

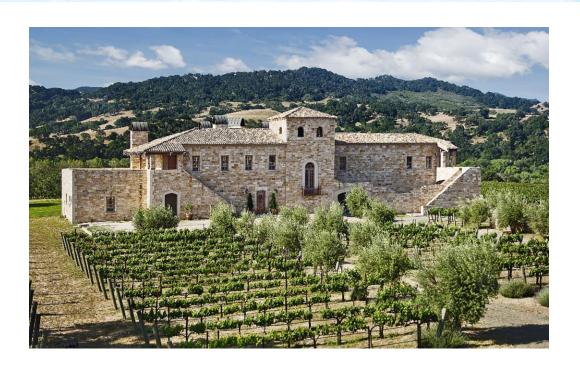
Finding Success in Wine Club Growth

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Dave Moser

General Manager Sunstone Vineyards & Winery

About Me:

- Digital Marketing Leader
- Former VP,DTC at SBC's Largest Winery
- 3-Time Presenter at DTCWS

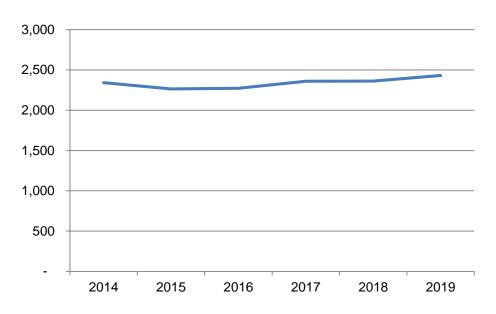
About the Winery:

- Santa Ynez Valley
- Rhone & Bordeaux Varietals
- ~10,000 cases DTC
- ~40,000 Annual Visitors
- World Famous Villa

The Problem: Little to No Club Growth



Active Members on January 1, 2014: 2,342 Active Members on January 1, 2019: 2,431



0.75% Annual Growth Rate

In 5 Years, Only 89 Net New Members Were Gained. 📛



Enough is Enough: How Do We Fix It?



- After surveying current and former members, analyzing data, and doing competitive research, we decided we needed to make drastic changes.
- In order to make a meaningful impact, it was apparent we needed to start from scratch.
- We spent months devising a plan that we thought would be a game changer. Spoiler Alert...

It was!

Key Learning Objectives



- 1. How to generate data, both qualitative and quantitative, to **identify what** the strengths and weaknesses of your current wine club are.
- 2. How to use data analysis to build a model for the **financial viability** of a proposed new wine club structure.
- 3. How to develop a **training and implementation plan** that your staff buys into and adopts, and that communicates value to your potential customers.

Gathering Data to Inform Decisions



Survey of Current Members

 Asked about satisfaction with various aspects of the club and ranking of importance of features/benefits.

Survey of Former/Cancelled Members

Deep dive into why they left the club, what it would take for them to come back, and ranking of importance of features/benefits.

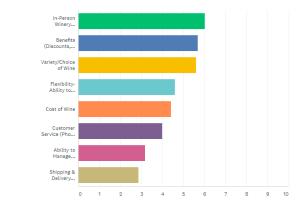
Competitor Comparison

What do other local wineries' clubs look like?
 (# of shipments, # of bottles, benefits, etc.)

Analysis of Historical Sales Data

• What months did cancellations spike? Did this correlate to price of the shipment or specific varietals? Please rank the following factors in order of how important they are to your satisfaction with your Club Sunstone member experience.

Answered: 47 Skipped: 2



Research Yielded Learnings & Conclusions



After overlaying our data analysis with traditional sales and marketing principles, the following 3 themes emerged:

1. Our Wine Club Was Average

 Nothing unique about it. Nothing stood out against other wineries. We needed to differentiate ourselves.

2. Our "Product" Was the Weakness

Not the wine, but the club structure and benefits itself.

3. Our Wine Club Was Complicated, Confusing & Inconvenient

 We weren't keeping up with macro consumer trends favoring simplicity. We needed to adopt a KISS approach (Keep It Simple, Stupid).

KISS Led to a Whole New Wine Club



Drop Dead Simple. More Convenient. Easier to Understand the Value.

- 1. Shipping Included
- 2. Flat Rate Pricing
- 3. "Bonus Bottles"
- 4. Reserve Club
- 5. Increased Employee Commission



SUNSTONE

WINE CLUBS

SUNSTONE

RESERVE

	ΓRA TLES TOTAL	PRICE	EXTRA BOTTLES BOTTLES TOTAL PRICE
3 +	1 = 4	\$150	3 + 1 = 4 \$200
6 +	2 = 8	\$300	6 + 2 = 8 \$400
9 +	3 = 12	\$450	9 + 3 = 12 \$600

SHIPPING INCLUDED!

Analysis: Is This a Financially Viable Plan?



Existing Club

Average Revenue per Shipment: \$100

Average Member Tenure: 18 months/6 shipments

Average Lifetime Value: \$600

18 Net Clubs per Year x LTV: \$10,800

Bonus bottle= \$0 Shipping= \$0 Commission= \$18 x 500 New Signups= \$9,000

> NET REVENUE PER YEAR: \$1,800

> > *Numbers are just an example.

New Proposed Club

Assumed LTV and RPS would stay the same.

Additional Costs:

- Bonus Bottle= 1.2 x \$5 COGS per bottle= \$6 per shipment x 6 shipments= \$36
- Shipping Included= \$0
- Club Commission= \$50 (\$32 incremental)

\$32+ \$36= **\$68** in additional costs per club signup over the customer lifetime.

