

The popularity of food subscription services such as Blue Apron (which now offers wines that pair with its foods) has inspired wineries to better customize customers' orders. [Photo courtesy of Blue Apron]



BY DEBORAH PARKER WONG

CUSTOMIZING for the Curated Economy

Wineries customize sales channels and wine club experiences with direct-to-consumer software solutions.

Just a few short years ago, integration was one of the biggest hurdles facing wineries of all sizes as they worked to combine mobile point-of-sale (POS) and customer relationship management (CRM) systems with a host of disparate back-end systems. The industry's software as a service (SaaS) providers have responded by offering robust bundles of subscription services that address every aspect of

winery management and sales cycles. While challenges still exist, particularly for capturing disparate social media channels and CRM, wineries of all sizes have effectively closed the gap on integration.

Today, customization has emerged as the newest challenge confronting both business-to-consumer (B2C) and business-to-business (B2B) wine sales. According to Dave Dobrow, vice president of busi-

AT A GLANCE

- + Customized software solutions are driving wine sales forward.
- + Compliance software ensures proper shipment procedures.
- + Gathering customer data adds a personal touch to purchases.
- + Using big data to find new customers could be the next big thing.

ness development and marketing for Copper Peak Logistics, who recently spoke on a panel addressing customization at the ShipCompliant 2016 conference, wineries are doing a good job embracing the curated economy. "The subscription food business has gone berserk and wineries are looking to copy that success by offering wine club shipments that are specifically curated to add value and recreate the experience of visiting the tasting room."

As a fulfillment service partnered with ShipCompliant, Dobrow has witnessed a market flooded with conventional wine clubs be undermined by high customer churn rates and rising import volumes that are driving substitution. "E-commerce is a growing, moving experience, and wineries are customizing their shipments by including premiums like food products and kitchenware or using specialized packaging to create additional value," he says.

Dobrow points to carriers including FedEx, UPS and GSO that are embracing customization by offering delivery experience tools. "FedEx recently introduced free residential phone calls and text messaging to cell phones for Alcohol Signature Required packages. This is a game changer and gives customers more control over their delivery experience," he says.

REFINING B2C SALES

Whether customers are browsing in the tasting room or on a winery's website, their order history and preferences are gathered via POS and CRM systems to create actionable information that can be used to prompt a customer to trade up and close a sale.

For winemakers like Jeff "El Jefe" Stai, who owns Twisted Oak Winery in Calaveras County, Calif., conducting, tracking and shipping B2C sales involves using a bundle of integrated services — Vin65 winery com-

merce software, ShipCompliant compliance technology and WineDirect fulfillment centers — that approach an ease of use he compares to the on-off button operated by the 1960s cartoon character George Jetson. "All of our B2C sales follow this path," says Stai, who uses a warehouse in American Canyon for B2B distributor pickups. "Customization on our website works well through Vin65," he adds. "It offers choice options and consumers can roll their own wine club selections."

Twisted Oak's online and tasting room sales are managed by Vin65, captured and batched by ShipCompliant and fulfilled by WineDirect, which Stai applauds for beating their stated failure rate and for superb customer service.

"Every state has a different website for filing returns, and ShipCompliant is a mature system that makes it about as painless as possible," says Stai, who notes the batching feature is there for wineries that pack and ship their own club orders.

Given the demands of such a fragmented industry, integration makes it possible for Stai and his staff to effectively manage a sale through all three areas of expertise. "All it takes is using three separate screens to process an order from start to finish," he says. His only critique of the workflow is the occasional lag time in order processing, which he attributes to an over-taxed server.



Jeff Stai of Twisted Oak Winery uses a bundle of integrated software services for ease of use and customized service.

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Stai points to a relatively new feature for Vin65: automated text messaging. "It's ideal for our customers who don't check their e-mail and it's recorded on their order history," he says.

