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Selecting Software for Direct Sales

by [Dixie Gill Huey](#)

HIGHLIGHTS

- Software selection should be approached in a strategic manner, using a three-step process.
- Needs evaluation: What is the current business, situation and what software systems are currently in use?
- Competitive analysis: What are your competitors using, and what else is available?
- Interview: Invite a select group of providers to present their solutions.

Major changes in the wine industry during the past 20 years—including increased competition, the growth of e-commerce and wholesale consolidation—mean that having a solid plan for direct-to-consumer sales is a necessity for most wineries. Selecting and implementing supporting software not only helps open and manage sales channels, it also serves as an important tool for evaluating business performance. Direct-to-consumer software should ultimately help wineries create operational efficiency and gain a better understanding of—and ability to market to—current and potential customers.

Researching and evaluating the many software products available to wineries is a difficult and time-consuming task, especially for small and growing producers. Many providers offer a variety of options with different combinations of functionality, systems integration and pricing. And of course, there are challenges and opportunities presented by ever-evolving technology, industry legal requirements and compliance issues.

Many winery decision-makers begin by researching all the available options and quickly become overwhelmed. Or they simply select a product without considering the full scope of current and future business needs. Instead, software selection should be approached in a strategic manner using a multi-step process: needs assessment, competitive analysis/research, and interview. Derek Bromley, program manager for the WISE (Wine Industry Sales and Education) Academy's online wine management curriculum, advises students to "take a step back and examine needs from a strategic perspective. A winery should have clear business goals before considering specific tactics."

Needs assessment

This first step is an inward look at the winery, involving a number of key questions to gain a clear understanding of needs and goals. This stage will also help you eventually narrow down your consideration set.

What is the current business situation? For example, is yours a new or established winery? (New wineries are somewhat at an advantage, since existing legacy systems may complicate matters.) What is the current production? What is the current breakdown of sales among wholesale, direct-to-trade and direct-to-consumer channels? What do you like about your current process, and what aspects do you wish to improve? "Understand your channel strategy, pricing, demographics and consumer technographics—what your consumers are doing online—before you begin," Bromley advises.

The discussion of goals and sales mix necessitates an exploration of what you would like to accomplish with the software purchase. Are you looking to grow production? Transition your mix to a larger percentage of direct sales? Gain efficiency? Sell wine online for the first time? Start a wine club? Process payments online? Move from cash drawer to POS system? Upgrade an existing system?

Answering these questions will help you present a clear picture of your business to potential software providers, as well as project needs for growth or transition goals. Given the monetary and time costs of purchasing and implementing new software, making sure that your choice(s) will fit both now and longer-term is critical.

Established wineries should then take inventory of the current systems in use. This should necessarily include any existing marketing and sales software for websites, e-marketing, wine club and POS, plus accounting and inventory management software. Also take note of shipping and compliance processes and programs. Are these systems working well? What needs to be changed, if anything? Gaining an understanding of what you have is important, because each software provider has different methods for integrating or suggesting new, complementary systems.

According to Milton Cornwell, general manager of Copper Peak Logistics, many wineries fail to evaluate software needs strategically and in the context of the entire supply chain. While the majority of shipments are completed without issue, "Fulfillment is really about exceptions and time management—the 2% of problematic orders that are frustrating for customers and take a disproportionate amount of time to resolve. A good fulfillment solution should seamlessly integrate with all major e-commerce platforms and compliance tools to create efficiency and excellent customer service," Cornwell says.

At this stage it makes sense to compile a summary document of your findings and present it to

those who will be involved in purchasing, implementing and managing the software tools. This will allow key audiences to comment, and help you prepare for the later “interview” stage when you contact providers. There may be sections for “must haves” and “wish list” items, which should be clearly noted. Make sure to include questions for each of the providers you’ll later interview.

Competitive analysis and research

Now that you have a clear understanding of your present situation, needs, goals and systems, you are in a better position to consider software providers. The competitive analysis in this case is less structured: It involves taking an inventory of what your competitors are using. Steve Myers, vice president of marketing for Duckhorn Winery, which recently updated its DTC software, recommends “conducting a competitive benchmarking exercise where you identify winery sites and stores that you believe offer compelling form and functionality.” This is easily accomplished by surveying customers, calling colleagues at similarly sized wineries, or while networking at events.

