BY ROSS GOODWIN

TASTING ROOM & WINE CLUB SURVEY PROVIDES BENCHMARKS

OVERALL SALES GROWTH REPORTED AT 13% ACROSS NORTH AMERICA

To help direct-to-consumer sales managers understand how the performance of their wineries compares to others in key operational metrics of business success, Vineyard & Winery Management partnered with the Bennett Valley Group to conduct the inaugural North American Tasting Room and Wine Club Benchmark Survey.

Nearly 200 wineries – the majority based in the western United States and Canada – shared their tasting room and wine club data for the third quarter of 2013. That period was chosen for analysis because it is one of the most important quarters of the year for sales – if not the most important.

The tasting room benchmark is comprised of 10 metrics (see the sidebar on metric definitions), covering various measures of visitation, conversion to purchase, conversion to list, conversion to club and year-over-year sales growth. The wine club benchmark is comprised of five metrics: club size, average tenure, acquisition rate, attrition rate and year-over-year growth rate.

Following are highlights of the survey results.

TASTING ROOM SUMMARY

Year-over-year sales growth among participants was approximately 13%, with the highest growth occurring in Napa County (19%). Conversion of visitors to mailing list averaged 10%, with higher rates reported on the East Coast (11.5%) and Napa County (15%).

Conversion of visitors to club membership averaged 4%. The conversion rate was lower in the East (1.6%) and higher in the West (5.5%). The highest rate was in Napa County (6.5%).

Looking at paid tastes (the most accurate method of tracking visitations for large wineries that are open to the public), conversion to list averaged 10%, with the highest rate in Sonoma County (26%). Conversion of paid tastes to club averaged 4% overall. The rate was slightly lower in the East (3%) and a bit higher in Sonoma County (5%).

The average tasting room purchase was around $60 overall, while the average purchase was $42 in the East and $68 in the West. Not surprisingly, Napa County had the highest average purchase price ($100).

WINE CLUB SUMMARY

Growth in wine club membership was about the same as the growth in tasting room sales: 13%. The highest growth rate occurred in Sonoma County at 30% for participating wineries. The acquisition rate averaged 10%, with rates somewhat lower in the East (8%) and higher in Sonoma County (14%).

The attrition rate averaged 4.5%, with a somewhat lower rate in the East (3%) and the highest rate in California (5%). The average tenure was typically 25 months across all regions, with little variation.

Wineries that provided data for the survey received advance copies of the full report, including regional breakouts. Non-participants can purchase the report from Bennett Valley Group. E-mail ross@bennettvalleygroup.com for details.

Ross Goodwin *is managing partner of Bennett Valley Group, a consulting firm with offices in Northern California and Ontario, Canada. The company conducts surveys for wineries, as well as high-technology and professional services firms.*

METRIC DEFINITIONS

Conversion Visitors to Club: The percentage of total visitors (not including trade and wine club tastings) converted to new club members

Conversion Tastes to Club: Percentage of paid tastes (not including trade and wine club tastings) converted to new club members

Conversion Visitors to Purchasers: Number of wine and merchandise transactions per total number of visitors

Conversion Tastes to Purchasers: Number of wine and merchandise transactions per number of paid tastes

Conversion Visitors to List: Number of new mailing list members per total number of visitors

Conversion Tastes to List: Number of new mailing list members per paid tastes

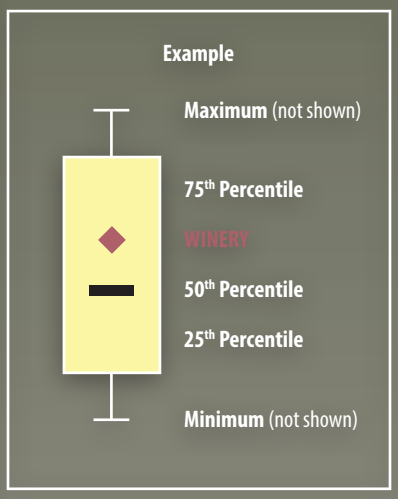
TR Average Sales: Total sales (tasting fees, wine sales and merchandise, excluding shipping and taxes) per total transactions (including zero dollar transactions, e.g. complimentary tastings)

TR Sales Growth: Year-over-year sales growth for all sales (wine, merchandise and shipping costs)

Note: All are monthly metrics, except where noted.

HOW DOES YOUR WINERY RATE?

To see how your winery's performance compares to others in North America, plot your Q3 2013 data within each box. The black bar within the yellow box indicates the median response.



