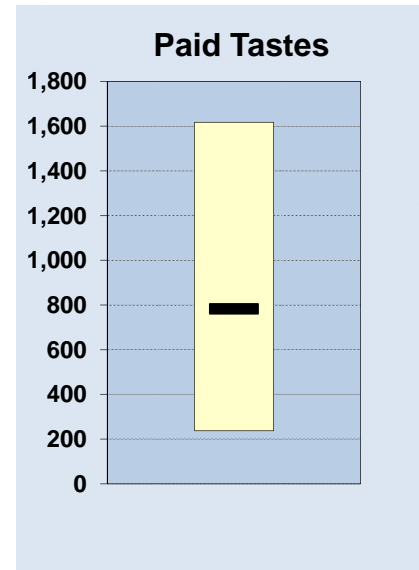
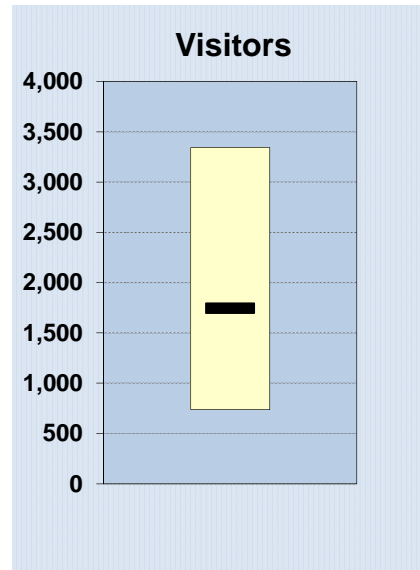
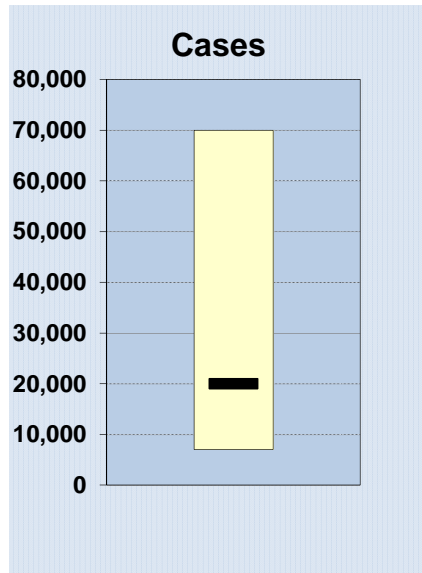
The line in the box represents the median (50th percentile) of the data.

The ends of the vertical lines or "whiskers" are the minimum and maximum data values.



# September 2011 DTC Wine Symposium Check Up

## Can I compare to the Benchmark, or am I unique?



# September 2011 DTC Wine Symposium Check Up

Benchmark is relevant to all, except for minor exceptions

## Visitor-to-Club Conversion

benchmark valid for  
visitation between 750 and  
5000/month .

## Visitor-to-Purchase Conversion

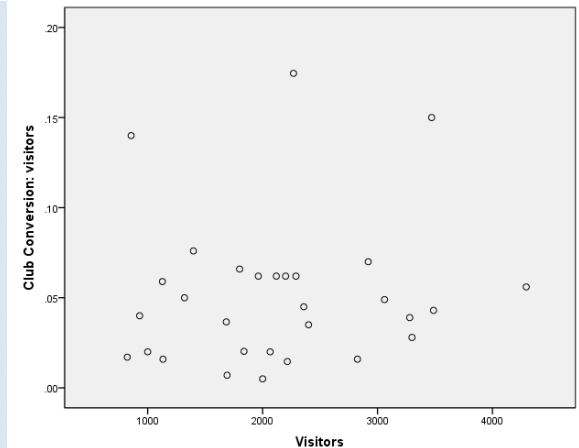
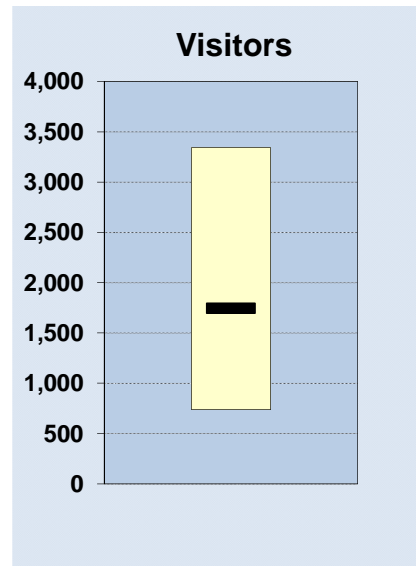
benchmark valid for  
visitation >750/month.

Merchandise as a Percent of  
Total Sales benchmark valid  
for visitation <5000/month .

Visitation / paid tastes impacts

Club size and Email size

Club size impacts Tenure,  
Email size, and # of Twitter  
followers



# FINDINGS





# Tasting Room Metrics

## Conversion to Club %

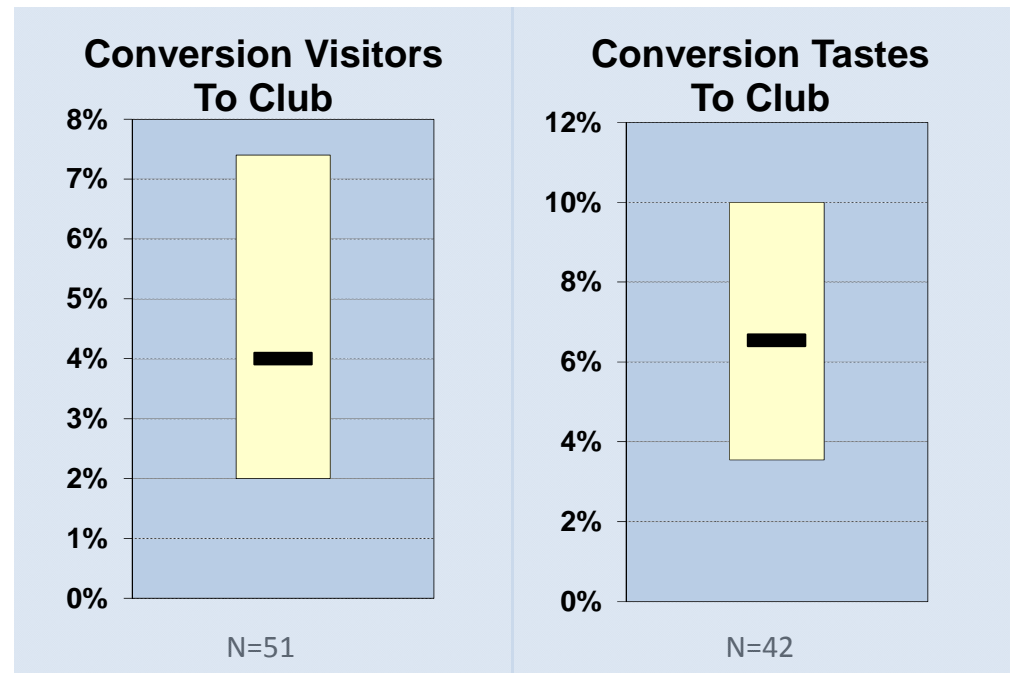
Club signup rate by total visitors or by paid tastes

Percentage (removing trade and wine club tasting) converting

**Most important metric**

**Typically 85% of wine club membership acquisition comes from the tasting room (are you tracking this?)**

**Allows us to see how our performance compares to the rest of the industry in building and enhancing a longer term customer relationship**



