2016 Direct To Consumer Symposium
Turning DTC metrics into profitability
Jeff Stevenson, 1/13/2016

Who is VinoPRO?

- VinoPRO is a technology-enabled, World Class Sales & Customer Service Company

- Our Focus is on Outbound Telesales and Inbound Customer Service

- VinoPRO has been in business in Santa Rosa since 2007

- 50 Employees

- VinoPRO Named to the Inc500|5000 list of fastest growing companies 3 years in a row, 2015/2014/2013

- North Bay Business Journal Best Places to work 3 years in a row 2015/2014/2013

- Sold over $50MM in wine over the phone since 2007 and measured all aspects of every sale

- Jeff Stevenson is:
  - President CEO since 2007
  - Sales & Software Engineering background

Data & Analytics

Data Analytics offer interesting insight into how to sell more wine

Order Trends

- **Myth: You have to discount everything and give away shipping to sell wine**

- In 64% of ALL orders taken over the phone, price reductions and/or shipping deals are not needed. When offering a minimal upsell incentive (Flat rate shipping) the AOV increases by nearly 30% and full-case sales were much more frequent.

- Average Order Value ("AOV") doubles to $1,100+ when properly used with incentivized shipping

Shipping Incentives

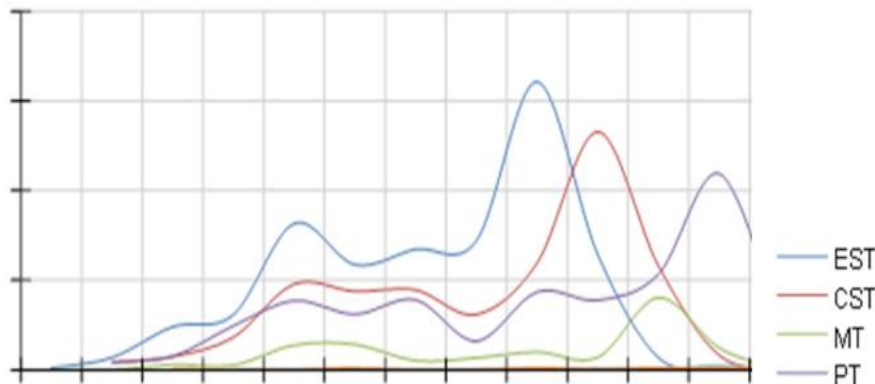| All Selected Wineries	Sales	AOV	% of Total
SH-REFER	$72,099	$751	0.88%
SH-INCLD	$917,782	$1,117	7.56%
SH-HALF	$828,583	$482	15.81%
SH-2D/GND	$27,837	$870	0.29%
SH-$5	$291,492	$819	3.28%
SH-$20	$71,077	$350	1.87%
SH-$15	$20,021	$364	0.51%
SH-$10	$136,128	$388	3.23%
No Shipping Incentive	$1,655,869	$238	64.01%

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Data & Analytics and Big Data

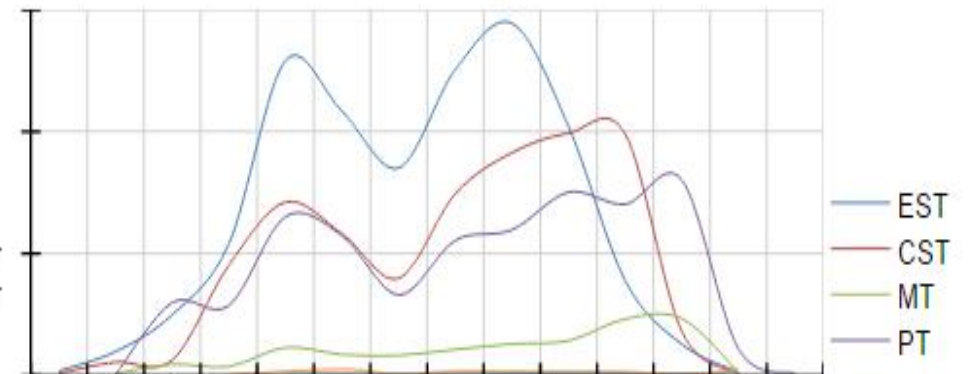Data Analytics offer interesting insight into how to sell more wine

Peak Selling Hours

➢ VinoPRO measures all sales for all regions, for all brands and across all time zones.

