

WINES & VINES



Column Article from the January 2011 Magazine Issue

Managing Direct Consumer Sales

by [Dixie Lee Huey](#)

There have been some particularly hot challenge topics in the industry during the past few years—distributor consolidation, price pressure, brand proliferation and, of course, the economy. These trends and the down part of the economic cycle are real, and in an acute way they necessitate a focus on marketing-driven sales strategies. Wishful thinking, status quo and avoidance do not sell wine. Thankfully, proactive measures do, especially when implemented on a consistent basis, measured and improved for maximum efficacy.

How proactive are your marketing and sales efforts? Are you taking the right actions at the right times? Is your strategy working? If you're happy with your direct-to-consumer (DtC) activity, could you be selling more or, dare I say it, charging more?

Assuming you've tackled the hardest part—producing wines that over-deliver on value for the price, packaging, quality and overall experience—the next step is to gain an understanding of where you stand relative to best practices for DtC marketing in the industry. (Note that this article is written with small- to medium-sized wineries in mind.)

There are many ways to employ marketing-driven sales strategies for DtC sales. To recognize the majority of the areas used and provide a visual checklist, I've created a wine marketing wheel (see chart on page 140). Not all of them are appropriate or necessary for every business; what is most important is being compelling and consistent in your messaging and in the areas you do employ. This is highlighted by the fact that brand/USPs (unique selling propositions) are in the middle of the circle, as this is your foundation and one of the best ways to differentiate from the ever-increasing competition.

The quiz: a learning exercise

Why bother with a quiz? As a former marketing instructor and lifelong student, I believe quizzes both help us gain understanding of how we measure up relative to our peers *and* highlight areas where we should focus our improvement efforts.

Each of the areas outlined in the wheel has a corresponding section below with three statements describing marketing practices. The scores 1, 2 and 3 signify beginner, average and pro, respectively. For each section you'll select the one that best suits your winery's current position and, in doing so, learn where improvements can be made (i.e., if you rate your winery a "2" in

media relations you'll immediately see what the 3s are doing at the next level).

If one of the areas doesn't apply to you, then feel free to skip it. When you're finished, there will be a section for rating your winery's efforts.

Brand USPs

1. We don't have a story. (Mark this if yours is "making wine with passion in a vineyard" or some version of this statement.)
2. We have a story but it's not written down, it's in my head. Or, we have a story, but we're not telling it consistently across the marketing areas.
3. We know what differentiates our wine brand, and this is clearly and consistently communicated in our marketing materials. We seek to delight our customers and know which target segments are matches for our wines.

Advertising

1. Our ads simply state tasting room and website information, perhaps showing a bottle of wine. They're run infrequently, or only when a rep calls begging for a placement.
2. Our ads share part of our story and allude to what makes us compelling. They are more planned and proactive in nature.
3. Our ads well describe our winery's compelling story and provide a measurable call to action (i.e., mention this ad for a complimentary tasting). Our staff is trained to ask how visitors found out about the winery. Placements are outlined in our strategic marketing plan, and we choose publications/venues wisely and support them with multiple ads throughout the year.

Events

1. We show up when asked, pour wine and hope people will buy later.
2. We bring some items to highlight the winery's USPs (perhaps pictures, soil, etc.) and collect consumer information such as e-mail addresses. We take orders when possible.
3. We proactively select and work with events that suit our target demographic and are focused on ROI (return on investment). We bring interesting props, collect information *and* follow up with e-mail offers and use creative force to drive people to our table (i.e., a contest or drawing). We have an order form ready with special offers for that day only. For sponsorships we're listed on the event website, program, mentioned verbally during the event, etc.

Media relations

1. When a member of the press contacts us we generally respond in a timely manner.
2. We have a limited number of relationships with wine media and send out new releases with tech sheets and pricing.
3. We proactively build relationships with the press and keep track of our efforts to best serve both audiences. When they visit we have an owner or winemaker spend quality time with them. At least once per year we're sending a sample mailing with a theme or unique angle. When

traveling to markets where we have distribution, we try to arrange in-person appointments with the local media. And we *always* follow up on incoming requests promptly.

Trade: accounts and distributors

Even though trade accounts and distributors are not directly involved in your direct-to-consumer sales, they are included to highlight that both can drive demand for this channel. By making placements in accounts, distributors put your wines in front of the buyers who recommend your wine to consumers. If I'm a consumer in North Carolina who happens to try an Oregon Pinot Noir pitched to me by a salesman at my favorite wine shop, this alone may not drive me to the website to buy a case. But when I decide to visit the Willamette Valley, I'm much more likely to go to wineries I know, and perhaps then, after an amazing experience, I will become your loyal customer.