**Above yellow box: top 25% of wineries**

**Below yellow box: bottom 25% of wineries**



# Tasting Room Metrics

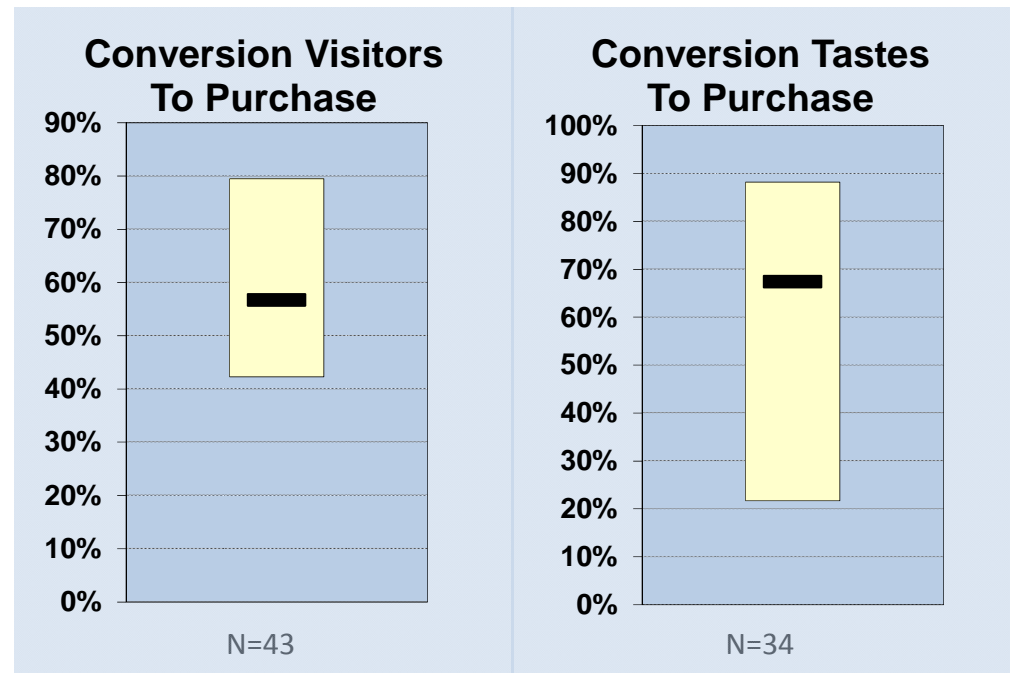
## Conversion to Purchasers %

Purchase rate by total visitors or by paid tastes

# wine & merchandise transactions / total # visitors or paid tastes

**Important metric**

**Is our tasting room experience so compelling that it drives purchases?**



**Above yellow box: top 25% of wineries**

**Below yellow box: bottom 25% of wineries**



# Tasting Room Metrics

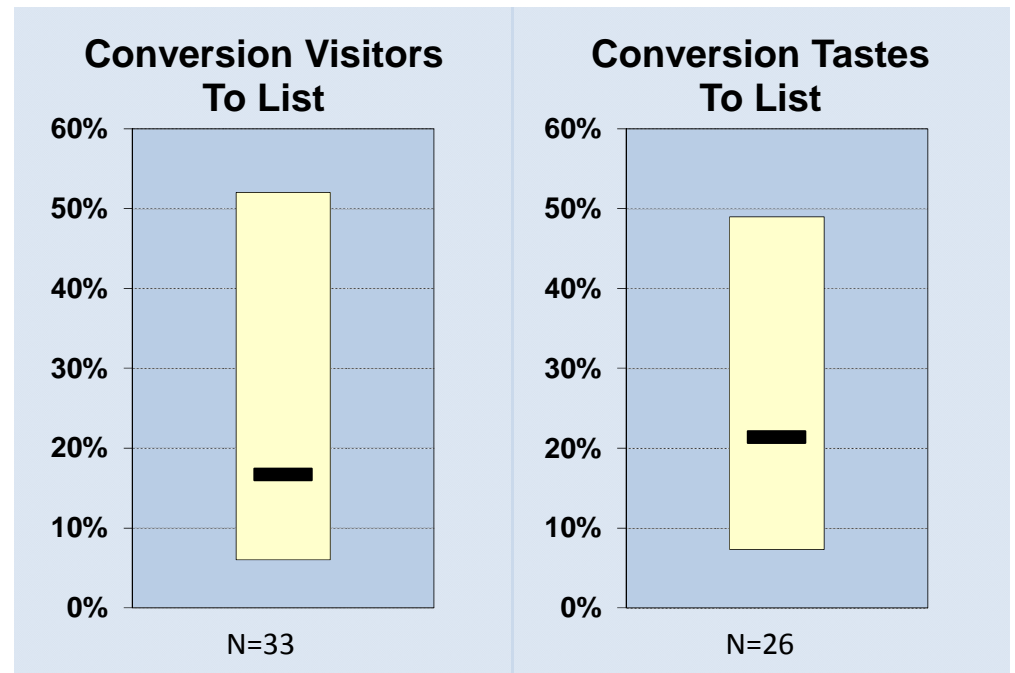
## Conversion to Mailing List %

Signup rate by total visitors or by paid tastes

# new mailing list members / total # visitors or paid tastes

**Important metric**

**Can we at least create enough interest in signing up for our mailing list?**



**Above yellow box: top 25% of wineries**

**Below yellow box: bottom 25% of wineries**



# Tasting Room Metrics

## Average Sales \$

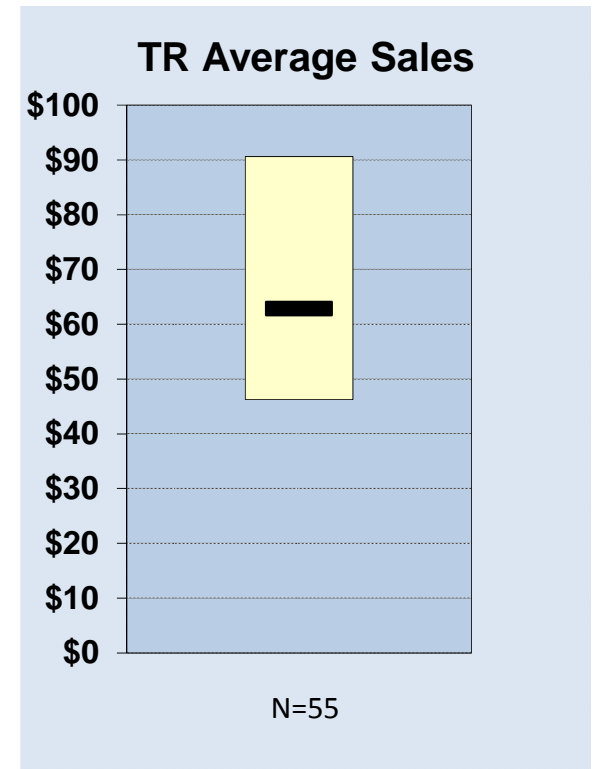
Total sales (tasting fees, wine sales, merchandise, excluding shipping and taxes) / total transactions (including zero dollar transactions e.g. comp tastings)

**Interesting, but trends are more important.**

**As noted earlier, does not impact any ratio (percentage) metrics in this benchmark**

**Levers:**

- Create elevated experiences like tours and private tastings to generate higher average sales



# Tasting Room Metrics

## Total Sales Growth Rate %

This month compared to this month last year: sales growth for all sales (wine, merchandise and shipping costs)