➢ Over 60% of sales occur in each particular local time zone across the USA

➢ After in-depth analysis of time-based selling, minor changes were implemented across the company

➢ Result: 25% more sales

Sales By Hour & Region – before changes
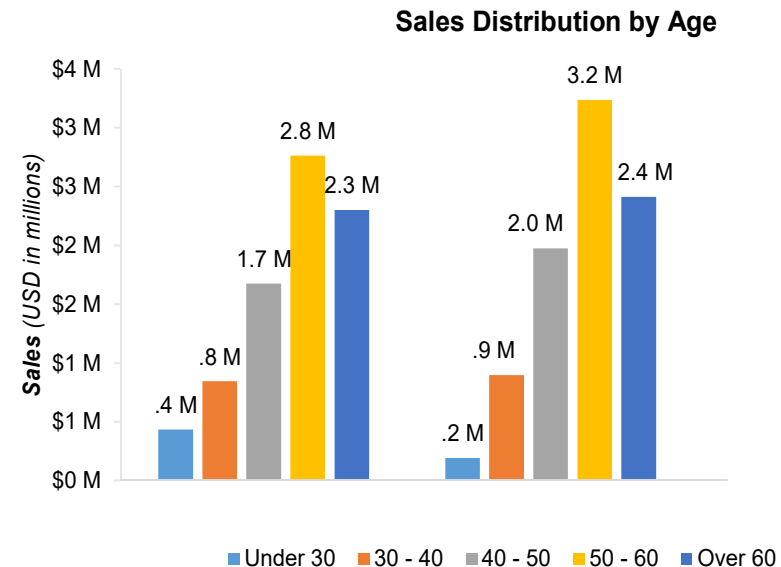
Sales By Hour & Region – after changes

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Demographic Trends in Telephone Sales

➢ **Myth: Millennials are the right people to be targeting your calls to**

➢ You should know who is really buying your wines before you start marketing to them

➢ 87% of all ultra-premium wine buyers over the phone are over the age of 40 with 65% over the age of 50

Age Distribution of Sales

Sales Distribution by Age

Data & Analytics and Big Data

Rich/Big Data offer interesting insight into who is buying wine

Sports Watched
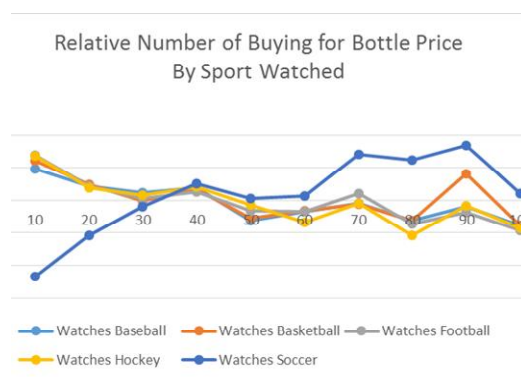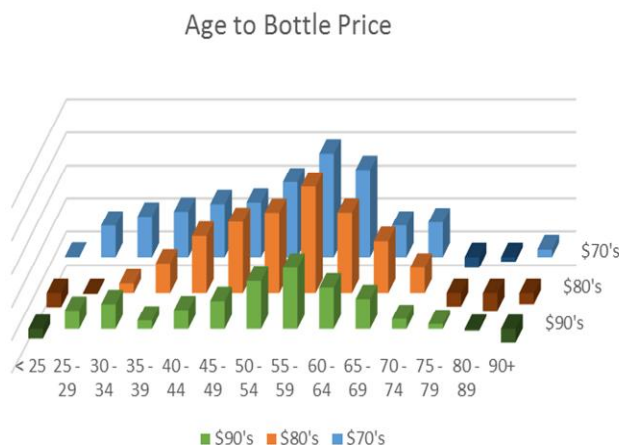
➤ Self-reporting of sports watched

➤ Wine drinkers who watch Soccer will buy more expensive wines more often

Relative Number of Buying for Bottle Price By Sport Watched

10   20   30   40   50   60   70   80   90   100

Watches Baseball   Watches Basketball   Watches Football
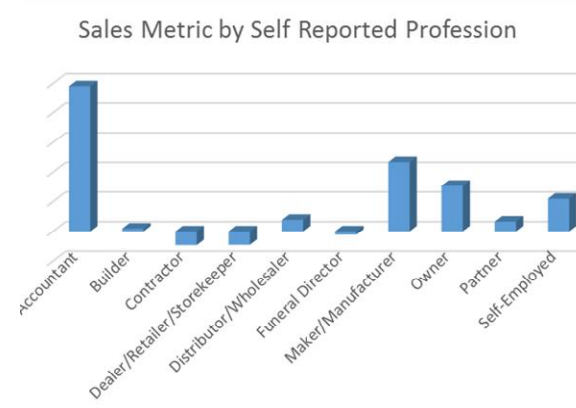Watches Hockey   Watches Soccer

