



**WITS**

WINE INDUSTRY  
**TECHNOLOGY**  
SYMPOSIUM

# Consumer Direct: Metrics Benchmarking Best Practices

July 16-17, 2009 Napa Valley Marriott



**WITS**

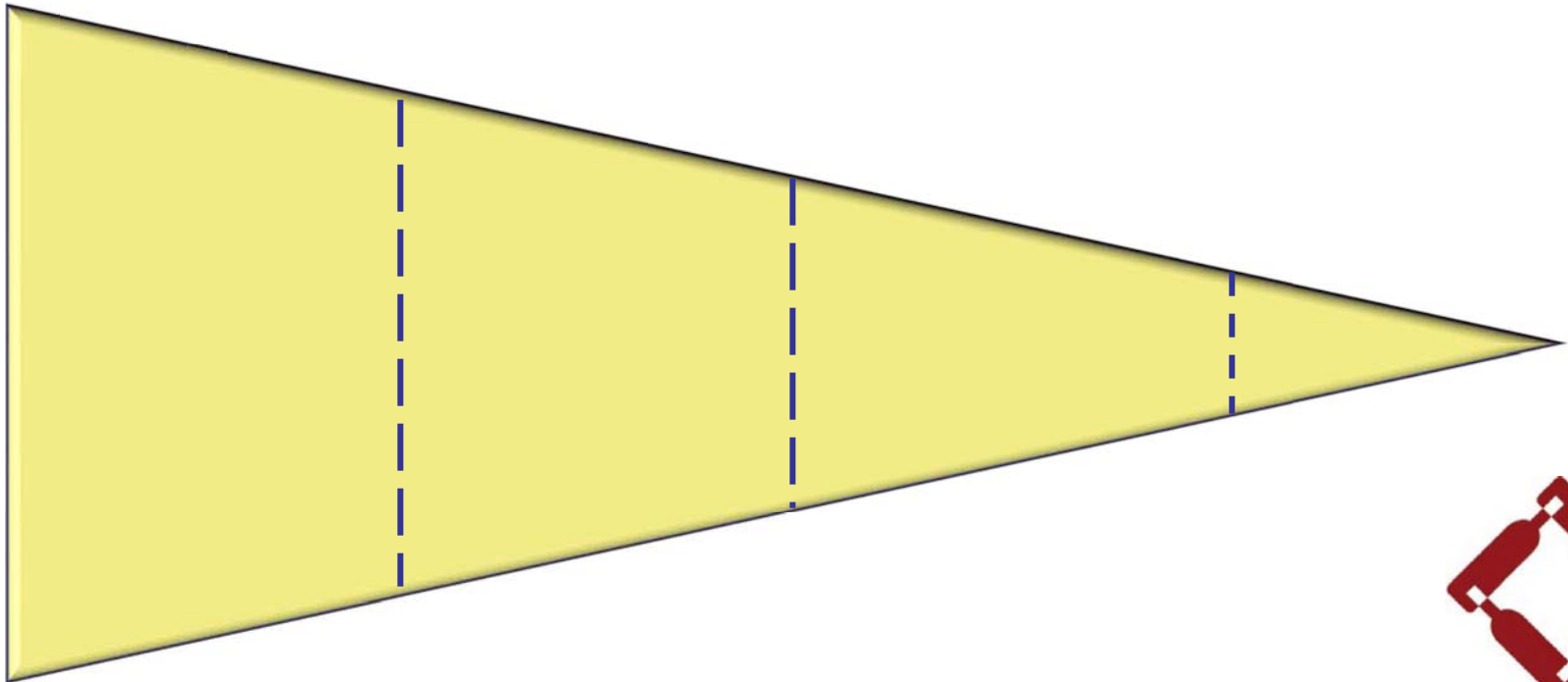
# You're going to need somebody to stand by you