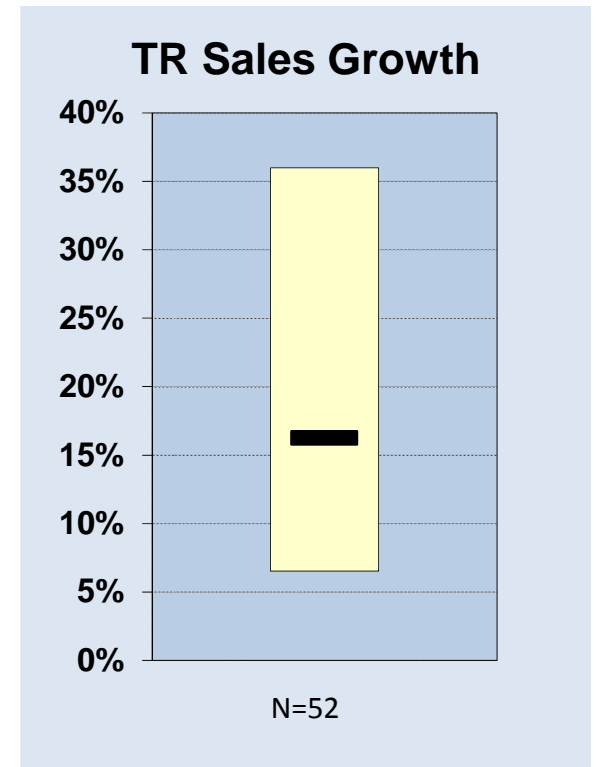
**What is important is how you grew compared to the industry.**

**If you are growing faster than the industry, you are taking sales away from the competition.**

**The industry rebounded with a high growth rate last year. How did you do?**

**Levers:**

- Visitors, conversion to purchase, average sale

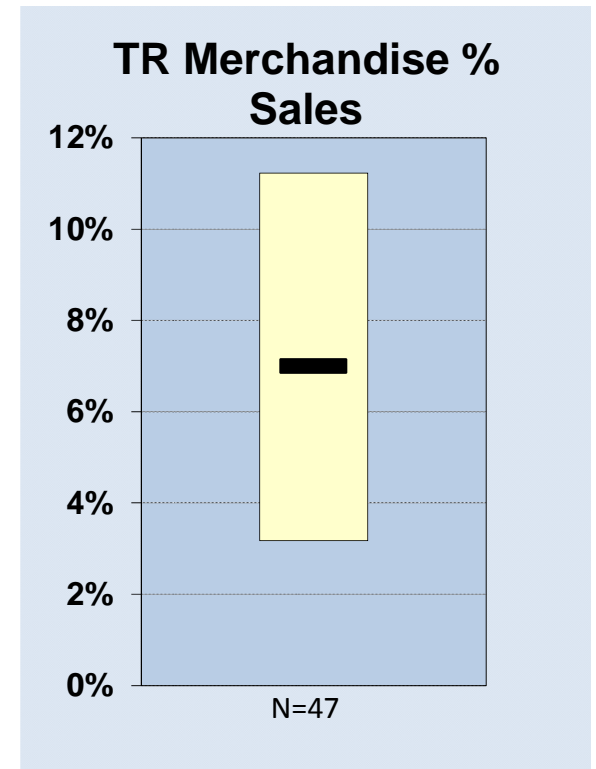


# Tasting Room Metrics

## Merchandise Sales as a Percentage of Total Sales

% of the Average Sales \$ attributable to merchandise

**Somewhat controversial, emotional topic.**  
**You either believe in providing merchandise or not.**  
**This tells you how much money you may be leaving on the table.**



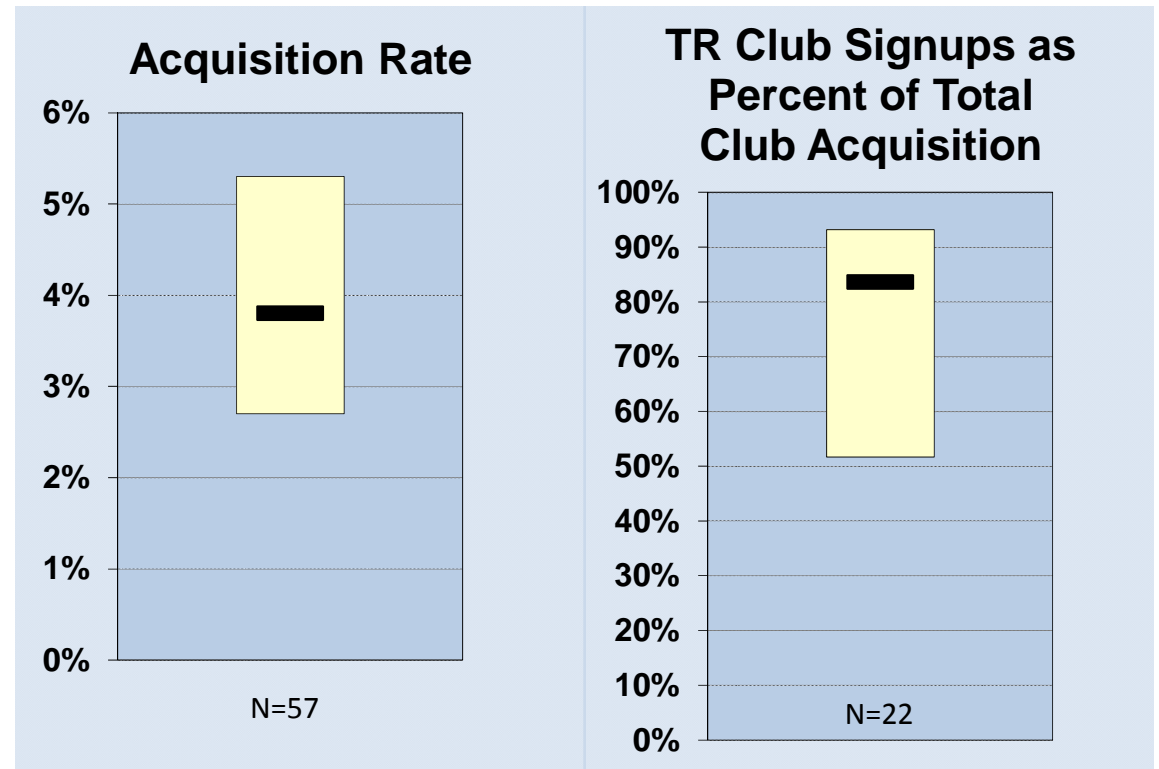
# Wine Club Metrics

## Membership Acquisition Rate

# new members during month / total at beg of month

**Important metric**

**If your tasting room club signups are more than 85% of total club acquisition, you may be underemphasizing other channels of acquisition**



