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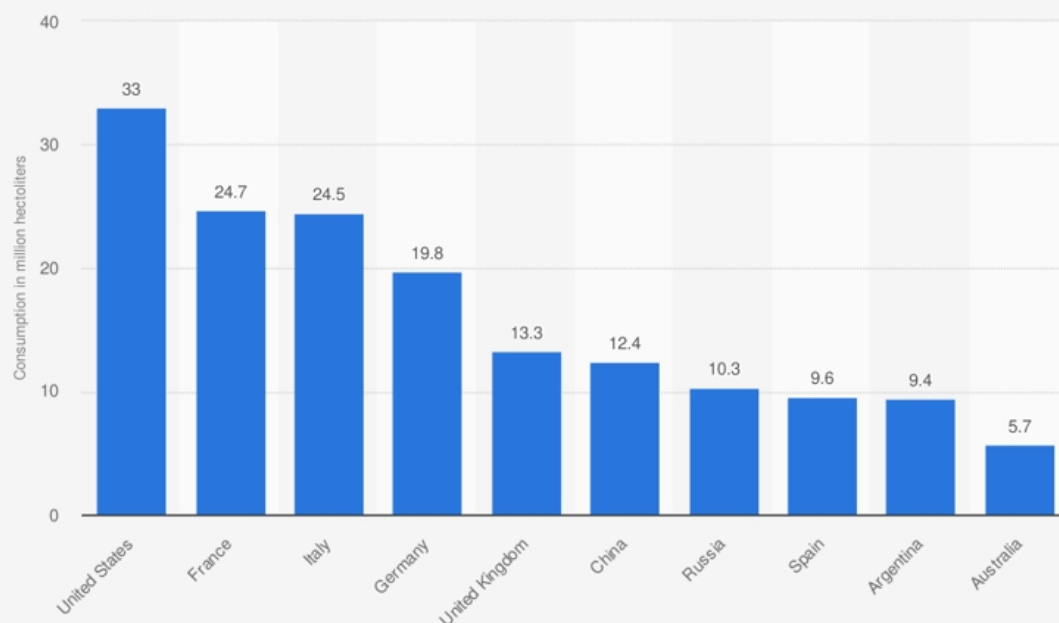
# **Wine Subscriptions: Attract, Engage, and Delight your Ecommerce Customers**

Increase recurring revenue and forecast  
inventory needs while delighting customers  
more than ever

osf.digital

If you are considering engaging your wine customers using an online subscription, now is the ideal time to set up your ecommerce wine sales into a top ecommerce site to delight customers and create recurring revenue. The United States consumes the largest volume of wine of any country worldwide<sup>1</sup>, and half of Americans have subscribed to a major subscription service in the last year.<sup>2</sup> Given The International Organization of Vine and Wine expected low world wine production volume in 2021, the gap in supply and demand offers a vintner like you the perfect opportunity to increase recurring revenue through online subscriptions.

### Wine consumption worldwide in 2020, by country (in million hectoliters)



**Sources**

OIV; Various sources (Trade Press); FAO  
© Statista 2021

**Additional Information:**

Worldwide; OIV; Various sources (Trade Press); FAO; 2020

<sup>1</sup> Statista, "Wine consumption worldwide in 2020, by country (in million hectoliters)" May 20, 2021 retrieved at <https://bit.ly/3zwsXdj>

<sup>2</sup> Statista, "Share of consumers who were subscribed to leading subscription services in the United States in 2021" May 12, 2021 retrieved at <https://bit.ly/32PZTKY>

The wine market is highly competitive due to the many global and domestic companies in various countries. As a continued expansion of digital retail, ecommerce increases to meet consumer demand, wine retailers are quickly adapting to transform their business model to create a top ecommerce website for wine subscriptions. The goal? To unlock the power of consumer-centric, data-driven growth, which analysts suggest is a \$1.7 to \$3 trillion opportunity across industries.<sup>3</sup>