Tammy Boatright

President, Synchronicity Consulting



# Customer Relationship Lifecycle



**WITS**

# Customer Relationship Lifecycle

AWARENESS



Jennifer Becker

Founder, Ensemble Marketing



# Customer Relationship Lifecycle

CONVERSION



Pamela Hiatt

Regional Direct Sales Manager, Jackson Family Wines



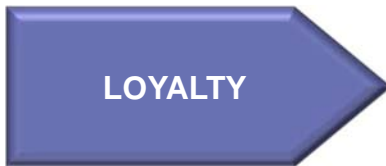
# Customer Relationship Lifecycle



Dan Michael  
Marketing Director, E & J Gallo



# Customer Relationship Lifecycle



Dan Michael  
Marketing Director, E & J Gallo



# Customer Life Cycle – Why should we care?

- Holistic approach to business
- Increase in loyalty –fans tell their friends
- Framework will help you uncover marketing opportunities





# Definitions – Business Specific

- Customer – Purchasers (should be further segmented)
- Prospects – They are aware but haven't purchased
- Define life cycle for your business
  - Does it begin with first purchase?
  - When is a customer 'dead' with the company?
  - Recency – last purchase 13+ months?
- Recency, Frequency, Monetary (RFM)



# Metrics – One Step On The Path To Success

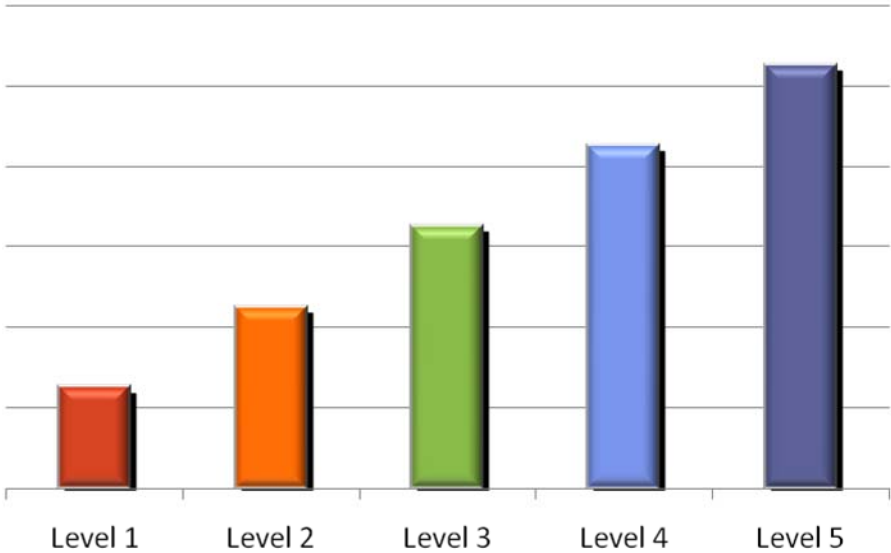


# Metrics

- Define them based on your business strategy
- Keep them consistent
- Measure what you can influence



# Where is your company?



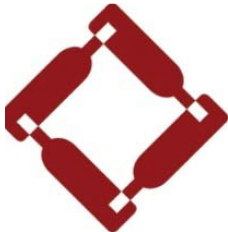
**Interested**

**Invested**

**Committed**

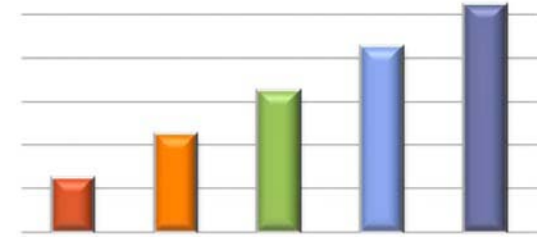
**Engaged**

**Embedded**



**WITS**

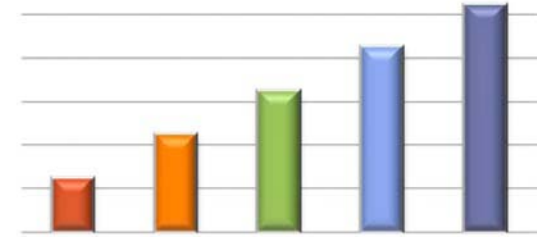
# Where is your company?