# Wine Club Metrics

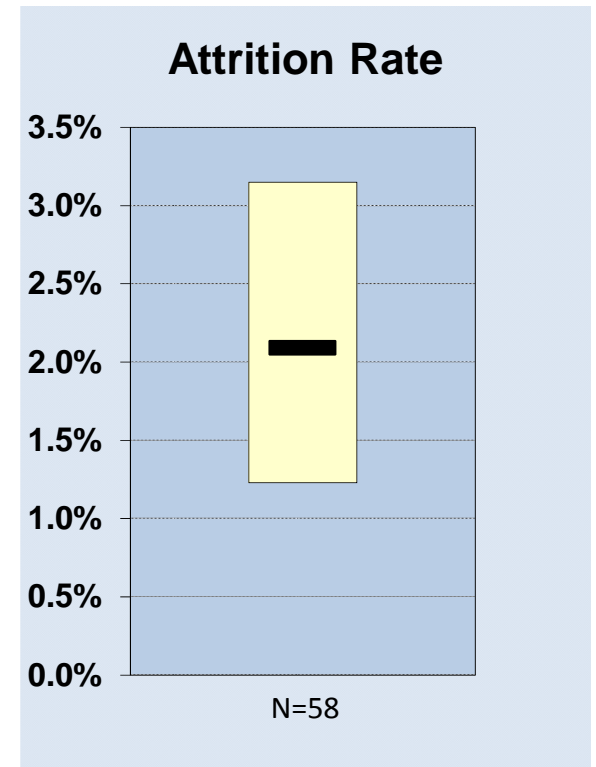
## Membership Attrition Rate

# cancelations during month / total at beg of month

**Important metric: direct measure of loyalty / customer experience**

### Levers:

- Perception of value
- Club structure / pricing
- Miss-selling upon acquisition
- Thank you at appropriate time
- Customer exhaustion
- Retention / loyalty programs
- Proactively identifying & fixing customer experience problems





# Wine Club Metrics

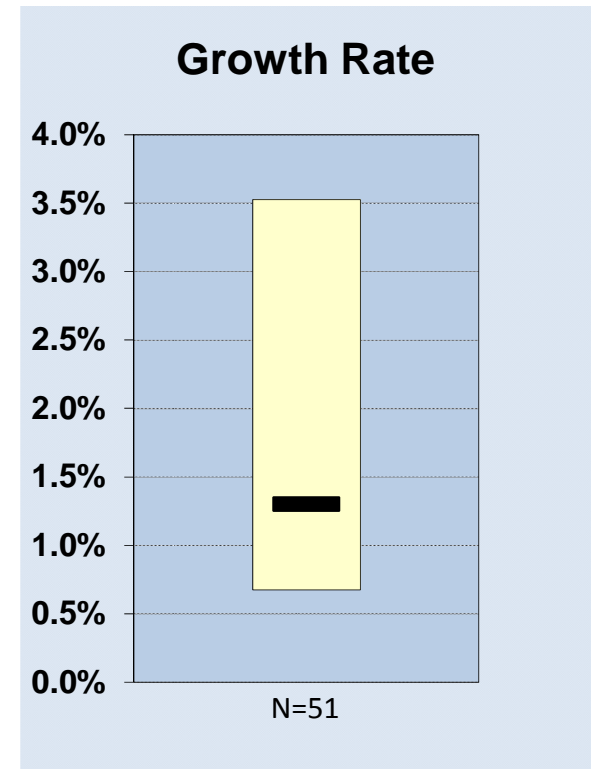
## Membership Net Growth or Loss Rate

$(\text{Signups} - \text{cancelations}) / (\text{beginning of month membership})$

**What is important is how you grew compared to the industry.**

**If you are growing faster than the industry, you are taking sales away from the competition.**

Note: tasting room sales growth is much higher than wine club growth



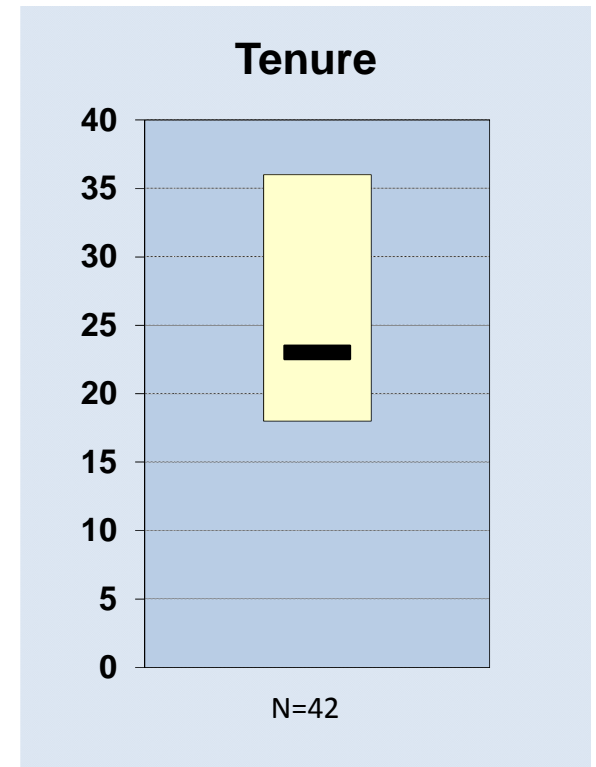
# Wine Club Metrics

## Membership Average Tenure

**Most important club metric – most direct measure of loyalty**

### Levers:

- Overall perception of value relative to experiences with the competition and competitive offerings. Influenced by variety seeking behaviors.



# Wine Club Metrics

## Membership Tenure - canceled

Average Tenure for those canceling membership

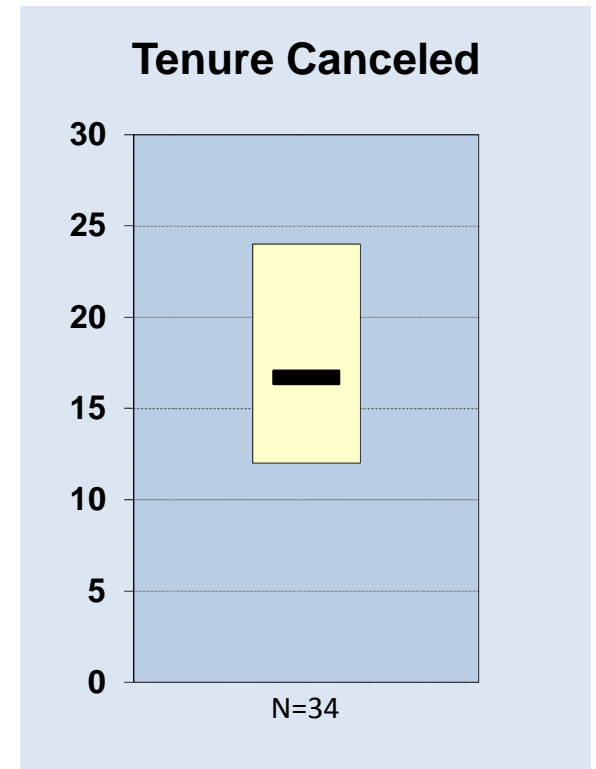
Less frequently tracked metric

We don't want cancelations from recently acquired members.

Ideally, overall tenure and the tenure of canceling members would match.

We don't typically see that.

Trending up is good, down is bad.



# Wine Club Metrics

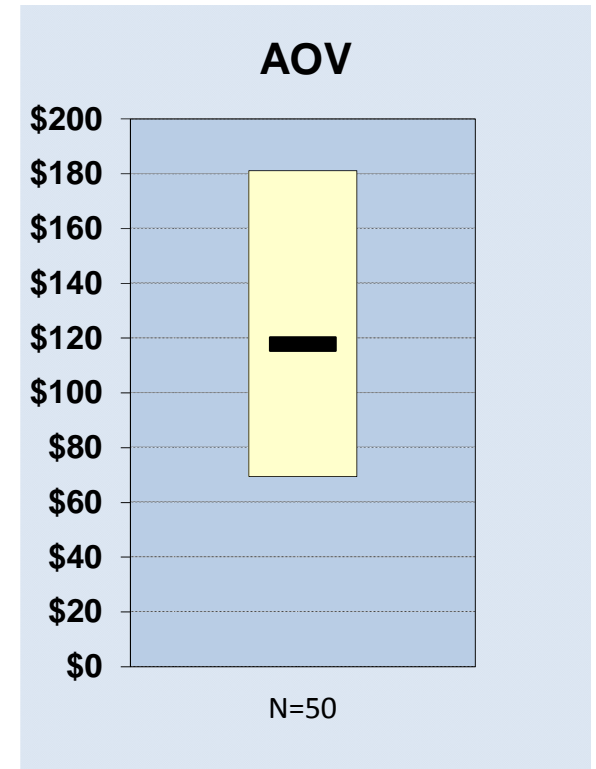
## Club Shipment Average Order Volume (\$)

Total net revenue (ex shipping and tax) from club shipment / # shipments

Depends on average price point and club structure, which varies all over the map

Interesting, but not particularly important to benchmark our performance against

More interesting is Percentage of incremental AOV, but sample size is too small for this to be a reliable benchmark for comparison.



