

UNLOCKING THE SALES POWER OF YOUR CUSTOMER

Direct Marketing is your key to achieving more sales from customers, beyond the cellar door. It is a major tool for any successful winery but few understand it and even fewer use it to their best advantage.

This section is a 'boot camp' version of the key things you need to consider and do to successfully achieve sales from customers once they leave your cellar door. And if you don't have enough customer names or a cellar door, then read the practical tips on how to solve this problem further on in this section.

For many wineries there are limited opportunities to gain retail distribution, so direct sales at cellar door or at regional events is the only 'channel to market' available. However once a customer leaves the winery or the event they are gone, a once off sale never to be had again, unless they chance a visit to you in the future. But why wait for fate? Using a direct marketing approach you can take control of your sales by building relationships with these customers who have tasted and possibly bought your wine.

By communicating directly with them you can have your message seen and read away from the clutter of hundreds of other wine brands in the retail environment. You also bank the whole margin from the sale, as well as the WET tax.

Direct marketing gives you a better margin, but you also need to do some of the work.

If you've tried direct marketing and been disappointed in the results you might need to refine your approach. The following guidelines set out the basics to get you started on the road to direct marketing.

It can help to include a definition of what marketers mean by the term direct marketing:

"Any advertising activity which creates and exploits a direct relationship between you and your prospect or customer as an individual," Drayton Bird. (www.draytonbird.com)

The important part of direct marketing is the one-to-one aspect of the dialogue you have with your prospect or customer. And as with all dialogue, communication goes two ways - you say something and expect a response. In the case of direct marketing, you're after a specific measurable response.

There are 5 key parts to creating an effective direct marketing strategy.

1. Clarify your Communication Goal

The first key to unlocking the power of more sales is to start by thinking of an individual customer and the action you want them to take as a result of your communication. Note that action down. When you boil it down that action will fall into one of the following four categories:

1. To buy your wine now - a sale
2. To ask you for more information about your wines – starting the dialogue process
3. To convey something new about your wine – providing new information to move them towards a sale
4. To reinforce a current image/perception about your wine brand – brand building

These are your options in setting a goal for a direct marketing campaign, from the decisive action of buying now (1) to a shift of perception inside their minds (4). The more clarity you have in setting your goal, the better the odds of success.

2. Specify the Audience for your Communication

Once you know what response you want, the next question is “a response from whom?” This is called defining your target audience.

For example, from current customers on your list you could select: everyone on your mailing list; only those who have purchased in the last 12 months; or all those who attended a regional event and left their details in your visitors' book.

If you are going to speak directly to prospects and customers, it is presupposed that you have a way to identify the group. That is, you have their name and postal address (a mailing list) and possibly some purchase history (a database).

If you don't have names and addresses of prospects or customers, then the first part of your direct marketing activity is to collect this data. To find new customers to build up your list you could target those who attend an event and try your wine. Your goal is to capture their mailing details, so you need to give them a reason to hand over their details and permission to contact them.

Privacy laws govern the way consumer data is capture and used. To find out more check out the Australian Direct Marketing Association (ADMA) web site www.ADMA.com.au or National Privacy Principles (www.privacy.gov.au/publications/npps01.html) . You need to be aware of these when you undertake any type of direct marketing, especially if you use the customer list of another business (such as a bed and breakfast in your area).

Having determined the action that you want and from whom it is useful to consider how well the target group knows your wine. How big an 'ask' is it for them to take the action you want? The bigger the 'ask', the more your offer will need to motivate. If the 'ask' is too big you may need to refine your goal or expected results

3. Offer

Creating an offer to motivate the target group to the desired action requires thinking like a customer, not a winemaker. Stand in the prospect's shoes and consider their knowledge and the vast range of other wines have access to aside from yours. It is in this context you need to write to them with an offer that will ensure instant action.

Some tips on configuring a powerful offer:

- Don't assume. If you want people to order be upfront and ask them to order.
- Explain clearly why people should buy from you now!
- Don't bury the offer in a newsletter, make it stand out. A separate order form clearly indicates your expectations.
- Put a time limit on the offer, so that the reader can't put it aside to do later. You want them to act while they are reading the letter
- Write the offer in terms of benefits for the reader, not a list of the wine's features.

4. Making it Look Good - The Creative

The most commonly used medium for direct marketing is mail, while telephone, email and web are rapidly following. If you are just starting out in direct marketing, or have limited expertise, then experience says focus on mail as your main campaigning media.

In creating direct mail don't just think letter or newsletter, think direct mail pack. A classic direct mail pack consists of the following elements, each with its own task in the communication process.

- The outer envelope**
This creates the first impression – is this a bill, a special offer, or a personal invitation? The look and wording on the outer envelope set the scene for what's inside. Your logo on the outside, printed labels or hand written address are all creative elements that create a first impression. But whatever impression you choose, the task of the outer is to get the pack opened.
- The letter**
The role of the letter is that of a personal sales presentation to the reader. It should read as if had been written just to them. By tailoring the letter to suit each audience you write to your message becomes more relevant and hence a stronger motivator to action. The letter is the element that makes direct marketing personal.

