

OREGON WINE



PORTLAND

SYMPOSIUM

Best Practices for DTC Managers

Hallie Whyte, Director of Sales & Operations, Soter Vineyards

Carrie Kalscheuer, Director of Sales & Education, REX HILL/A to Z Wineworks



The Nation: by the numbers

WINERIES

US WINERIES	
1995	1,800
NOW	9,200

The Nation: by the numbers

WINERIES

US WINERIES	
1995	1,800
NOW	9,200

Up 80%

The Nation: by the numbers

WINERIES

US WINERIES	
1995	1,800
NOW	9,200

Up 80%

7

Number of wineries/wine companies that make up 70% of the total US wine production

The Nation: by the numbers

DISTRIBUTORS

US DISTRIBUTORS

1995	3,000
NOW	1,200

The Nation: by the numbers

DISTRIBUTORS

US DISTRIBUTORS	
1995	3,000
NOW	1,200

Down 150%

The Nation: by the numbers

DISTRIBUTORS

US DISTRIBUTORS

1995	3,000
NOW	1,200

Down 150%

3

Number of distributors that now control 50% of the total US wine market

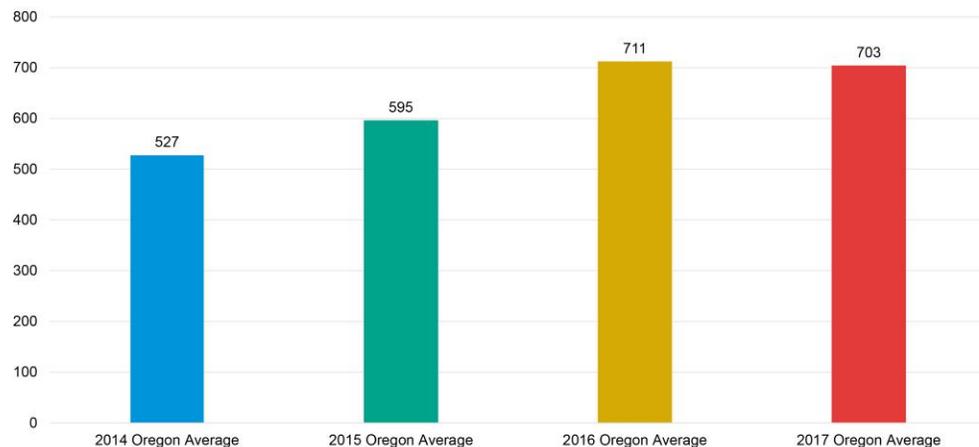
Oregon & the Local Market

OREGON WINERIES by the numbers...

- 81% - percentage of wineries producing less than 5k cases per year
- 57% - percentage of sales through the DTC channel
- 70% vs. 30% - margin differential DTC vs. Wholesale channels

Oregon & the Local Market

Oregon's Four Year Trend of Average Monthly Visitors per Winery

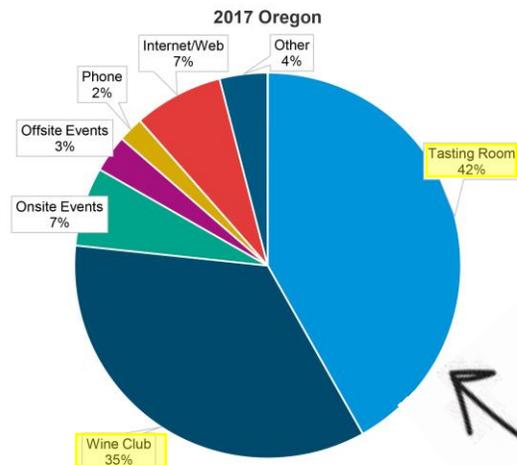
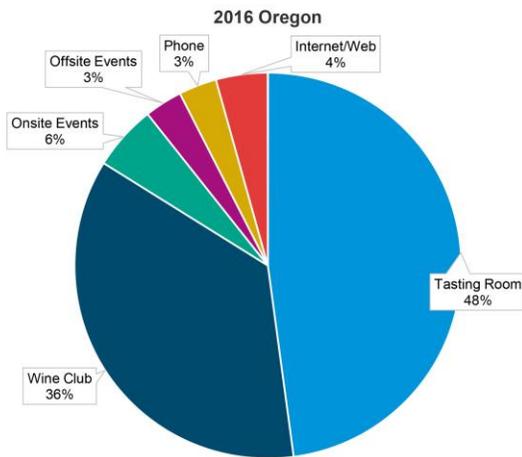


Silicon Valley Bank and 2018 Tasting Room Survey 17

- + 600 new wineries in 8 years
 - +75 new wineries a year on average
 - Total of 769 wineries now in Oregon
- 703 visitors per month/winery
 - +46 new visitors per year on average
 - But that's flattening out...