Age to Bottle Price

➤ Millennials may spend more when they are 25-30 years old

➤ When they get older, start having kids, responsibilities, etc they cut back on their spending

Age to Bottle Price

$70's
$80's
$90's

< 25   25- 29   30- 34   35- 39   40- 44   45- 49   50- 54   55- 59   60- 64   65- 69   70- 74   75- 79   80- 89   90+

$90's $80's $70's

Profession demographics

➤ Accountants and owners of their own companies purchase more frequently than others.

➤ Lists previously purchased from InfoUSA confirm exactly these demographics
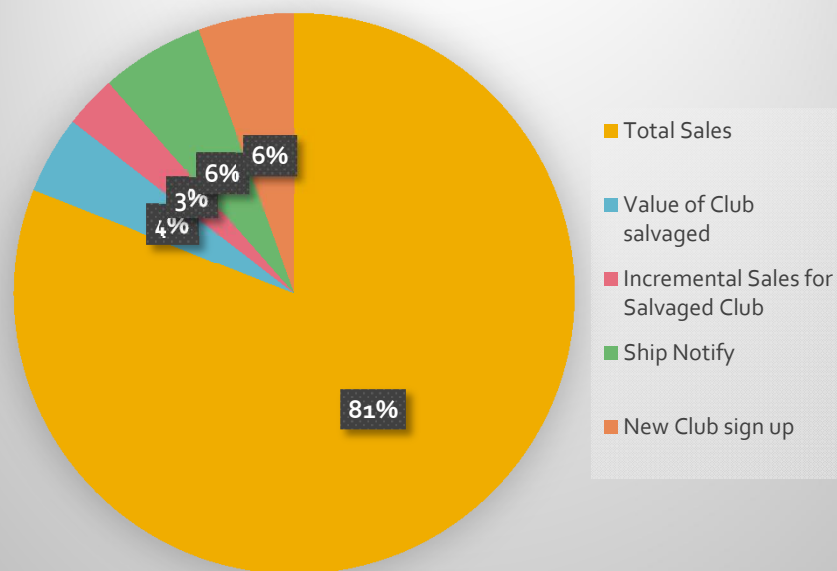
Sales Metric by Self Reported Profession

Accountant   Builder   Contractor   Dealer/Retailer/Storekeeper   Distributor/Wholesaler   Funeral Director   Maker/Manufacturer   Owner   Partner   Self-Employed

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Wine Club Opportunities

Changing the way you manage your club could bring in more profits

➢ Sending out shipping notifications BEFORE you ship your club generates a LOT of revenue (+13%)

➢ Send your ship notification emails at least 2 weeks before each and every club shipment, and continue until the day of shipment

➢ Only by calling all year around can you scoop up these additional revenue opportunities

Winery Example

- Total Sales — 81%
- Value of Club salvaged — 4%
- Incremental Sales for Salvaged Club — 3%
- Ship Notify — 6%
- New Club sign up — 6%

