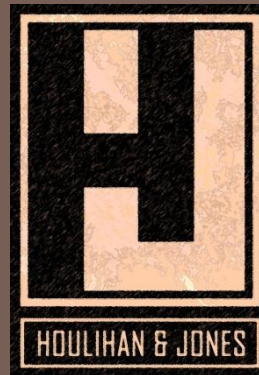


# 2011 DIRECT TO CONSUMER SYMPOSIUM PRESENTATION



By: Michael Houlihan

# Developing Sales Channels

- Acquisition by majors of all price points to control the shelf
- Price compression and discounting is eroding the higher price points and supplier margins
- Wineries are becoming more dependent on tasting room and club sales

# Tasting Rooms Have a Local Draw

---

- Compete with other tasting rooms
- Must be present to win
- Geographically dependent

# Clubs Have Taken a Hit Due to the Recession

---

- Members are less likely to renew "Automatic Charges"
- Increase in inactive members
- Limited live contact (web site is pretty much one way communication)

# Hand Selling Is Becoming Critical

- More than ever it's the quality of the wine and not the price that has to be sold in person
- Relationship building - buyers need to feel important, be recognized, and receive personalized attention
- Delivering product knowledge to the consumer
- Tasting rooms can provide this, but how can this be done in the national market?

# "Master the Art of an Ancient Form of Communication"

- Thousands of names and phone numbers (and even CC info) are in the clubs, and sales records
- What if they got called for a reason other than that their CC did not go through?
- Even if these clients stopped automatic purchases or buy less often, many can be recovered for incremental sales

# The Reality of Telephone Selling

According to Provino who is in the business;

- 100 calls are made for every 6 to 7 pick ups
- 10 pick ups result in 3 to 4 sales
- Sales average \$435.72 per sale and \$9.46 per call placed

# The Reality of Telephone Selling

<b>2010 Totals</b>						
<u>Total dollars</u>	<u>Bottles</u>	<u>Cases</u>	<u>Pallets</u>	<u>Avg bottle \$</u>	<u>Avg. case \$</u>	<u>Avg. pallet \$</u>
\$3,363,559.38	92,625	7,719	137.85	\$36.31	\$435.72	\$24,400.32
	<u>Sales</u>	<u>Bottles</u>	<u>Avg btl \$</u>	<u>\$ per dial</u>		
<b>2009</b>	\$487,765.61	11,793	\$40.60	\$5.08		
<b>2010</b>	\$3,363,559.38	92,625	\$36.31	\$9.26		



# The Realities of Call Center Management

---

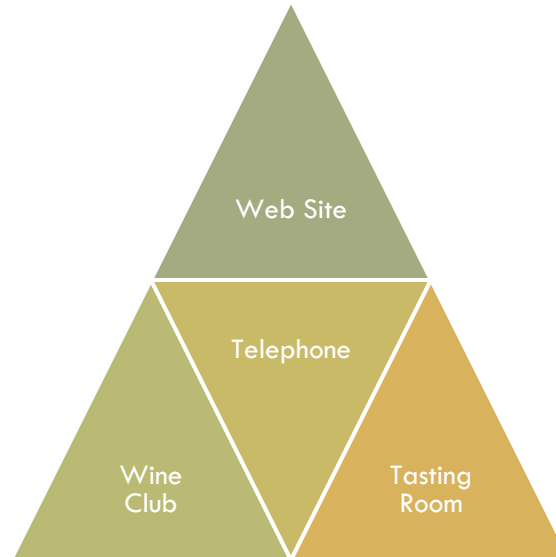
## Outsourcing Call Center or Doing It Inside?

- Maximizing the return on the call list
- Quality conversations
- Calling by 'the rules', the times, and the seasons
- Trained and dedicated personnel

# Hand Selling vs. Relationship Selling

- The days of using the conventional distribution channels to build brands is slowly dissipating
- The ability to develop a brand and build its reputation through stores and wine lists has become limited
- Wineries must embrace new alternative sales channels to build their brands
- Tasting rooms are very effective but limited geographically - telephone sales can maximize your client lists

# Telephone Selling – Key Part of DTC Strategy



## Working Together Collaboratively

- Building and strengthening personal relationships with consumers
- Control over what is offered, when, and at what price
- Growing customer loyalty by reaching customers who might never/infrequently shop in a traditional store.
- Communicate with the consumer, providing knowledge development.