❑ **The brochure, newsletters or enclosures (if used)**

These are the sales tools that enhance and strengthen your sales message, presented in the letter. Generally written in a company-to-audience style rather than the personal style of the letter, brochures are like a retail display place for your wines within the mail pack. Not every direct marketing communication requires this extra step to motivate customers to action. You need to think like your customer when putting a mail pack together. If you get the results you want with just a letter, you can reduce the cost of your mailing considerably.

❑ **The order form**

This is direct marketing's version of a 'closing' statement in face to face sales: it's your "call to action", so don't be afraid to ask for the action you want. Order forms need to make it easy for prospects or customers to reply. Make sure you provide clear instructions about what information is required, allow sufficient space to fill in details easily, restate the offer and ensure your return address is clear on the order form, in case the letter is misplaced.

❑ **Reply envelope**

This is another tool to make it easy for customers to reply, and alleviates the need to find an envelope and stamp. Its inclusion clearly signals that an action is required by the reader.

5. Pulling it all Together

In pulling a direct marketing campaign together, you need to consider your expected response, for the outlay of the mailing pack. There are no industry average response rates – it depends on what you are offering and to whom. The same offer to a list of your own regular buyers may yield in the range of 10-15%. However, to a list of names collected at a trade show, who have never bought from you, a 1% response would be an excellent result. Over time you need to develop your own bench marks from your own mailings.

As an example, let's say you have a list of 2000 customers you regularly write to and expect a 10% response (200 sales). If your sale price is \$200 per dozen you could anticipate a return of \$40,000 (200 orders x \$200) in sales from the campaign. If your mailing pack costs you \$5.00* per piece, you have spent \$10,000 (2000 names x \$5.00 per pack) to gain \$40,000 in sales. If the cost of wine including packing and freight is \$120/dozen, product costs are \$24,000 (\$120 x 200) and as such you can expect to make a \$6,000 profit (\$40,000 less \$10,000 less \$24,000).

* Example of costing an element in a direct mail pack

Mail Pack Costs

	COST
Order form	\$ 0.08
Letter	\$ 0.08
Brochure	\$ 3.20
Outer envelope	\$ 0.20
Reply Paid envelope	\$ 0.19
Postage	\$ 1.00
Insertion	\$ 0.25
Total	\$ 5.00

From this example you can work out expected response rates required to achieve the return you are looking for, given who you plan to mail to and what you are offering. Does it seem achievable? Maybe you need to tweak your campaign by:

- ❑ Reducing your mail pack cost – take out one of the elements
- ❑ Sell more wine per order – bundle pricing by offering a deal for buying 2 dozen and sharing it with friends
- ❑ Get a higher response rate – enhance the offer to make it more attractive

Direct marketing is about working the numbers, so the more names you have on your list and the more often you communicate the better the chances of getting customers to buy from you. Therefore building your mailing list/database is a key objective.

Build your Database/Mailing List

Building up your list of customers and people who have tasted but not yet purchased is a key strategy in achieving sales success. It may sound like a huge task, but by adding one small step into what you currently do, you can build a valuable asset for your business.

List down all the occasions where you meet potential customers: trade shows, regional events, winemakers dinners, etc. How many times do you capture names for your mailing list? If you are like most of the industry, probably not many! These opportunities represent a prime source of prospects for your database and it's as simple as having a form on hand to capture their details.

This should be your first direct marketing campaign: apply the principles above in setting a goal and creating an offer. Your media is your data capture form. Once you've got name and address information, add a reference code for the event at which the name was collected and the date. You now have some core data for a database.

Storing the details is the next step. If you're computer literate it could be as simple as an Excel spreadsheet, an Access database or one of the commercial database packages where you enter the data in-house. If you're not, or don't want the hassle, outsourcing is a great option and can include everything from data entry to reporting.

Once you have a customer on your list the strategy is to move them from a one-time visitor into a buyer, then a regular customer and finally a loyal advocate who recommends your wine to friends and family thus growing your list.

Like any form of communication, successful direct marketing comes from regular, relevant contact with your customers through personal offers. Above all, don't be afraid to talk to your customers!

Where to next?

The principles of direct marketing are easy to understand but require considerable attention to detail to work smoothly. If you plan to do it yourself but want to know more check out:

- ❑ ADMA website for course and reading material
- ❑ Australia Post for a great range of self help guides and seminars.

If the thought of sending the annual Christmas cards fills you with dread then you should consider outsourcing all or some of your direct marketing. In this case approach:

- ❑ Advertising agencies and some printers
- ❑ Marketing consultants
- ❑ Wineseller Database Services
- ❑ Australia Post, which has State-based specialists to point you in the direction of local experts
- ❑ ADMA Direct Marketing for a list of suppliers

Get Professional Advice & Training

Information for this section has been generously supplied by Wineseller Database Services (see Contributors Section for contact details).