# Wine Club Metrics

## Incremental Average Order Volume (\$)

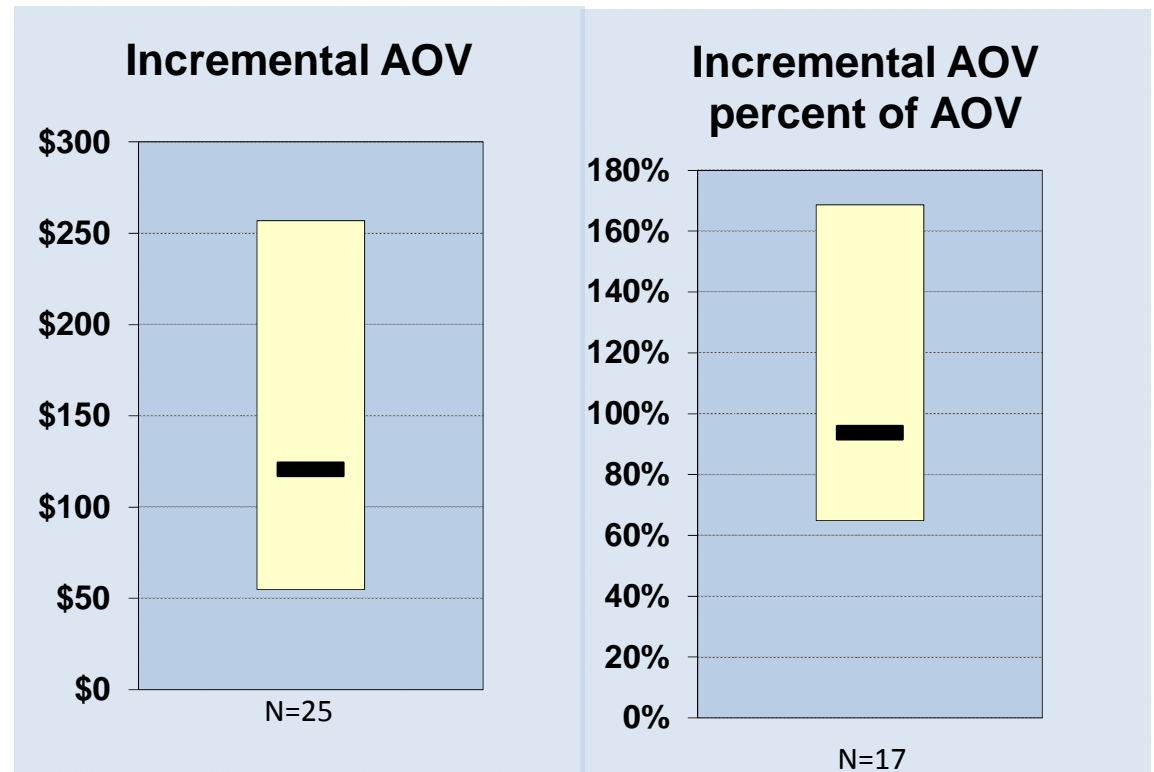
Total net revenue \$ (ex club shipments, shipping and tax) / # transactions (ex club shipments)

Re-orders above & beyond club shipments

Measures enthusiasm / loyalty for your wine

Interesting, but not particularly important to benchmark our performance against

More interesting is percentage of incremental AOV, but sample size is too small for this to be a reliable benchmark for comparison.



# Wine Club Metrics

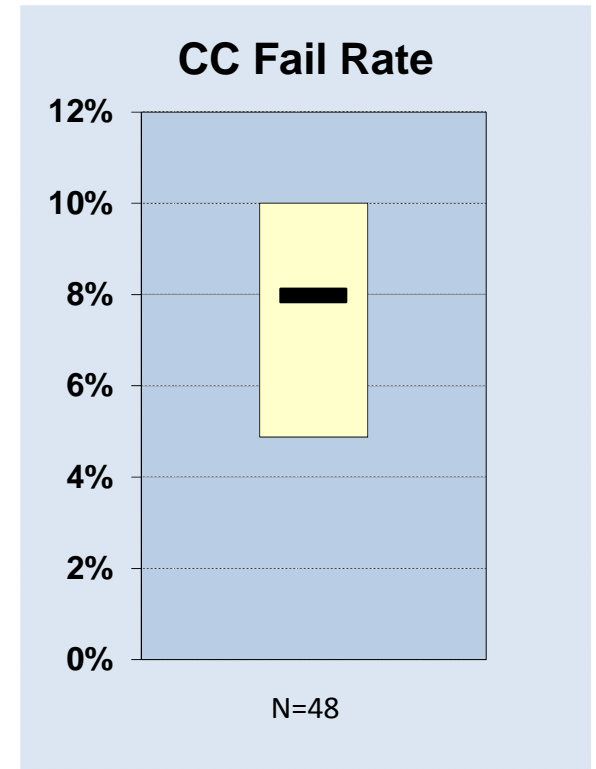
## Credit Card Failure Rate

$(\# \text{ of declined cards} + \text{ number of expired cards}) / \# \text{ of shipments}$

Depends on club membership / data  
hygiene practices

Levers are good membership practices:

- Pre-failure process:
  - Email / phone call before expiry
- Post-failure process: “three strikes and you’re out”
  - Email / Letter / Phone call



# E-Commerce Metrics

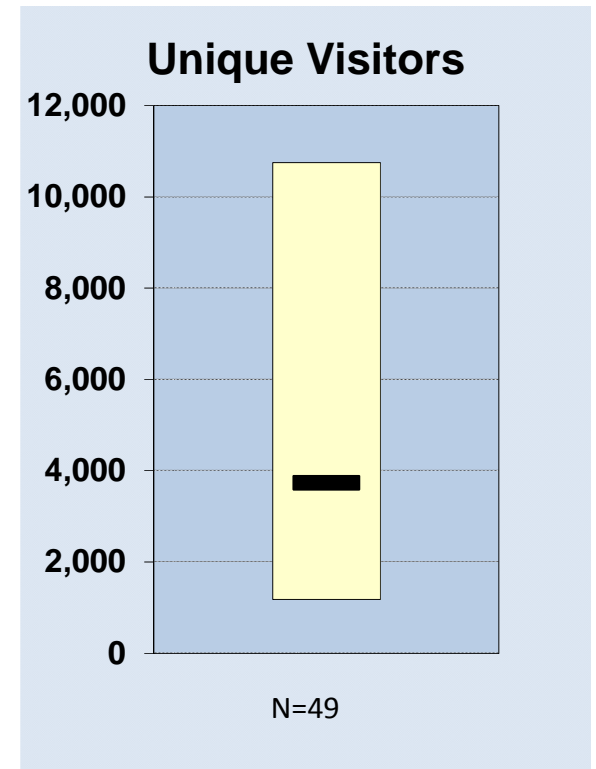
## # Unique Visitors

**E-Commerce is more of a level playing field**  
**Visitation directly drives sales growth.**

**However, we are more interested in trends**

**Levers:**

- Search engine optimization
- Email / marketing communications
- TR reinforcing website visitation (collateral, etc.)
- Google ad words, etc.



