CLUB RULES

WINE CLUBS ARE A GREAT WAY OF CREATING A STEADY INCOME. BUT WHAT'S THE KEY TO MAKING THEM WORK?

WORDS NICK CUGURA

When it comes to your database, you need a clear distinction between a wine club member and a mailing list member. Club members are committed to purchasing wine every year, mailing list members are not – but they are potential club members.

A wine club is the most profitable sales channel; there are no bad debts or overdue accounts. A lot of businesses are moving away from telemarketers because the commissions are too high and they don't provide personal relationships. Wineries are also moving away from sales reps because of high salaries and other costs. There is no reason why smaller wineries can't sell their entire production through cellar door and the wine club. These are my 10 tips for an effective wine club...

WHY MEMBERS JOIN

You should have a wine club mission statement and all staff should understand how it works. Promote the club as exclusive. Wine club members often sign up after they've had a great experience at your winery or a related event. They are seeking a relationship with you and many struggle to find the time to visit the local liquor store. There are three types of wine club members: Rusted On, Typical and Once Only. Rusted On members are prepared to stick with you through thick and thin, even though your relationship hasn't always been smooth. Typical members will stick with you for a few years provided you give them good service. Once Only members take advantage of the joining offer and then cancel their membership. Consider a rewards program similar to those offered by airlines and hardware stores. Keep it simple. The first order could be heavily discounted – so good that even you want to join.

PRICING

Base pricing on cellar door prices, including or excluding freight cost and credit card fees. Defraying those costs provides incentive to shop with you. Wine club members will pay more for reserve and icon wines, better customer service and worthwhile benefits. Wine club prices should not be less than retail prices; to avoid this, the wine club could be restricted to wines not sold to resellers. Consider introducing a new brand specifically for the club – you could have two different labels for the same wine. Avoid discounting if you are offering benefits such as free freight and no credit card fees.

MEMBERSHIP TIERS

Wine club membership tiers should be based on dollar commitment such as platinum, gold, silver or bronze. Give the club a name. Avoid having the same old benefits as every other winery – it's important to provide members with opportunities to invite and impress their friends. Get to know everyone on your database better. You should keep detailed profiles, including interests such as wine dinners, golf days, concerts and new release tastings. The Australian Bureau of Statistics states that men consume the most wine, prefer reds and pay the least per bottle. Women prefer whites and sparkling and will pay the most per bottle. Older consumers purchase more wine but at a lower average price than younger consumers, who drink less overall but pay more per bottle.

NEWSLETTERS

Consider sending bi-annually or quarterly. Mailing list and wine club newsletters may need to be different if you don't want existing wine club members to see incentives to join. Posting a printed copy may get more exposure as more than one person may read it. Always include a calendar of events in your newsletter. Current and historic newsletters should be on your website.

PROMOTION

Periodically provide mailing list members with a great offer to join the wine club. A mailing list member is more likely to join the club if contacted by phone. Record how much time went into converting a mailing list member to determine which method works best. Thank members whenever you meet them – after all, they have given you the gift of being allowed to charge their credit card periodically. There are numerous ways to promote your wine club, including social media (a must), shopping malls and at corporate tastings, but by far the best way is through cellar door. However, don't count on converting many mailing list members to the wine club. It's hard.

CELLAR DOOR

A physical cellar door is essential for signing up members. Staff should be rewarded for new signups dependant on the number of new club members each month. Be aware that 20 percent of visitors to cellar door join the wine club, and 70 percent of wine club members join at cellar door. Consider a members' lounge – preferably visible from the cellar door. Potential members will be wondering 'what's in it for me?' The room can be used for signing up a new member,

Give it a name. Don't be pushy. Let the wine club manager know that there is someone interested in knowing more about the wine club so that they can be taken to the lounge area or to the wine club members' room to discuss the benefits. Staff need to understand that the customer's experience at cellar door may determine whether they join.

WEBSITE

You shouldn't have to spend more than $5000 on a new website. It should be easy to navigate, with minimal clicks. 'Join now' buttons for both mailing list and wine club are essential. Include photos, videos and feedback from members who attend events so that those members who couldn't make it will perhaps attend next time. Mailing list members will join on your website but most wine club members will join at cellar door. You should phone wine club members who join via your website. The shopping cart should show how much the wine club member has saved or will save.

WHY MEMBERS LEAVE

They leave for various reasons including financial, no genuine benefits, they're overstocked or incorrect payment processing. Encourage them to skip months or remain on the mailing list, but let them opt out. This may create goodwill as opposed to definitely creating bad blood if the member is forced to keep paying for wine they don't want or can't afford.

TEAMWORK

The wine club should be a team effort involving the accountant, cellar door staff, restaurant staff, sales and marketing staff and management. Cellar door sales staff are the key. They need to have good people skills, be able to upsell, be able to explain how wines are made, know which varieties are grown and be knowledgeable about the winery history. Consider manager, ambassador or concierge badges. Avoid consultants. The wine club manager should have CRM experience,

excellent communication skills, and be thorough and persistent. Being a sommelier would be an advantage. Consider using mystery shoppers.

SOFTWARE

Consider accounting software that includes wine club management to remove errors and costs associated with multiple packages. Your software should include a sales report writer to identify what is and isn't working. The software should also allow members to modify their payment details on your website easily and quickly. ◆

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This is the first of a series of articles on wine clubs.