- Level 1 Interested** – Customer experience is important, but funding and upper level support is minimal
- Level 2 Invested** – Customer experience is important and initial programs are being put into place – but the effort is still not connected to the profitability of the company
- Level 3 Committed** – Customer experience is critical to the company and executives understand how it's connected to fundamental results
- Level 4 Engaged** – An excellent customer experience is a core part of the company's strategy and objectives
- Level 5 Embedded** – A positive customer experience along every touch point is part of the company's DNA, the essence of everything we do



**Where is your company?**



**Our goal is to move you to  
the next level**



# You will leave with...

- Better understanding of customer life cycle
- Where your business is on the continuum
- Examples of Metrics
- Ideas for marketing campaigns and activities to help you move customers to the next level
- Q&A at end of presentation



# Step 1

AWARENESS



Jennifer Becker  
Founder, Ensemble Marketing Group





# AWARENESS



## Definitions –

- knowledge of, understanding of, appreciation of, recognition of, attention to, perception of, consciousness of, acquaintance with, enlightenment with, sensibility to, realization of, familiarity with
- first stage in the process of learning about a new product, service, or idea

# AWARENESS

## Step 1 of the Customer Lifecycle

### Five Questions You Need To Answer

- 1 What are my sources of awareness?
- 2 What tools do I need to capture and analyze the information?
- 3 How do I know who my best customers are?
- 4 Which sources generate the best customers?
- 5 What actions should I be taking?



# AWARENESS

## What are my sources?

- Word of Mouth (WOM)
  - “Gatekeepers” (concierges, wait staff, limo drivers, other wineries)
  - Friends (club members, database, family)
- Events
- Ads (print, online)
- 3-tier distribution on- and off-premise
- Media coverage (articles, acclaim, mainstream blogs)
- Search Engine (Google, Yahoo)
- Social media (Yelp, Facebook, Twitter, etc.)



# AWARENESS

## What tools do I need?

- Customer database with source field
- Processes to ensure staff is capturing data
- Reporting tool – either within customer database or exported to Access, Excel



# AWARENESS

<b>SOURCE</b>	<b># GUESTS</b>	<b>12 MO SPEND</b>	<b>SPEND/GUEST</b>	<b>SOURCE COST</b>	<b>COST/GUEST</b>	<b>ROI*</b>
Ad 1	150	5,250	\$20	\$3,000	\$20	-13%
Ad 2	150	5,250	\$20	\$2,000	\$13	31%
Yahoo Wine Fest	3	1,500	\$500	\$1,500	\$500	-50%
Limo's R Us	120	4,800	\$40	\$600	\$5	300%
Good Neighbor Winery	180	8,100	\$45	\$600	\$3	575%
Search Engine	60	3,600	\$60	\$500	\$8	260%
<b>Unknown Source</b>	1000	40,000	\$40	N/A	N/A	N/A
<b>TOTAL</b>	1663	68,500	\$41	\$8,200		

\*assumes 50% margin



# AWARENESS

## Which sources bring my best customers?

- Create a customer record -  
    At point of sale or at time of appointment
- Ask customers how they were referred
- Capture source
- Analyze source quality – (answer the above question)



# AWARENESS

## What actions should I take?

- Word of Mouth (WOM)
  - “Gatekeepers” (concierges, wait staff, limo drivers, other wineries) & Friends Reward referrals
- Events
  - Increase or decrease focus depending on performance
- Ads
  - Continue or decrease spending by publication
  - Revise ad/offer
- Media coverage (articles, acclaim, blogs)
  - Track, increase or decrease PR efforts



# AWARENESS

## What actions should I take?

- Search Engine
  - Ensure your site is optimized for search engines in terms of key words, site structure
  - Determine pagerank – manually
  - Test pay per click ads - if appropriate for your brand
  