While vintners have noticed major drop-offs in tasting room visits, increased competition, and sky-high consumer expectations since the pandemic, the ability to sell wine on your terms is well within reach. It all comes down to starting, managing, and growing your own direct-to-consumer wine business. Creating a successful wine club subscription can protect market share, develop sustainable long-term customer relationships—and be highly profitable. Research reveals that 70% of businesses believe that membership and subscription models are key to future commercial growth and expansion, even though few harness these fountains of opportunity.<sup>4</sup>

The wine market is projected to register a CAGR of 4.28% during the forecast period, 2021- 2026.<sup>5</sup> Wine ecommerce has become a more mainstream product in multiple markets. As an example, its user base has expanded from the 10 to 20% of engaged, discovery-oriented wine drinkers towards the 40 to 50% of the population. These are people who like wine and buy it regularly but aren't concerned with the finer cerebral details that might accompany it.<sup>6</sup> Wine.com topped ecommerce wine sales in the United States with a revenue of \$355M in 2020.<sup>7</sup> Domaine Chandon's innovations catapulted them as global leaders during the COVID downturn leveraging technology outside the industry to boost communication and sell wine subscriptions. The result? A 256% increase in the number of transactions.

<sup>3</sup> McKinsey & Co., "Sign up now: Creating Consumer—And Business—Value with Subscriptions" May 26, 2021, retrieved at <https://mck.co/3JldETB>

<sup>4</sup> Global Banking and Finance Review, "How to Make Money from Membership Economics™" retrieved at <https://bit.ly/334LAsO>

<sup>5</sup> Mordor Intelligence, "Wine Market-Growth, Trends, COVID-19 Impact, and Forecasts (2022-2027)" retrieved at <https://bit.ly/3412Qzt>

<sup>6</sup> Wine Intelligence, "Wine Ecommerce's Huge Opportunity in 2021," February 24, 2021, retrieved at <https://bit.ly/3A00VHw>

<sup>7</sup> Statista, "Top online stores in the wine and liquor segment in the U.S. in 2020, by ecommerce net sales (in million U.S. dollar)" 2020, retrieved at <https://bit.ly/3FYRfyR>

## E-commerce subscriptions generally fall into one of three categories

E-commerce subscriptions, %		Key consumer value	Description	Example companies
Subscribe for replenishment	32	Save time and money	Replenish the same or similar items  Primary categories are commodity items such as razors, vitamins	Amazon Subscribe & Save, Dollar Shave
Subscribe for curation	55	Be surprised by product variety	Receive a curated selection of different items, with varying levels of consumer decision making required  Primary categories are apparel, food, beauty products	Birchbox, Blue Apron and Stitch Fix
Subscribe for access	13	Gain exclusive access	Membership provides access and can convey additional "VIP" perks  Primary categories are apparel, food	JustFab, NatureBox and Thrive Market
100%				

**Source:** McKinsey & Company analysis

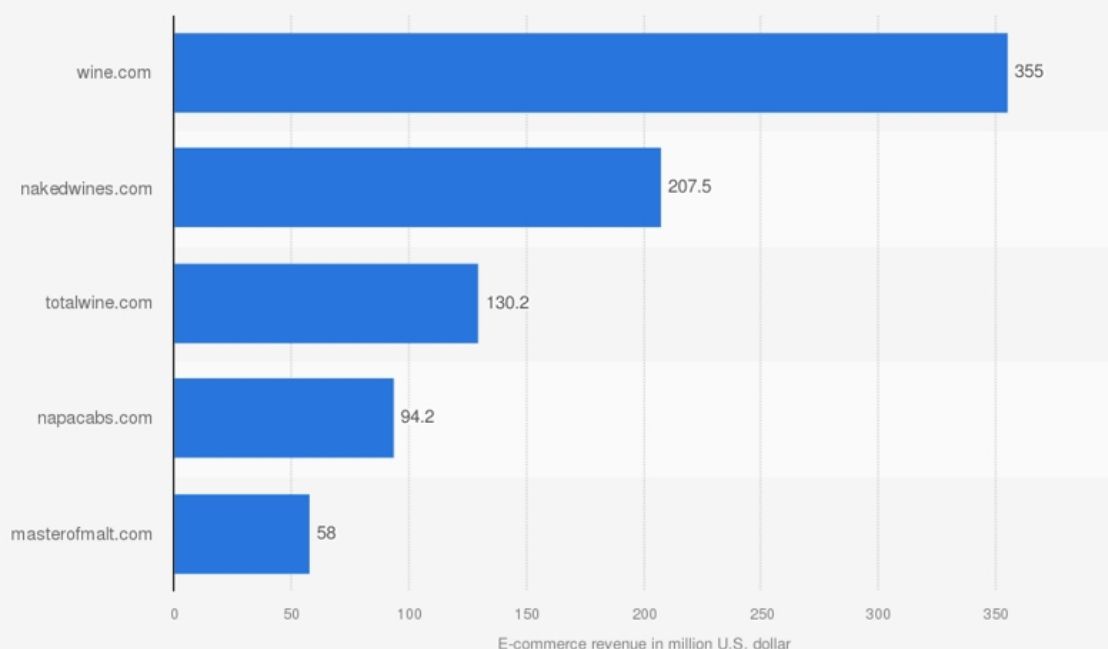
## Skyrocketing Subscription Services Help Grow Engagement