# E-Commerce Metrics

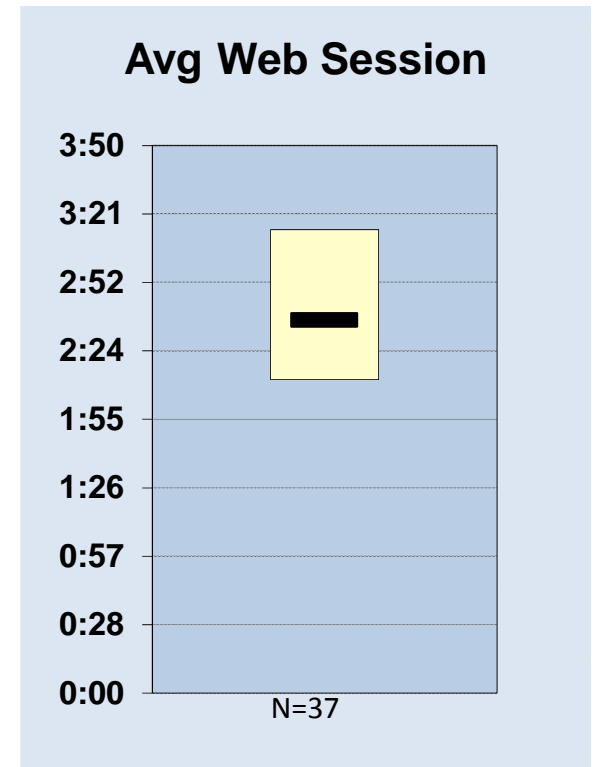
## Average Website Session

Format - minutes: seconds

A measure of website engagement

Levers:

- Effective use of copy
- Creative and engaging website
- Embedded video
- Ease of finding desired information





# E-Commerce Metrics

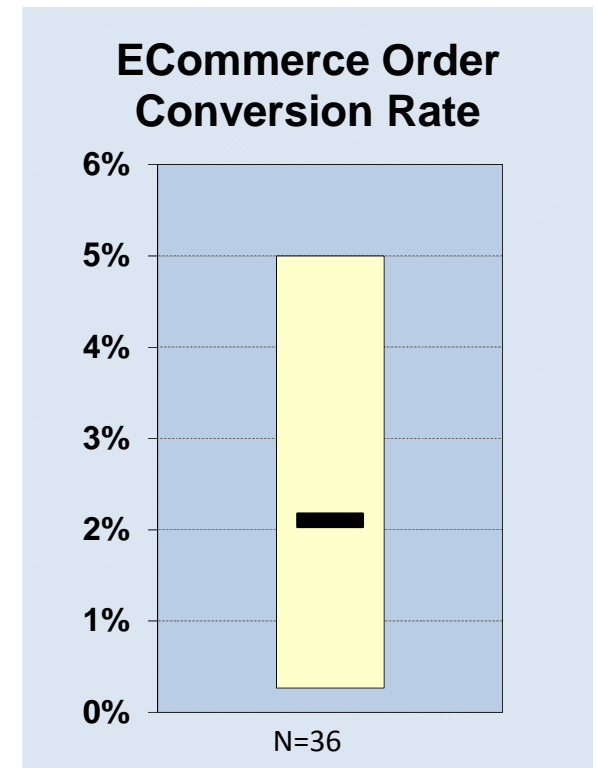
## Order Conversion Rate

Percentage of unique visitors resulting in an web order  
 $\frac{\# \text{ of unique web transactions}}{\# \text{ of unique visitors}}$

**A measure of website engagement**

**Levers:**

- Effectiveness of path to purchase
- Ease of transaction
- Call to action
- shopping cart experience
- Ease of finding desired information



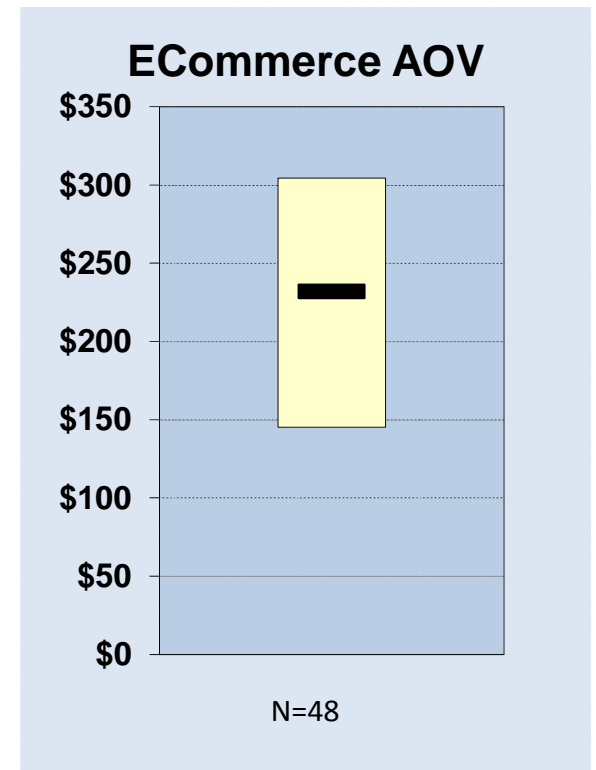
# E-Commerce Metrics

## Average Transaction \$ (AOV)

Percentage of unique visitors resulting in an order  
total net sales / # of transactions monthly [net of any discounts]

Interesting metric, driven by your price point.

More useful are the trends

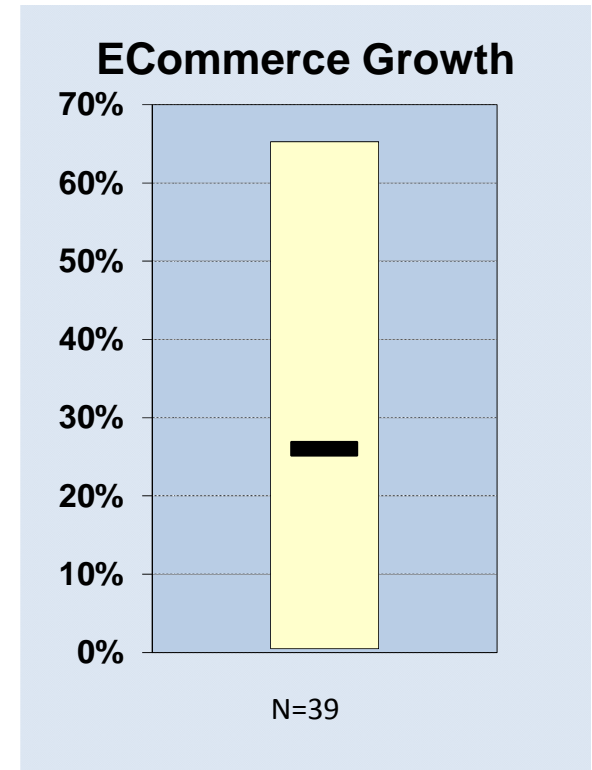


# E-Commerce Metrics

## Total Sales Growth Rate %

Year over year (this month compared to same month last year)