Try to dig a little deeper than just the name of the provider. How did those involved make the decision(s)? Are the end-users happy with the software selected? Is the customer support excellent during and after implementation? If there have been any problems, were they well handled?

Next you’ll identify the types of direct-to-consumer software on the market and the appropriate scope for your winery. Wine Business Monthly publishes an annual review of providers, including a software matrix. The matrices provided in the July 2008 and 2009 issues are quite helpful. For scope determinations, a few questions are in order: Do you need a full solution including e-commerce, club, e-marketing and POS? Or will you be integrating new software with legacy systems? Some providers are more narrowly focused on e-commerce or wine club.

Some sell à la carte, while others offer only a full suite. Others are broader, providing a “360° view” of customers. Many work with other software providers to offer a broader scope, but the challenge here will be determining which do this best.

The needs assessment you completed in step one will guide you here. For example, an established winery producing and selling 1,000 cases per year from a healthy mailing list may not need a sophisticated, fully integrated platform—especially if production will remain constant. Perhaps a wine club manager would serve its needs. Winery B, however, may be growing from 10,000 to 20,000 cases during the next five years and need a more comprehensive view of its direct-to-consumer business. In either case, there are great potential matches for each winery, but the ultimate selections will differ.

Since compliance is a major issue if your new purchase will involve shipping, you’ll want to note how the software provider handles it. Tim Patterson thoroughly covered compliance in the September 2008 issue of Wines & Vines, and re-visiting his story will give you a keen understanding of how compliance software can be combined with direct-to-consumer software.

Interview

When you have determined what software is being used by admired competitors, and gained an understanding of the available software given your needs, it is time to develop a consideration set and begin the interview process. If your winery has a staff and the several months needed to consider a more formal process, a request for proposal (RFP) is a good choice.

During this time you will invite select providers to present their software, capabilities and pricing to your decision-makers. For a smaller winery, a similar outcome can be accomplished by setting aside a couple of hours each week over a four- to six-week period to arrange web conference calls.

Myers notes that it is critical to “invest the requisite time to diligently interview the vendors in person and follow through on existing client references.” Before committing to an hour-plus long session, I recommend presenting your needs and goals. Then ask each provider’s sales person how his software might serve your needs.

For example, if integrating with a particular accounting system is a must, and the provider cannot do so efficiently, it is not a match; learning that in advance will save you a good deal of time.

During the presentations, you will be guided through the software’s features and benefits, so it is a good idea to include key personnel who will implement and use it. Make sure the sales representative demonstrates the actual processes versus a simple run-through of how it is supposed to perform. Creating a fluid conversation where you ask the questions you developed in stage one as they arise is preferable to sitting through a complex presentation and trying to remember earlier stages.

After you have toured the software, be sure to note important contract details including pricing, upgrade policy and support. Is there a flat fee, percentage of sales or both? Is there a limit on the number of shipments that may be processed in a given period (some providers assess overage fees)? How long is the time commitment, and most importantly, is there a trial period? Are upgrades deployed annually or as they evolve, and how are these priced?

How much support during the implementation and training phases is included in the initial fee? Is further support billed hourly or via a monthly flat fee? What are the customer support hours? And my favorite...does a human being answer the phone, or is an e-mail support ticket or online chat required? (If I have a customer in the tasting room wanting to purchase multiple cases, I do not want to wait for an e-mail answer.)

It is also good practice to ask about the provider’s client list and get references. The client list gives you a broader understanding of whom the company is serving. Even though you already had initial conversations with industry colleagues, contacting a few references regarding the contract details and customer service is critical. Be sure to ask if the manager would make the same decision if she were in the position to do so again, and find out why or why not.

After conducting your interviews, create a chart displaying how well each provider meets your must-haves, wish list and budget. Include notes, columns for long-term cost and customer service. Present this visual comparison to the same group to which you showed your needs assessment in the first step, and have a conversation to determine best fit. Depending on the size of your team, you may ask members to vote or rank the final choices. Often, the right decision is quite apparent.

While the outlined three-step process is more time-consuming than simply using your neighbor’s solution or selecting based on price alone, the investment will offer excellent returns via a software solution that best serves your winery and customers. In closing, know that there

are support options for this process: “If you do not have the technical competencies in-house to lead the vendor-evaluation process,” Myers says, “consider hiring a technically inclined consultant to guide you through the approach.”

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