Your 703 Visitors by the Numbers

YoY Composition of DtC Sales: Oregon



- 90% of overall club sign ups are made through the tasting room
- Together, the tasting room and wine club channels make up 77% of the overall DTC profit center



Silicon Valley Bank and 2018 Tasting Room Survey

That's 50% of your winery's overall revenue
per year dependent upon foot traffic alone

and it's not your father's foot traffic...

The Times, They Are a'Changin'



“Even Moderate Alcohol Consumption Linked to Cancer”

**“Millennial
Generation
Making Healthier
Choices”**

“Even Moderate Alcohol Consumption Linked to Cancer”

**“Millennial
Generation
Making Healthier
Choices”**

“Even Moderate Alcohol Consumption Linked to Cancer”

**“An overwhelming 90% of Millennials
say brand authenticity is important”**

lor
sit
net,
etur
ng
lit.
ue

“Millennials Most Educated US Generation To Date, But Feel They are Poor”

do
sit
am
con

“Millennial Generation Making Healthier Choices”

“Even Moderate Alcohol Consumption Linked to Cancer”

orem ipsum dolor sit amet

etetur adipiscing elit

“An overwhelming 90% of Millennials say brand authenticity is important”

em ipsum dolor sit
et lacin

ibulum nisi i



OREGON WINE
SYMPOSIUM
PORTLAND

lor
sit
net,
tur
ng
lit.
ue

“Millennials Most Educated US Generation To Date, But Feel They are Poor”

do
sit
am
con

“Millennial Generation Making Healthier Choices”

“Even Moderate Alcohol Consumption Linked to Cancer”

orem ipsum dolor sit amet consectetur adipiscing elit

“An overwhelming 90% of Millennials say brand authenticity is important”

amet lacinia nisi portu

em ipsum dolor sit
et lacin

ibulum nisi i

“marked decline in regular wine consumption among people under 35...”



OREGON WINE
SYMPOSIUM
PORTLAND

lor sit
net,
tur
ng
lit.
ue

“Millennials Most Educated US Generation
To Date, But Feel T

modo sagittus eu in hac habitasse
do
sit
am
sed un
in hac habitasse

*“Millennials Favoring
Experience Over ‘Stuff’”*

“Millennial
Generation
Making Healthier
Choices”

orem ipsum dolor sit amet, consectetur adipiscing elit. Quis

“Even Moderate Alcohol Consumption Linked to Cancer”

amet lacinia nisi porttitor

**“An overwhelming 90% of Millennials
say brand authenticity is important”**

em ipsum dolor sit
et lacin

“marked decline in regular
wine consumption
among people under 35...”