Winery Example
Additional Breakdown

- Value of Club salvaged — 24%
- Incremental Sales for Salvaged Club — 16%
- Ship Notify — 31%
- New Club sign up — 29%
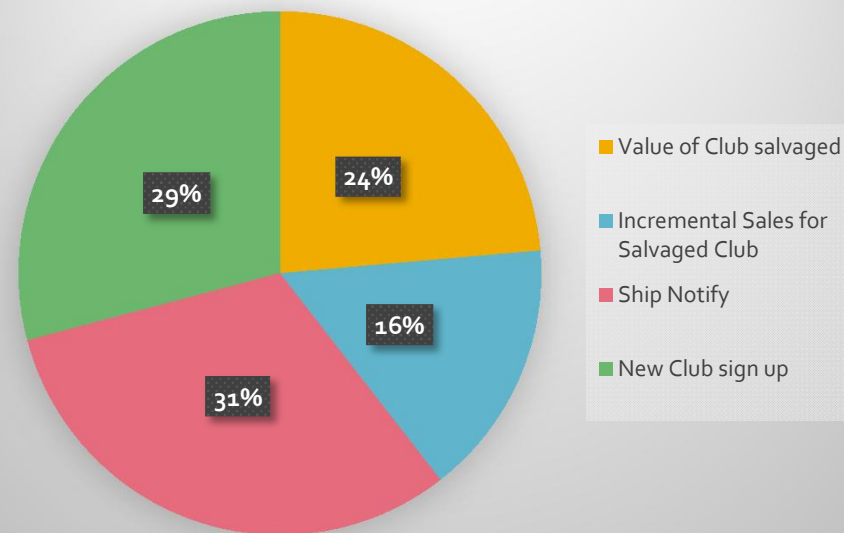
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Wine Club Attrition Reduction

Keeping club members engaged generates returns for years to come

➢Jackson Family Wines

➢Most important KPI is Wine Club Membership and duration

➢Their Wine Club attrition was at ~30% when first started working with VinoPRO

➢After a year of working together their attrition was down over 50% to **under 15%** across **all brands by:**

  ➢Calling before club shipments

  ➢Calling all year long

  ➢Calling when new wines are released

  ➢Calling to update customer information

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Data Collection Kiosks

Imitation is the sincerest form of flattery!

- ➤ Portable, iPad-based kiosk stations collect customer data.
- ➤ Most vendors have now caught on and offer some type of Kiosk product
- ➤ Implementations vary – best practices should be measured, <u>NOT</u> assumed
- ➤ Legalities are important – several customers have been cited by the ABC
    - ➤ RULES: No contests! Everyone MUST win something. Don't give away alcohol.

Kiosk Highlights

- ▪ Increases brand value and further expands reach of DTC sales
- ▪ Gives Tasting Rooms another way to directly interact with customers
- ▪ Provided free to strategic wine partners,
- ▪ Auto-generates immediate TEXT message informing the customer of offers/promos/games/etc.
- ▪ Each Kiosk is managed remotely from the VinoPRO offices
- ▪ Opt-In agreements ensure mandatory FCC/TPCA compliance

NUMBER OF NAMES COLLECTED

61,135

(LIVE FEED AS OF : 1/11/2016, 12:56:43 PM)

Iron Horse Winery successfully added 3,000+ customer leads in less than 4 months with a Kiosk

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Kiosks Insights

The value is in the Data

Kiosk Conversion Data Winery 1

Disposition	Total Leads	Calls	Sales
Not Set	3154	771	
Active	43	72	$14,601
Bad Telephone Number	36	36	
Cant Ship to this Customer	5	7	
Complete	459	935	
DNC	15	15	
Duplicate	7	7	
Industry	24	29	
Not Interested *Ever*	16	18	
	3759	1890	$14,601

Kiosk Conversion Data Winery 2

Disposition	Total Leads	Calls	Sales
Not Set	1,885	1,400	
Active	73	150	$29,785
Bad Telephone Number	249	251	
Cant Ship to this Customer	89	197	
Complete	1,493	2,144	
DNC	107	519	
Duplicate	36	124	
Industry	67	205	
Not Interested *Ever*	183	220	
	4,182	5,210	$29,785

- Key Insights – a Phone Call:
  - Total Sales: $14,601, 72 orders
  - Avg Order Value: ~$200 via phone per call
  - Conversion Rate: 3% of calls produced an order
  - DNC Rate: Less than 1.0%
  - Less than 1.0% of all the phone numbers are "Bad Numbers"

- Key Insights – email blast:
  - Total Sales $1,910, 25 orders
  - Avg Order Value: $75 via email
  - Conversion Rate: 0.67% of emails produced an order
  - DNC Rate: N/A
  - 2.9% of all the email addresses were bad/invalid

> - Phone calls produced 300% more orders
> - Phone calls produced 270% higher order value

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What can you do tomorrow?

➢Collect data – Install a Kiosk or make it mandatory to collect data.

  ➢A phone number is worth $60-$80 PER PERSON.

  ➢An email is worth less than $1 per person.

➢Either call your customers yourself, or hire a professional team to help you

➢Send emails 2 weeks before your club ships

➢Measure, measure, measure. Then change and measure again!

QUESTIONS?

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