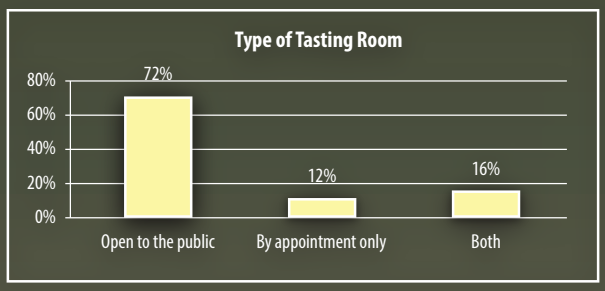
BOX PLOT KEY

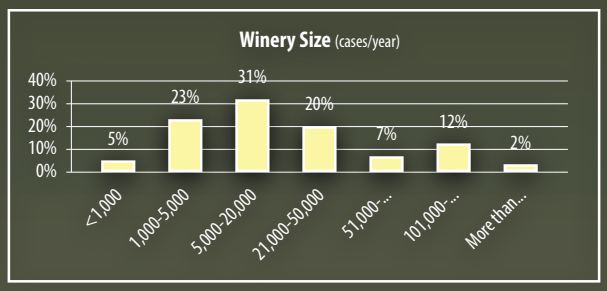
- The yellow box contains the middle 50% of the data.
- The upper edge of the yellow box is the 75th percentile of the data set, and the lower edge is the 25th percentile.
- The black bar inside the yellow box represents the median (50th percentile) of the data.
- The ends of the vertical lines or "whiskers" are the minimum and maximum data values.

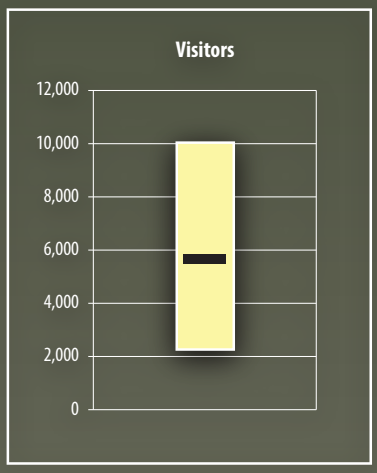
INTERPRETING YOUR RESULTS

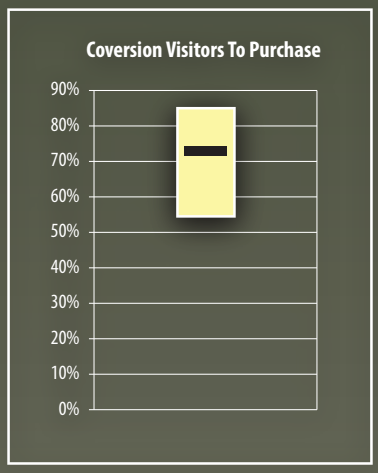
- If your data falls above the yellow box, you are in the top 25% of wineries. Pat yourself on the back.
- If you are below the yellow box, you are in the bottom 25% of wineries. You have work to do.
- If you are inside the yellow box, you are in the middle 50% of wineries. You are not distinguishing your winery from others.
- If you are at the median, you are at "par" with other wineries.
- If you are above the median and inside the yellow box, you are "above par" compared to other wineries.
- If you are below the median and inside the box, you are "below par" compared to other wineries.

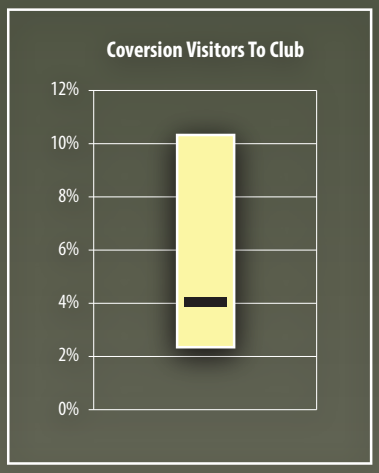
TASTING ROOM BENCHMARKS Q3 2013 (NORTH AMERICA)

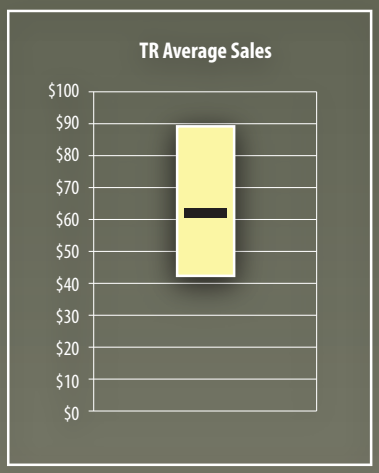


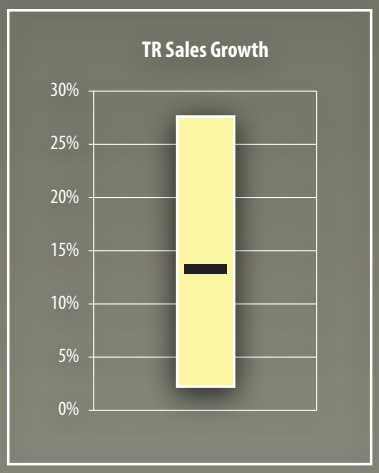












WINE CLUB BENCHMARKS Q3 2013 (NORTH AMERICA)