

HITTING THE TARGET

Using data tools to reach the right markets

BY Tina Vierra

Winery sales managers and staff crunch data routinely — to look at new markets or review old ones and to map sales strategies. But data is a fickle worker; it can be incorrect, misleading, incomplete, or not detailed enough for a winery's needs.

Some wineries are turning to TradePulse for help collecting, cleaning, and sorting sales data, making it much more useful. Born Reiser Reports at Southern Wine & Spirits, TradePulse became part of the Winery Exchange (Novato, CA) in 1999. It provides sales, distribution, and inventory information services grounded in a solid understanding of the reporting methods of distributors and fine tuned to the needs of wineries.

Collecting data

TradePulse's data collection efforts are focused on distributors, and the company works with over 850 wholesalers, collecting data from each using an open format system geared for that wholesaler's reporting platform.

Wholesalers report their data to TradePulse, assured that the data will be clean, complete, and accurate when it is delivered to their winery clients. TradePulse saves the wholesalers the time and hassle of direct reporting to a number of client accounts by acting as a single-source warehouse of information. Wineries benefit from information that is timely, detailed, and easy to access and use.

Cleansing data

What are clean data? Scott Diehl, VP of corporate development for TradePulse, explains, "All wholesalers are going to have some similarities in how they collect and report data, but it's the differences we have to iron out in order to deliver 'clean data.' The system uses specialized 'fuzzy logic' technology

and account-matching algorithms to identify and remove duplicate retail accounts and inconsistencies."

Duplicates, overlaps, and address and naming problems in account data are flagged, captured, and moved to correct locations, all without changing the actual sales data reported. By the time the data reach the winery that purchases the reporting, they are organized and grouped in recognizable reports geared for winery use. Custom reporting is also available when a winery needs to view the data in a specific way for a particular purpose, such as introducing a new brand, managing distributor inventories of various products, or understanding retail account sales patterns.

Delivering data

A winery-customer purchases the basic TradePulse reporting system,



Four Cabernet Sauvignons from Stag's Leap Wine Cellars for sale at Bottle Barn (Santa Rosa, CA), an independent wine retailer.

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Cline Cellars (four Zinfandels shown above) has three brands and multiple pricing tiers of varietals to place into the right markets.

which is modular and can be expanded to fit a winery's needs. Cost to the winery varies and can be adjusted up or down, explains Diehl, based on a number of factors, including the winery's brand portfolio, number of SKUs, number of system-users at the winery, and number of wholesalers involved. Wineries can receive straightforward sales and depletions data, retail account routines, inventory management modules, and executive summary reports.

When implementing a new customer's systems, TradePulse gathers information on the winery's fiscal year and reporting periods, units of measure, sales team territory structure, and national account focus. These parameters are incorporated into the customer's system to ensure that it provides the right information to the right person.

Winery employee(s) assigned to assist with implementation of Trade-

Pulse become experts on the system, while TradePulse becomes expert in what the winery will need in its reports. At the end of implementation, the winery's entire sales force is trained to use the reporting system to obtain what they need. Sales staff can obtain their data on-line or off-line, on-demand or on a regular schedule, as they wish.

Cline Cellars (Sonoma, CA)

Once winery sales staff have good data, how they make use of it is the most vital issue. Larry Holman is VP of sales at Cline Cellars, with three brands to manage. The super-premium primary brand, Cline Cellars, has four tiers ranging in price from \$9/bottle to \$30/750 ml bottle for single-vineyard wines. Oakley is a premium wine brand (\$7 to \$8/bottle), and Jacuzzi, launching in 2006, will be a super-premium brand, blended along the lines of Italian super-Tuscan wines.

Holman has several hundred thousand cases of wine to sell. Where are his markets?

"For Cline Cellars, the most developed markets are colder climates in the northern U.S., where customers like big reds. Outside the U.S., which is 15% of our sales now, we're becoming a global brand selling Zinfandel (Cline's signature variety) as a 'native' U.S. wine."

Sweden is Cline's strongest foreign market, followed by Canada. In Europe, with shipping costs and VAT taxes figured in, high-end Zinfandels can fetch as much as second-growth Bordeaux.

Holman and his team are selling in a roughly equal mix of chain stores and independent and chain restaurants in the U.S. He wants to further develop grocery chains, but "in the *right* way — to the right selection of chains, with the right kind of growth." That's where TradePulse comes in. He uses TradePulse data, for instance, to help determine whether a certain grocery chain in Texas is a better fit for the \$10 Zin or the \$25 Zin.

Holman's sales team consists of seven winery-direct regional sales managers, four regional brokers on commission, and about 80 distributors. They switched to TradePulse for the ease of using one source for cleansed data from all distributors, plus web-based access to reports and paying one flat fee for all Cline users. Holman likes being able to print a report and head straight into a meeting.

"There are several other companies who do what TradePulse does, but not in the same way," Holman explains. "I've seen systems for half the cost of TradePulse, but the work you have to do to get at the data you really want isn't worth the savings. As an industry veteran, TradePulse has the background to understand the type of data and reporting we want. That's what we paid the extra cost to obtain."

Cline gets depletion data from all markets and retail account data from

about 60% of markets, which is information detailed all the way down to a particular sales rep, account, and store location for off-premise restaurant and chain sales.