**Bottom line metric driven by growth in unique visitors, changes in order conversion rate and changes in AOV**



# Social Media / Customer Engagement Metrics

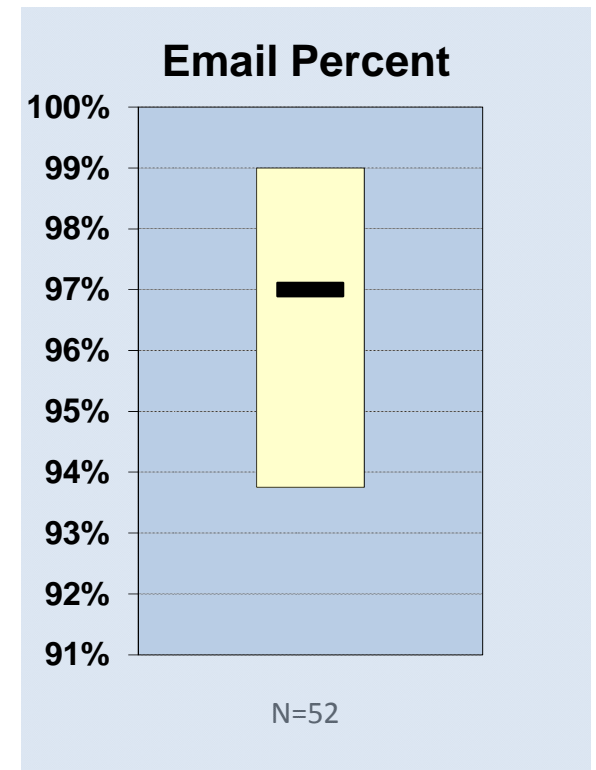
## Percentage of Club Members with Email

# club members with email address on file / # club members

**Communication is key to club loyalty**

**Levers:**

- Phone / letter
  - Did they opt out mistakenly?
  - Did they change jobs?
  - Email aging is a constant battle
- Easy process for self-update



# Social Media / Customer Engagement Metrics

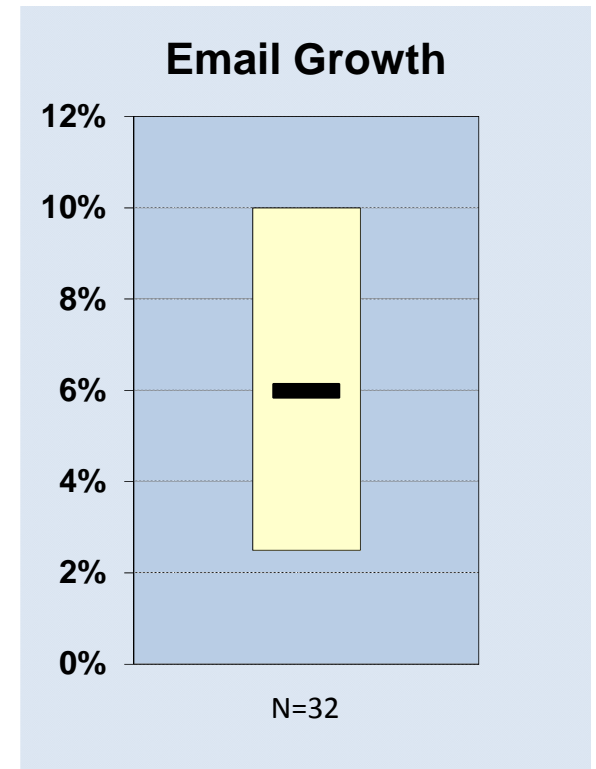
## Net Growth Rate of Mailing List %

( # new names - # canceled names) / # names at beginning of month

**Upward trend is more important than size**

**Surveys show that far more customers of all ages (95%-100%) prefer push communications via email than via Facebook (10%-20%).**

*“What is your preferred method for staying in touch with <our winery>?”*



# Social Media / Customer Engagement Metrics

## # of Facebook likes

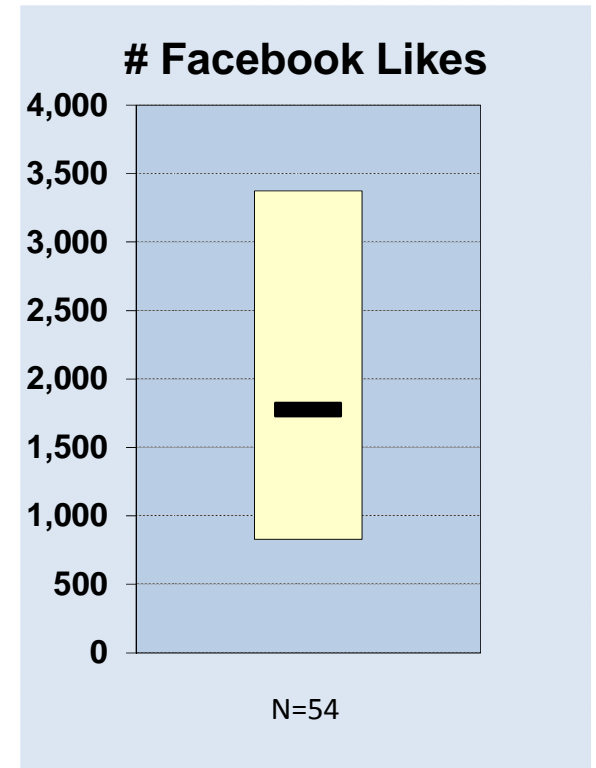
**The #1 social media platform**

**The core of one-to-one marketing**

**Provides a detailed database of customer information** (page insights: users, interactions, user activity, user demographics)

**Levers:**

- Facebook presence at customer touch points (TR, email, website, Email, etc.)



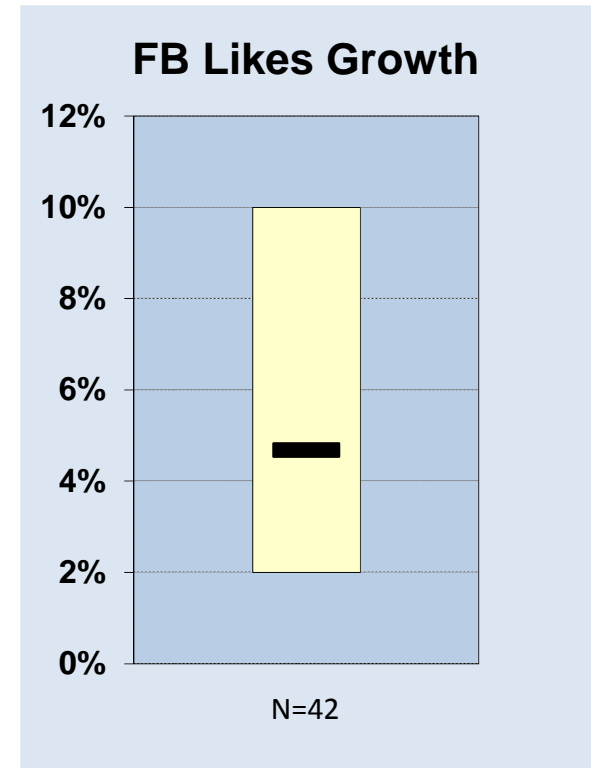
# Social Media / Customer Engagement Metrics