- Social media (Yelp, Facebook, Twitter, etc.)
  - Monitor what is being said, share with your team
    - Free: [Google.com/alerts](http://Google.com/alerts); [blogsearch.google.com](http://blogsearch.google.com); [search.twitter.com](http://search.twitter.com)
    - Paid: several options, including Brandseye
  - Get into the conversation as appropriate
  - Invest the needed time/resources





## Step 2:



Pamela Hiett

Regional Direct Sales Manager, Jackson Family Wines



# Customer Experience

## Definition(s)

- 1) The perception that customers have regarding their interactions with your organization
- 2) A set of interactions that consistently exceeds the needs of a customer

## Customer Experience Management

- 1) The discipline of increasing loyalty by exceeding customers' needs and expectations at every stage of their lifecycle



# Customer Experience

## Design & Manage the Customer Experience First

- Establish business goals
  - Increase revenues
  - Reduce costs
  - Gain competitive edge
  - Improve productivity
  - Build the brand



# Customer Experience

## The Four Elements of the Successful Customer Experience

- Consistent
- Intentional
- Differentiated
- Valuable



# Customer Experience

## Design & Manage the Customer Experience First

- Step 1

  - Understand the full customer lifecycle

  - Define Experience Priorities

  - Understand/Define Brand Values

  - Agree on Customer Touchpoints

  - Map Customer Experience at Touchpoints



# Customer Experience

## Design & Manage the Customer Experience First

- Step II
  - Identify poor experience areas and examine Cost Benefit at those points
  - Look for quick wins (non System/IT)
- Step III
  - Implement Improvements



# Conversion



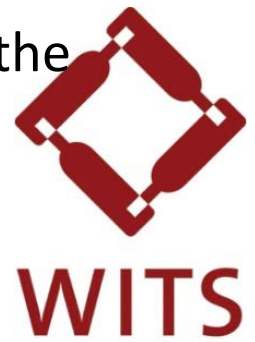
## Driving the Customer Experience/Conversion Effort The Four Principles of Creating Metrics

### 1 Connected

Focus on things with strong connections to overall company objectives

### 2 Actionable

Metrics at the lowest level of the organization have the highest actionability



# Conversion

## Driving the Customer Experience/Conversion Effort The Four Principles of Creating Metrics

### 3 Predictive

Emphasize actionable, connected metrics with strong cause and effect to objectives

### 4 Sustained

Setup the right environment to keep producing strong results

“Goldmines” vs. “Landmines”





# Conversion

## Measuring Success

### The Four Basic Metrics Everyone Should Track

#### 1 Average order value

- The pulse of the tasting room
- Establish a seasonally adjusted baseline
- Wine vs. non-wine

#### 2 Contact info conversion

#### 3 Club/Web conversion in the tasting

- Wine Club Signups
- Website visits that turn into sales

#### 4 Revenue per Case



## Step 3:



Dan Michael

Marketing Director, E&J Gallo



# Engagement

## Definition(s)

en-gage-ment (en-**geyj**-muhnt) *noun*

- 1) the act of engaging or state of being engaged
- 2) an appointment or arrangement
- 3) a betrothal
- 4) a pledge, obligation or agreement
- 5) an encounter, conflict or battle
- 6) a financial obligation
- 7) the period of time between proposal and marriage
- 8) **the tactics employed by effective direct marketers to transition consumers from adopters to loyal advocates of their brand**



# “Rules of Engagement”

- Understand the terms of your relationship
- Acknowledge their commitment
- Keep your promises
- Know what they like
- Surprise them
- Celebrate their anniversary
- Listen to them
- Keep your eye on the prize...Loyalty



# Acknowledgement



- Personal and timely
- Appropriate format for your brand
- Establish their preferences
- Validate their contact information
- Reinforce the benefits (and terms) of the relationship
- Communicate your privacy policy
- Drive to your website to setup their online profile
- Present a value added offer