According to Jim Agger, VP of business development and marketing at WineDirect | Vin65, the

company is investing heavily in research and technology to better serve the lion's share of its global customer base, which is comprised of wineries that range in size from one to 15 employees. "More than 1,400 wineries use Vin65 e-commerce and POS tools," he says. "With that scale,

we can easily identify best practices for online sales."

The common threads Agger sees among wineries with explosive B2C sales growth include significantly larger e-mail lists, ringing more dollars per transaction, charging less for shipping and modeling online checkouts after experts like Amazon and Zappos, which have engineered the directional flow of their websites to make it easier for customers to complete transactions.

"There are universal challenges faced by small to medium wineries. They just don't have the resources to scale or to invest in research and development," says Agger, who keeps a close eye on Vin65's global client base, which has grown from 400 to 1,400 wineries in the last three years. Despite growing sales, wineries of this size often find it hard to sell all of their inventory and are looking to automate and customize essential marketing activities.

For example, Vin65 wrote 10 basic call to action e-mails that wineries can automatically send customers around occasions like birthdays, anniversaries, winery visits, the expiration of a credit card on file and the like to drive incremental sales. "Once action e-mails are put in place, this vital, customized marketing outreach requires zero effort on the part of the winery," he says. "The open and conversion rates of action e-mails are three times higher than standard e-mails, making them an incredibly impactful tool." For example, after a winery visit, an e-mail is automatically sent that requests a rating of the wines in exchange for discounted or free shipping. Those preferences are then captured in the customer's record. "We're always looking outside the industry for best practices and we're also finding ways to help wineries reduce attrition among wine club members by customizing their experience," says Agger.

Vin65 also recently announced a "social dashboard" for the CRM module of its software, which users can employ to monitor the social networking behavior and statistics their customers use. According to Brent Johnson, vice president of



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e-commerce at Vin 65, "Combining social media and commerce data is an extremely powerful tool. Unique in the industry, Vin65's new integration allows wineries to leverage insights into who their top customers are, and what social platforms they frequent, to provide superior customer service and drive sales."

SETTING THE CARROTS

With the average duration of a wine club membership around 26 months, wineries are challenged to retain members or replace them at a very high rate. Beyond automated, customized e-mail messages, wineries now have the ability to offer product customization that's proving to extend memberships by as much as four months. For example, clubs that let members change their product mix and delivery options are being offered as an incentive and means of retention. "Vin65 offers a completely custom-

izable user-choice wine club that's unique in the industry," says Agger. "We've also observed that when consumers join a user-choice club, they only deviate from the standard selection about 20% of the time. This suggests that, even if the customers don't actively customize the shipments, they still value the option to do so."


Options for mining a robust customer database are growing increasingly powerful through the use of segmentation tools that let management set carrots that help build loyalty in the form of personal rewards for wine club members and customers. "Marketing today is all about building loyalty, and we're helping customers do that through the timing of customized messages and personal offers," says Agger.

Former winery owner Pamela Topper, now an account manager for Nexternal's integrated e-commerce platform, point of sale and order management system, has spent


25 years in the wine industry and has firsthand experience with the demands of B2B sales. "When wineries become Nexternal customers, they get two stores: a B2C store and a password-protected B2B store that requires an account to login," she says. "This allows direct-to-consumer and B2B sales



Pamela Topper of Nexternal points out that software should be flexible enough to offer a customized experience that includes carrots for each type of customer.



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in a single account while providing unique shopping experiences for each customer type.”

Recently purchased by Highjump, a global supply chain management company that works across multiple industries, Nexternal’s e-commerce software handles the complex pricing models that are among the most significant challenges of online B2B sales. “Through easy customization, our winery clients can manage visibility of products and cate-

ries, as well as pricing and billing options for B2B customers, which could include on- and off-premise accounts, brokers and distributors,” says Topper. “Your software needs to be flexible so you can offer a highly customized experience that includes carrots for each type of customer.”