"Distributors were totally cooperative when we switched to TradePulse," reports Holman. "Twenty years ago, maybe they didn't want to turn over all their data. But that was a generation ago, and they know there are no more secrets these days."

Before TradePulse, Holman would track sales by shipments going out the door. "But that just gives you an overall look at how you're doing. It didn't tell us exactly where all the wine went. Now, I can still look at that kind of summary by state or region, but then I can dig deeper, see a problem market, and dive in. I can find out that one chain is carrying a whole market and re-organize the market based on successes and failures."

Every classification of account is available to the sales team at any time. There are many ways to look at and crunch the data; any number of uses. A regional manager, working with a sales rep in a particular market, can dial all the way down to the rep's account and go into a meeting with history and current sales at his fingertips. Holman feels his team now really understands where the channels of business are for the winery.

Stag's Leap Wine Cellars (Napa, CA)

Stag's Leap Wine Cellars (SLWC) has two brands to market — Stag's Leap Wine Cellars, ranging from \$20 to \$150/bottle — and Hawk Crest — from \$12 to \$15 retail. At about 70,000 cases per year, the Stag's Leap brand is recognized worldwide and has a long-standing reputation as a high-quality wine. The SLWC sales strategy is focused on maintaining that high-quality market stance.

John Calmeyer, national sales director, has very focused ideas on where to place Stag's Leap Wine Cellars. "Primary markets for us are

fine dining restaurants and independent retail shops, with chains and club stores secondary," he emphasizes. "Outside of the U.S., Asia is increasingly important to us — we're selling wine in Japan, Hong Kong, Taiwan, Korea, and China. As always, we have good standing in Europe and England, but volumes are relatively small."

The sales team manages the brand's image through quality of distribution. Chain stores and restaurant chains account for only a small percentage of the Stag's Leap Wine Cellars sales. This strategy is the opposite of the type of volume business most distributors are accustomed to delivering for wineries, and accomplishing it requires close relationships between winery and distributors.

The SLWC sales team has three regional sales managers coordinating distributors and key accounts; Calmeyer and a brand manager are based at the winery. About 70 distributors handle the SLWC brands in all 50 states with importers in 20 countries.

As at Cline, sales tracking early on at SLWC was done by measuring outgoing shipments. Prior to signing on with TradePulse reporting, the winery didn't have data beyond shipping, and gathering useful information from distributors was difficult. It was a "patchwork quilt" of data, according to Calmeyer, since each distributor's report forms, account naming protocols, and calculations were done differently.

"Then, with a goal to manage distribution of our brand at the account level, we had to get better data," he recalls. "We signed on for account-level detailed reporting for all 50 states. We look at our brands by variety, distributor, and total volume by month. We compare those to sales goals and to the two-year history of the distributor. Then, from the monthly level, we can drill down to individual accounts."

The winery is pleased at what a great fit these detailed reports are for a brand that must be micro-managed for correct placement in the market. Calmeyer also gets "Hot Accounts" — a report on growing accounts — and "Lost Accounts," which shows accounts that are losing ground. The winery is constantly updating its system with TradePulse to add new target accounts to the reports.

"Overall, we can probably sell more wine than we produce today, so we have to allocate," says Calmeyer. "We want to allocate to very specific accounts, and we have the data to back up those allocation decisions. It's *so* much better to have hard data than old anecdotal information. We can achieve effective and efficient allocation. We can build our marketing plans from the ground up."

How can the winery manage such a complex and unusual distributor relationship?

"One very big reason to use TradePulse was to guide and help our distributors with very focused goals we had for them," explains Calmeyer. "We offer detailed instructions on brand placement through our business reviews. With so many brands on their books, distributors need this kind of very clear and manageable direction from their winery suppliers. They are very glad to have their own sales figures, via TradePulse, to help them reach our goals. We've been able to work really well together."

Calmeyer can go into a distributor meeting with the distributor's SLWC sales data in hand that helps everyone. "I don't beat anyone over the head with it — the data's not a weapon, but a tool for both of us. If we see that sales to chains in the region are creeping up above 20%, for instance, we can use the TradePulse Channel Distribution report to help us re-plot where to place the wine in that region."

Advice from sales managers

Sales, distribution, and inventory management information systems like

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TradePulse can be critical tools for today's wineries. They allow large wineries to grow efficiently, with a minimum of wasted effort, and give small wineries a great tool for expanding beyond local markets.

Depending on a winery's situation, sales tracking data like this can be used in many ways. If a mid-size to large winery wants significant growth, a good data reporting system is a good analytical tool, even at the general level.

In its broadest, simplest form, a winery can gather enough data, and a

matrix of better-performing distributors, to plot good growth. Wineries can look at markets and marketing investments. If there are markets showing high growth with a low investment of marketing dollars, you should mine those markets. If the reverse, you should look at why or whether your wine should be in that market.

For a small winery, sales data tracking is a great tool to expand beyond local markets. It can help you choose two or three new markets beyond your local sphere, work

your way in, and analyze how you are actually doing in the new markets — not just what you are shipping there.

Data *collection* can be made simple — for a price. Data *analysis* is up to each winery's sales team — whether the team has the experience and patience to analyze and use their sales data for effective marketing is the most important factor. In the end, it's not the tools — it is the people who use the tools that will determine the winery's success in the marketplace. ■