**Metrics:** Return/Bounce Rate  
Open Rate and Click Thru  
Order Rate and Average Order Value  
Acquisition Cost (collateral, incentives, comps, discounts, onboarding)



# Shipment

- 1) Preparation
  - ✓ shipment logistics
  - ✓ manage declined credit cards
  - ✓ communications
- 2) Batching/Shipping
  - ✓ accurate processing
  - ✓ correct exceptions
- 3) Tracking Delivery
  - ✓ manage delivery attempts
  - ✓ minimize returns



# Shipment

- Leverage technology to facilitate delivery process
- Articulate your cancellation policy inside shipment window
- Develop a refund strategy for refused or returned shipments
- Weigh staffing needs against the business opportunity

Metrics: Successful Shipments (# delivered / total active members)

Average Delivery Time (from charge date to delivery)

Attrition (# of cancellations / active members at batch)

Reorder Rate (# of reorders/ successful shipments, average order value)

Website Traffic (% of members hitting site to update and order)

Composition (club mix, shipment v. pick-up, CA v. Out of State)

Shipping Gross Margin (shipping income – freight expense)



# Events

- Commit to an annual calendar
- Create a signature event
- Incorporate your brand essence
- Execute a marketing plan
- Incorporate direct mail and phone solicitation
- “Don’t forget who the party is for”



**Metrics:** Return guests v. new guests  
Event Sales and ROI  
New member conversion  
SWAT Analysis





# Other Touch Points

- Phone**
- Bi-annual sales campaign
  - Lead with a service call
  - Two tier value proposition

**Metrics:** Connect rate  
Order Rate / Wine Sales  
DNC responses and Cancellations



- Website** - Tactics to drive members to the website

- Personal info updates
- Educational information
- Web only special offers

**Metrics:** Member Traffic  
Club Web Sales



# Active Retention Strategies

## “Personal Touch” Programs

Make it timely and meaningful

Help them relive their winery experience

Send photos of their visits and handwritten notes from staff



## Acknowledge Milestones

Planned in the 12-18 month window

Send a token of appreciation or offer extra savings

## Conduct a Survey

Let them know you value their opinion

Ask the right questions and act on their feedback

**Metrics:** Tenure (# of transactions v. length of time in club)

Winery Visits

RFM (recency, frequency, monetary value)

Cancellation Reasons



## Step 4:



Dan Michael

Marketing Director, E&J Gallo



# What's in Our Toolbox?



## Database Segmentation

Map purchase history to identify their patterns

Define their preferences and look for clusters

Sort by RFM (recency, frequency, monetary value)

## CRM Activities

Create a dynamic customer view across channels

Use contact management tools for effective communications

Set reminders and notes to engage entire staff



# How do we get them to the next level...Loyalty?

## Differentiate Passive versus Active members

Passive = Accepting scheduled shipments but no other activity

➡ Engage them in a personal manner to develop “intimacy”

Active = Responding to special offers, attending events, visiting the website

➡ Leverage their preferences to deepen their “commitment”

## Identify Top Customers

- Establish RFM standards to define levels of activity
- Rank active members by defined criteria
- Reach out to them with a personal communication
- Acknowledge how important their business is to you
- Offer to host a special occasion event at your property



# What is their Reward?

## “Invitation Only” Events

Exclusive event access

“One-on-One” time with the winemaker

Opportunity to taste rare wines



## In Home Tastings

Dual retention / conversion strategy

Qualify the opportunity and define the objective

Provide some “edutainment” and takeaways

## Personal Attention

Concierge services

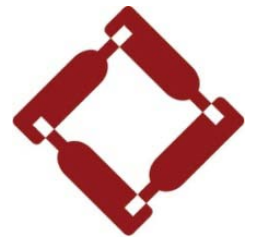
Personal /corporate gifting

Wine education and service support



**Questions?**

**Answers??**



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