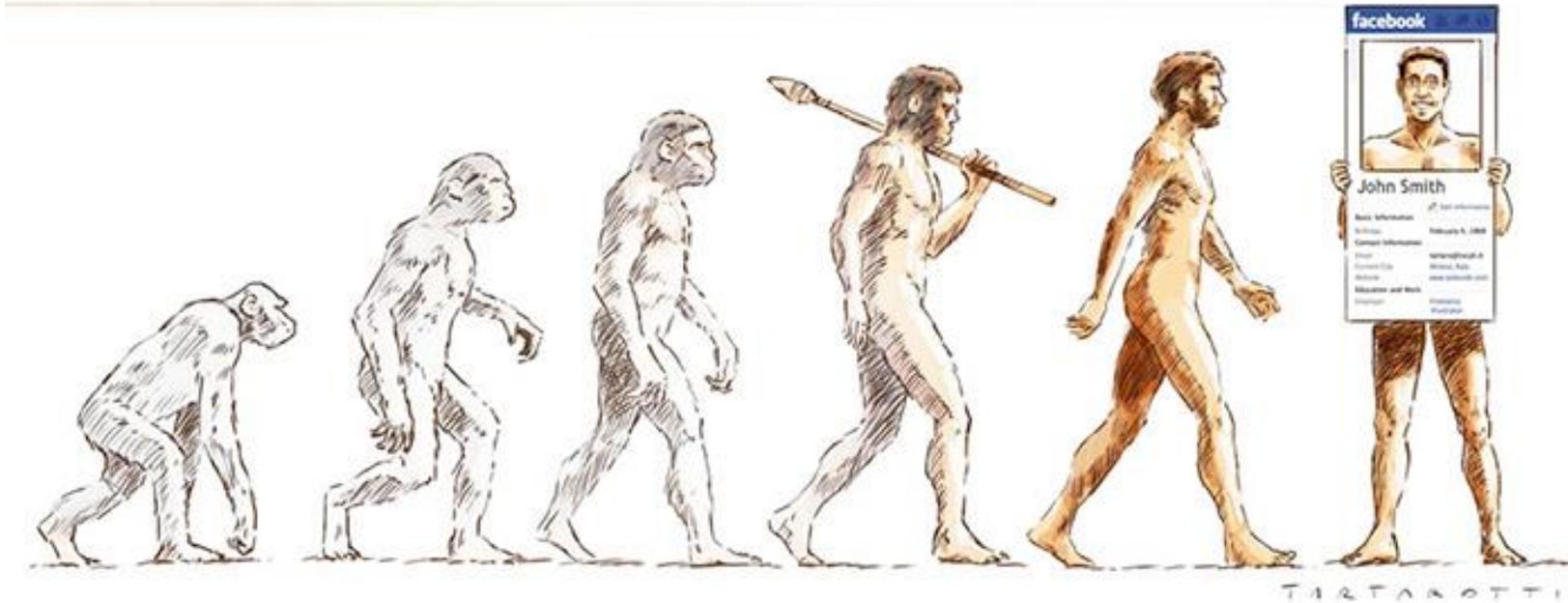
OREGON WINE
SYMPOSIUM
PORTLAND

“Millennials are growing up in a society where the largest retail store doesn't own any items (Amazon), the biggest transportation service doesn't own any vehicles (Uber), and the most popular hotel chain doesn't own any hotels (AirBnB)”

Miles Rote, January 8, 2019



We Need to Evolve



What's Working

- Overall visitation is up
- Overall Oregon DTC sales are up
- We have more club members than ever before and a healthy growth pattern overall
- We have a deep sense of collaboration

What's Not Working...

Q1 What has been your biggest challenge this year?

- “Attracting quality traffic to the tasting room”
- “Staying relevant amidst the increasing selection of wineries”
- “Getting people into the tasting room”
- “Trailing visitation to our tasting room”
- “Staffing”
- “Staffing”
- “Staffing”
- “Staffing”

The Culture Club: Creating a Lasting, Engaged Team in Today's Changing Market

(or ... now we solve all of the world's problems)

Creating the Team: The Rules of Attraction

What brings in the right candidates?

- PASSION FOR INDUSTRY
Have you effectively shared your passion?
- PRIDE OF POSITION
Are we all “just tasting room employees?”
- COMPETITIVE PAY
Student loans are a real thing, folks. Creative perks, benefits, retirement.
- OPPORTUNITIES FOR ADVANCEMENT
Create room for growth

Best Practices for DTC Hiring

- THINK OUTSIDE THE BOX
 - Are we all just posting to *Winejobs* and keeping our fingers crossed?
- HIRE SLOWER, FIRE FASTER
- HIRE THE PERSON, NOT THE POSITION
- THEY'RE INTERVIEWING YOU WHILE YOU'RE INTERVIEWING THEM
 - Does your job description convey excitement? Is your website compelling? Do they know what it will really be like to work for you?

Best Practices for DTC Training

- BECOME HOSPITALIANS
- TAKE THE TIME, MAKE THE TIME
- COMMUNICATE
- EMPOWER!
- USE THE PLATINUM RULE

Structure: Beyond Acidity, Tannin & Fruit

- **JOB DESCRIPTIONS:** Continually assess
- **TIME MANAGEMENT:** be clear about what is expected and when - and be flexible with all of it!
- **TEAM COLLABORATION:** competition has no place on the hospitality floor

Best Practices for DTC Team Retention

- PERKS

- Benefits, 401k, wine allowance, education – and more!

- INCENTIVES

- Keep people engaged even when goal isn't met - avoid the “all or nothing”. Be aware of tipping and consider creative titles.

- CHECK IN, take the temperature, then check again. And again.

What's the REAL COST of Losing an Employee?

- Cost of HIRING a new person
- Cost of ONBOARDING a new person
- Loss of PRODUCTIVITY
- Lost ENGAGEMENT
- Customer Service and ERRORS
- Basic TRAINING cost
- Cultural IMPACT

The Take Away

- Just making good wine isn't enough anymore
- There is a disconnect between your biggest profit center and the respect that position should command
- In these rapidly changing times, we must evolve or be left behind
- Wine is a luxury, one that is at risk of becoming irrelevant to our growing millennial population. Find ways to draw in, connect, engage.
- Your people are your keys to continuing success