Nexternal is integrated with the largest providers of enterprise resource planning (ERP), and is increasingly integrating its e-com-

merce platform with Highjump’s warehouse management, scheduling and other systems. Like Vin65, it’s also integrated with ShipCompliant and lets wineries check orders for compliance at the time they’re placed, then generates the necessary reports.

“To master B2B sales, e-commerce software has to be able to recognize the distributors who are logging in, show them only the right products for their market and honor complex pricing models that include volume-based, mix-and-match and market-contingent pricing,” says Topper, adding that including messaging about special offers like by-the-glass programs and case discounts furthers customization.

According to Rob McMillan, executive vice president and founder of Silicon Valley Bank’s Wine Division, there are several issues that have historically held back the customized solutions available to the wine industry. “We’re starting to see more software development and, through the use of APIs [application program interfaces], it’s getting to the point where users feel like the experience is customized,” he says. By combining like with like across industries, companies like Nexternal can offer integrated, semi-customized solutions to smaller industries where complete customization isn’t profitable. “Much of the emphasis on customization is still aspirational but, just as we’ve seen with integration, companies are closing the gap.”

McMillan, whose forte is being one step ahead of the curve, is already looking past customization, “The next big thing that’s ahead of us will be proactively using big data to find customers. We’re currently working with Sonoma State University on creating that new channel.”

HIGH TOUCH TRIGGERS

Scenarios like that at Six Sigma Winery in Lake County, Calif., are pointed reminders that omitting the human factor from customization would be a serious mistake. Christian

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POS; Wine Club; CRM; e-Commerce
www.winesoftware.com

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www.nexternal.com

Orion Wine Software

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ShipCompliant

Compliance software
www.shipcompliant.com

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POS; Mobile; Wine Club; e-Commerce
www.vin65.com

Vines OS

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VinNOW by Update Software Inc.

Winery/DTC Sales Software
www.vinnow.com

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Vintegrate

Winery Software; POS; Wine Club; Inventory Allocation
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www.winedirect.com

WineMakers Database

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Ahlmann, vice president at Six Sigma, uses Nexternal's shopping cart and ships to his wine club quarterly. Not only does he add value to shipments with the addition of hickory-smoked sea salt and recipe cards for the estate's grass-fed beef program, he gives customers the option of mixing and matching their wine club selections.

As millennials seek out new wine experiences, Ahlmann, who's always reinforcing the ranch lifestyle as part of the Six Sigma brand, has seen a 20% increase in destination visitors to the winery's tasting room. "Once we get them here, we need to make sure we're cultivating them as lifetime customers," he says. To that effect, he's created a few ways of bringing them into the fold. One method is taking them on a tour that includes a view of a narrow valley that leads to an old bootlegger's cabin that sits in a remote spot on the ranch.



Visitors at Six Sigma Winery can tour the property on its off-road Pinzgauer (shown here with Six Sigma team members). [Madeloni Photography]

"We make a couple hundred cases of a Bootleg Sauvignon Blanc that's not listed on our website or offered in the tasting room, but is

sold to wine club members. When we take guests up to see the valley that leads to the cabin, there's always a wine club member in the group who's tasted this wine and does a great job of talking it up to everyone else in the group."

Ahlmann, who uses VinNow for POS (which integrates with Nexternal), was struggling to capture guest e-mail addresses until he found a way to add a line for e-mail at the top of their credit card receipts. When tasting room staff ask customers to sign their credit card receipt, they're prompted to include their e-mail address. "Now we're capturing that contact information 90% of the time," he says.

By finding high touch triggers that help capture customer data, and by adding value to their wine club offerings, wineries like Six Sigma are using best practices that work hand-in-hand with integrated, customized software to grow B2C sales.

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Deborah Parker Wong is the Northern California editor for *The Tasting Panel* magazine, and a long-time contributor to *Vineyard & Winery Management*. She earned her WSET Diploma in 2009.

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