1. We have distribution in some markets, and occasionally monitor progress, but do not have a solid understanding of where wines are being sold.
2. We have a clear understanding of where are wines are placed, who is selling them (in both tiers) and visit markets when possible to thank supporters, open new accounts and educate salespeople.
3. We communicate with and visit markets regularly, offer jointly created sales programs and have a system in place to recognize our top salespeople and accounts.

Website, phone and e-marketing

1. We have a website. We have an e-mail list but rarely use it. Call our customers?
2. Our website is well-designed, consistent with our overall message and kept current with regular updates. It is clear how and where to buy our wines. There is a sign-up box for our e-newsletters, which we send occasionally. We return our customers' phone calls and occasionally call to thank top buyers.
3. We view our website as a proactive marketing tool. It is updated at least every two weeks with events, blog posts, press and interesting imagery, and it is linked to our social media sites. Our regular e-newsletters refer customers to the site with special offers, and it is easy to purchase (where legal). We connect via phone at least bi-annually with club members and top purchasers to give them special offers and, most importantly, thank them for their business.

Social media

1. We are aware of some of the tools available such as Facebook, Twitter, etc., and we've tried at least one of them or have been investigating what others are doing.
2. We have a presence on some sites, make occasional updates, and usually interact with fans who come to us. We are still unsure of the value of the activity, though.
3. Social media is a marketing engine for us in building brand awareness and customer relationships. All sites in use are linked and prominent on our website and e-marketing. We regularly post events, offers, news and interact with customers.

Location

For most wineries this means a tasting room, which is where much of the DtC business happens, especially your club sign-ups. A tasting room, even if a shared space, offers a true experience that can be most memorable. (Those with virtual businesses should think of event and web presences as the locations at which customers experience the winery and focus even more effort there.)

1. Our website clearly states directions, hours and contact information for the tasting room. Specific staff members are dedicated to tasting room sales. Our tasting room could be our neighbor's; it's not particularly differentiated.

2. Our tasting room "feels" like the brand—the staff, pictures, music and environs tell the story and were mindfully selected to do so. We greet guests, ask for newsletter sign-ups, have a complimentary tasting for club members and thank people as they're leaving (even if they do not buy wine). Our wine club is prominently promoted.

3. In addition to the description in No. 2 above, our tasting room is fully integrated into our overall marketing plan. We incentivize staff based on club sign-ups, promotional wines and case sales. Our motto is some version of "delightful hospitality," and we recognize that the tasting room staff is first and foremost in the hospitality business. We are excellent at identifying and anticipating the needs of our guests, are happy to recommend other wineries and restaurants and frequently communicate with our visitors and thank them for their support. Our most recent press is artfully displayed. When customers leave our tasting room, they truly have a sense of the winery's people, place, story and experience. They frequently refer friends and colleagues.

Printed materials

1. We have business cards and an in-house piece with some winery information.

2. We have a brochure-type piece that describes our winery's story and USPs, lists the wines and gives contact information and newsletter and club sign-up details.

3. Our materials are designed to showcase the brand's USPs with interesting professional imagery and concise, poignant copywriting. They are up to date and speak to the audience(s) we're targeting. They are appropriate for what we're trying to achieve (and not necessarily expensive).

Your score: How your winery DtC marketing efforts measure up

There were nine total sections worth three points each for a total of 27 possible points. You'll see a results area for each range of scores, beginner through pro. If you didn't complete a section because it's not relevant to you (i.e., you don't advertise or don't distribute), be sure to remove those from the total points and use the percentages so your results aren't skewed.

9-14 (or up to 51%): Weak to beginner—at least your winery has a lot to gain by getting started!

15-22 (or up to 81%): Average to solid effort with room to improve.

23-27 (or more than 85%): Pro—great job with possible enhancements for "extra credit."

Your plan

Now that you have a scorecard, it should be easier to identify the areas where you have

particular weaknesses. For example, is your tasting room running beautifully at a “3” while your website hasn’t been updated in two years and is therefore operating at a “1?” Or, are you a whiz at social media with a “3,” but at the same time forgetting to interact with the press and earning a “1” in that area?

I encourage you to rank each area and outline specifically what you need to do to enhance your efforts in demand creation. (Even if you’re smiling at the “pro” level right now, there is most likely at least one area you’ve identified where you can take action to continue improving.) If resources are limited, perhaps focus on the lower cost areas such as website copy and social media, where you might hire a college English major for a project or internship. In any event, use this as an opportunity to make a chart of the short- and long-term tactics you’ll use to improve your DtC marketing this month and through the rest of the year. Then add each item to a specific date on your calendar to make sure it actually gets done.