250 Net Clubs per Year x LTV: \$200,000 \$68 x 1,000 New Signups= \$68,000

> NET REVENUE PER YEAR: \$132,000

> > *Numbers are just an example.

YES!

Rollout: Communication, Training, and Implementation



Communication

Internal

In-person and by email 3 weeks before launch.

Members

- Email 2 weeks before launch, day of launch, and 2 weeks after launch.
- Signage in Member Lounge

Training

- 45-minute one-on-one sessions one day before soft launch.
 - What's Changing; Selling/Talking Points; Anticipated FAQs.

Implementation

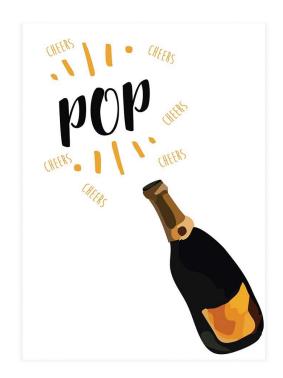
- Soft launch in TR on a slow weekend.
- Full launch in TR and online one week later during a huge release event.
- First club shipment with new format three months later.

Results: 9 Months In- What Has Happened So Far?



SUCCESS!

- New Club Signups
 - INCREASED 53% YoY
- Visitor Conversion to Club Signup
 - INCREASED 43% YoY
- Member Cancellation Rate
 - DECREASED 40% YoY
- Net New Members
 - INCREASED 572% to 457
 - On pace for 609, which is significantly higher than our goal of 250 and our estimated break-even point of 83.



Summary: Keys to Success



- 1. Product is Key
- 2. Differentiate
- 3. Simplify
- 4. Get Uncomfortable
- 5. Analyze the Data







Experience-Driven Club Conversion

Alta Colina—Some Context



- 2800 case estate winery in Paso Robles, CA
- Multi-generational business
- 95% DTC (65% club, 30% TR, 5% wholesale)
 *4 to 5 TR staff on the average Saturday
 *45 visitors per average Saturday
- Four tasting experiences available
- Club structure: 4, 6, or 12 bottles twice per year plus at least one optional release *Customizable, first access, discounts, flat-rate shipping
- Currently a wait list for membership (capped at 800 members in 2019)

Who Are Our Club Members?





- Average membership stats:
 *3.5 years or 7 shipments
 *Ave. shipment costs \$240
 *Ave. lifetime value \$2000
 *Attrition rate of 6.5%
- Staff incentives
 *Dollar bonus for sign ups
 *Bottles for hitting goals

How Can We Compete? HOSPITALITY!



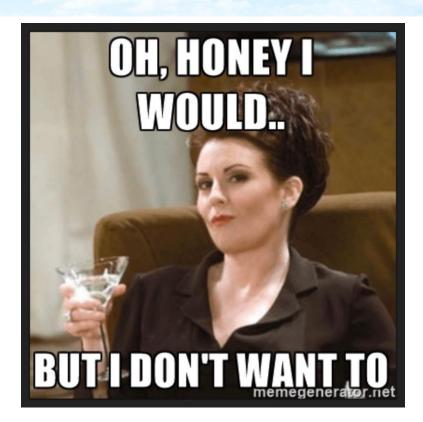


Photo source: socialtalent.com





Alta Colina tasting room

- \$20 fee, waived for members
- 23 visitors per day average (45/Sat)
- 12% conversion (this excludes existing members...12% of convertible guests)





Cellar Door Tasting

- Private, seated, by-reservation tasting
- \$30 fee, waived for members
- 16% conversion





Summit Vineyard Tasting

- \$45 fee, waived for members
- Even split between existing members and prospective members
- Guests skew Gen X and boomer
- 50+% conversion



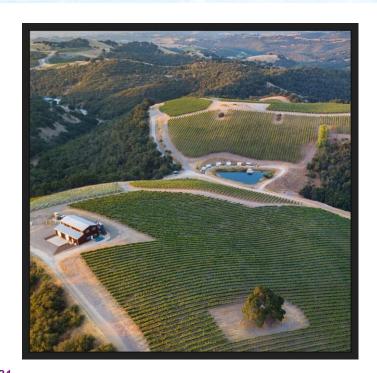
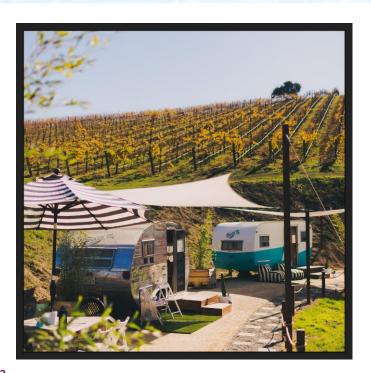




Photo credit: @californiatravelgal





Trailer Pond

- \$250/night, members get exclusive booking window
- 95% of Pond guests are not members
- Guests are 30-50 years old
- Bottle sales built in to weekend packages
- 20% conversion

Takeaways (as a small winery)...



- HOSPITALITY!
 - *Personal touches & empowered staff
- Work harder!
 - *Customizable shipments
 - *Preview vs. pickup parties
- Leverage what we have...
 - *Being small is an asset (personal connection)
 - *Be open to outside-the-box partnerships
 - *Get creative...the budget is always zero dollars
 - *Be realistic (sustainable and executable)