## Percentage change in Facebook likes

### Month over month

**Important metric of how well you are doing**

**Are you growing faster than the industry?**



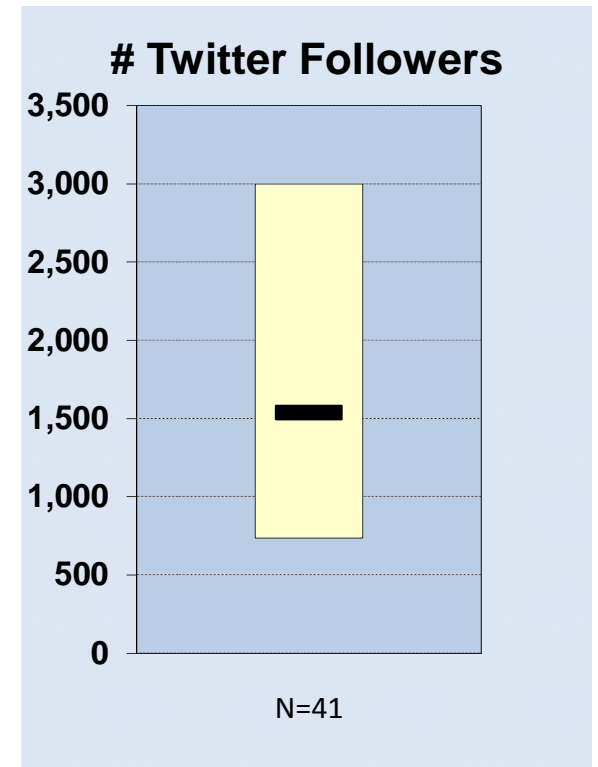
# Social Media / Customer Engagement Metrics

## # Twitter Followers

**Twitter provides a different method of communication**

**Levers:**

- Ask them to join when in other social media





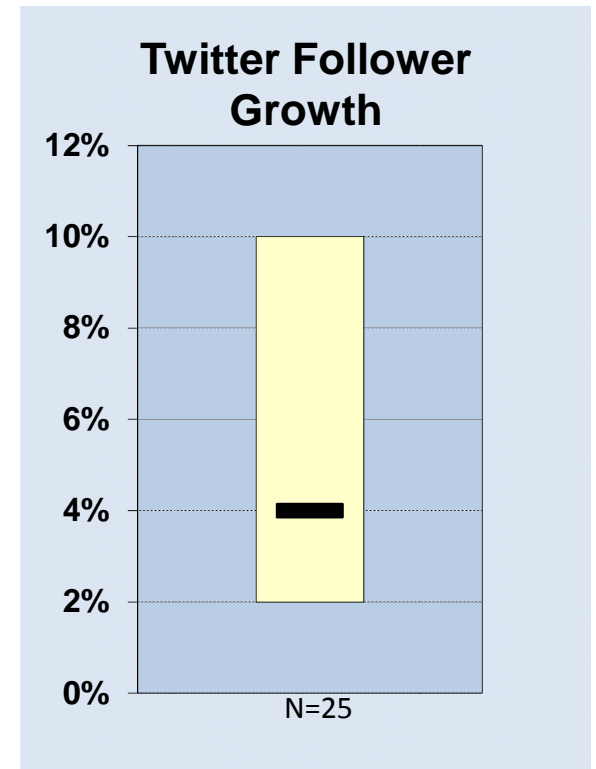
# Social Media / Customer Engagement Metrics

## Percentage change in Twitter Followers

### Month over month

Again, benchmarking your trend is more important than benchmarking your size

Are you growing faster than the industry?



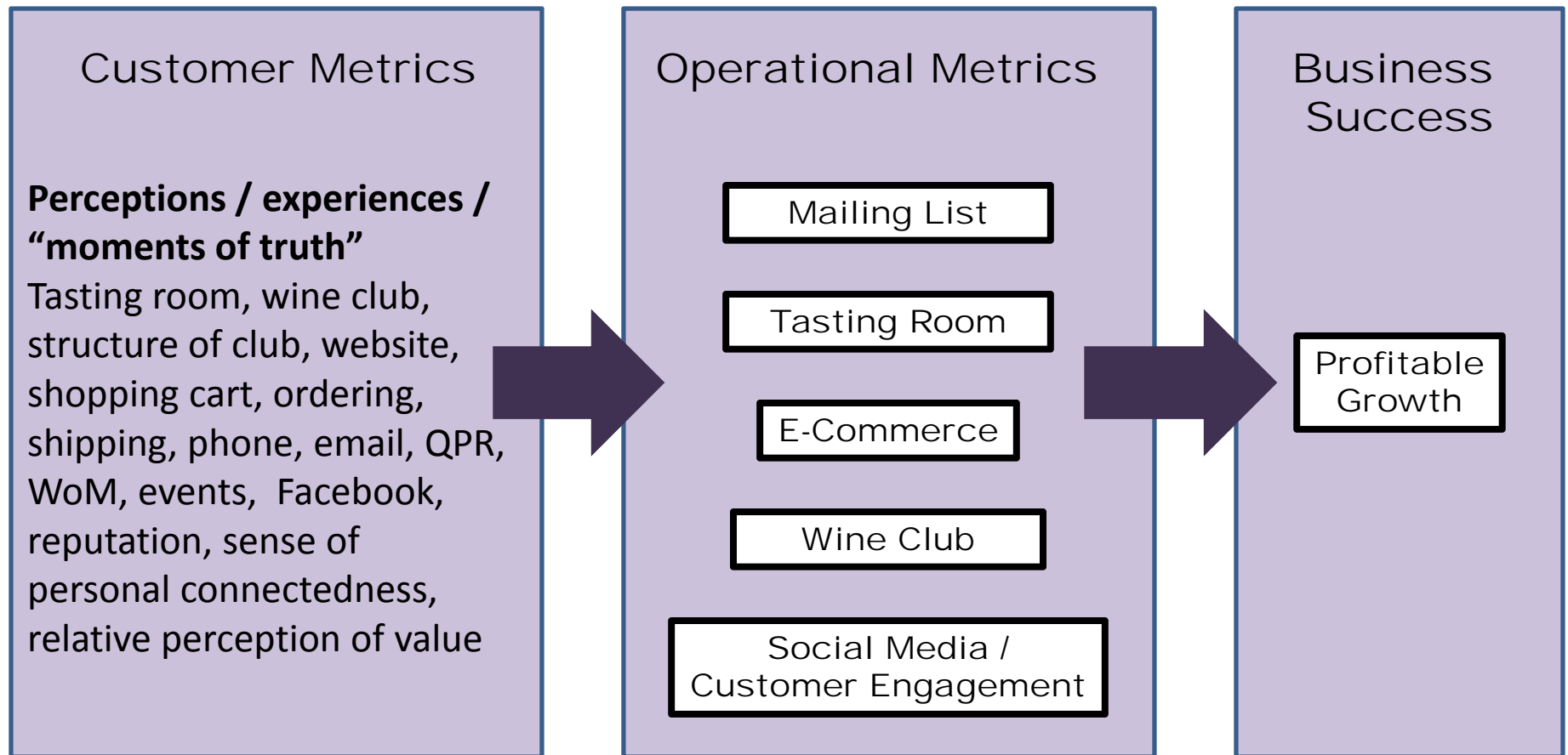
## Some takeaways

- **Surprising increase in Tasting Room and E-Commerce sales**
- **Email is the preferred communication channel for all ages**
- **If more than 85% of club acquisition is via the tasting room, you might consider investing more in the other channels.**
- **Participate in the benchmark: benchmark your way to success**
- **Survey your customers: is your winery experience competitively superior? This is the ultimate driver of your metrics.**



# Winery Management System

## Future: focused on customer metrics



**As a way of thanks to the participating wineries in the benchmark, each has received their own customized report!**

**Have special needs? Email me for a benchmark created just for you.**

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**[www.bennettvalleygroup.com](http://www.bennettvalleygroup.com)**



# THANK YOU.

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