Creating a plan and then executing it gets you to the solid end of the performance spectrum. The true pros practice kaizen, or the Japanese philosophy of continuous improvement. To bring kaizen to your wine business, you must start by tracking your performance. Then spend time analyzing what worked, what didn’t and why. And finally, keep doing the things that are working and alter your methods for those that aren’t.

The obvious measure of DtC efforts is sales. Knowing the breakdown between channels—wholesale, direct-to-trade (DTT) and DtC—is the basic level. Measuring within the DtC channel will give you more insight, so you should track phone, e-mail, web, tasting room and club sales.

Within the sales numbers lie the demand-creation metrics. To track advertising effectiveness you’ll need to have the call to action and implement systems to find out what prompted the sales—for example a drop-down on a website shopping cart and staff person trained to ask tasting room visitors. Measuring ROI from events can be more difficult where direct sale during that time is not available. That’s why the “3s” develop an event-specific offer so that sales afterward may be monitored.

Measuring the effectiveness of charitable events can be particularly challenging. Rather than spreading wine out among many organizations, I typically recommend that clients align themselves with a particular cause to create repetition. Freeman Vineyard and Winery in Sonoma, Calif., has developed a unique way of handling charitable requests. Instead of offering wine, Freeman donates \$100 to the organization in exchange for each case purchased and in exchange for advertisements in the event program. “Our approach has helped us build brand awareness and loyalty while also giving back,” said Amelia Weir of Stephan-Weir Public Relations in San Francisco, which represents Freeman.

While media coverage can lead to direct sale of wine (i.e., your Cabernet appears in the local paper and a reader calls to order a case), it is more often a demand-creation activity. These metrics should include number of samples sent, meetings held and articles generated. “Heavy emphasis on both lifestyle and trade press has helped Freeman increase its direct sales by over 10% in the last year,” Weir said.

An in-depth review of trade metrics is outside the scope of this article, but having a clear understanding of number of cases sold, placements, types of accounts and incentives delivered

are a few.

In addition to knowing your web orders in terms of cases sold and revenue generated, measuring your website and e-marketing efforts is rendered much easier with the readily available online tools. Google Analytics will tell you the number of visits, unique visits, referring sites, most popular pages and length of visit, plus much more. Your e-marketing platform should provide information about number of subscribers, campaigns, open rates and links visited. As for direct phone marketing to customers, on the simple end adding a column to your club spreadsheet to track date and conversation notes will work. Investing in software such as BLoyal can help wineries notate all types of consumer communication in one platform.

Catherine Douglas, marketing and communications manager for Adelsheim Vineyard in Newberg, Ore., combined e-marketing with consumer events to produce a “significant increase” in DtC sales this spring. “We began by looking at markets with the highest concentration of wine club members and supporters. Then we planned winery dinners in five markets across the U.S. and used Vertical Response to send e-mail invitations.” David Adelsheim, president and co-founder, and Katherine Stalman, director of consumer sales, attended each of the five sold-out events, which meant that attendees were able to establish or re-establish a direct relationship with winery principals. “We took orders during the event and monitored increase in website and phone orders during the following weeks. This experience reminded us that direct contact with our best customers is a great way to sell wine,” said Douglas.

Monitor social media efforts is a hybrid of advertising and website measurement. Train your staff to ask how fans “found” the winery when they visit, plus count the number of followers and successes of any online-only promotions. In the tasting room you should be measuring number of visitors, total sales, sales per visitor, wine club sign-ups and success of any staff incentives you’re offering.

Determining sales generated from printed material is a tough one. I recommend an internal review of everything the winery is using and then seeking qualified feedback from the trade and trusted colleagues. A marketing expert can be of assistance in this arena. Doing the same for your brand story and USPs may be in order as well, since they are foundation of your marketing efforts.

In closing, gaining perspective as to the effectiveness of your DtC marketing efforts is the first step in creating a plan of action for improving them. Focus on continued improvement over time to grow awareness and sales in this lucrative channel.

***Dixie Lee Huey**, proprietor of Trellis Wine Consulting LLC, provides strategic guidance from the ground up: exceptional branding, strategy and communications solutions to wine businesses. For more information, visit trelliswineconsulting.com.*

 [PRINT »](#)

 [E-MAIL THIS ARTICLE »](#)

 [CLOSE THIS WINDOW »](#)

WINES & VINES

415.453.9700 | Fax: 415.453.2517

info@winesandvines.com