Online subscriptions are no longer limited to magazines, video streaming services, or meal deliveries. Many brands notice the amount of market adoption and pivoting for future success. Target, Birchbox, Naty AB, JRCigars, Lush, Ruby Love, and Newton Vineyards are just a few of the companies making their mark with a wide array of subscription services.

The COVID-19 pandemic accelerated the wide adoption of online marketplace subscription boxes.

Thanks to ecommerce growth, social media, and consumer comfort with paying for value over time, online subscription boxes are likely to grow in tandem with ecommerce trends.<sup>8</sup> At the heart of this type of club is personalization: the ability for a member to completely customize shipments to what type of product they want, when they want it.

### Top online stores in the Wine & liquor segment in the U.S. in 2020, by e-commerce net sales (in million U.S. dollar)



**Sources**  
ecommerceDB.com; Statista  
© Statista 2021

**Additional Information:**  
Statista; 2020

Among 16 focal markets examined by IWSR (Australia, Brazil, Canada, China, Colombia, France, Germany, Italy, Japan, Mexico, Netherlands, Nigeria, South Africa, Spain, the United Kingdom, and the United States), ecommerce value increased by about +12% in 2019, and then by almost +43% in 2020 during the height of the pandemic.

<sup>8</sup> WineBusiness.com, "Are Subscriptions the New Wine Clubs?" May 3, 2021, retrieved at <https://bit.ly/3zCMKba>

Looking ahead to 2025, ecommerce is projected to represent about 6% of all off-trade beverage alcohol volumes, compared to less than 2% in 2018.

The greatest forecast ecommerce value growth will come from the United States, thanks to average annual growth in the country of about +20%. As a result, the US will become the top global market for online alcohol beverage sales. China, which currently accounts for a third of total ecommerce value, is expected to expand less rapidly but still contribute substantial value.<sup>9</sup>



## Boosting Brand Advocacy with Wine Clubs

Consumers want a great end-to-end experience from online subscriptions. Most consumers only subscribe when automated purchasing gives them tangible benefits, such as lower costs on frequently purchased items, predictable delivery dates, or increased personalization.<sup>10</sup>

App-led online platforms appeal to modern wine buyers. Curation and a sense of exclusivity are both important factors in the success of today's wine clubs. Wine club members are the best brand advocates you can have. Twenty four percent of both curation and access subscribers, and 20% of replenishment subscribers cited word-of-mouth or online recommendation as their top decision-making factor.<sup>11</sup> So not only do wine clubs bring in a source of recurring revenue at a higher margin without a 'middle man', but they also increase a customer's total lifetime value. That's an important consideration for every professional business.

<sup>9</sup> IWSR, "Led by the US, beverage alcohol ecommerce value expected to grow +66% across key markets 2020-2025", retrieved at <https://bit.ly/32y0OGQ>

<sup>10</sup> McKinsey & Co., "What shoppers really want from personalized marketing" October 23, 2017, retrieved at <https://mck.co/3HBODaA>

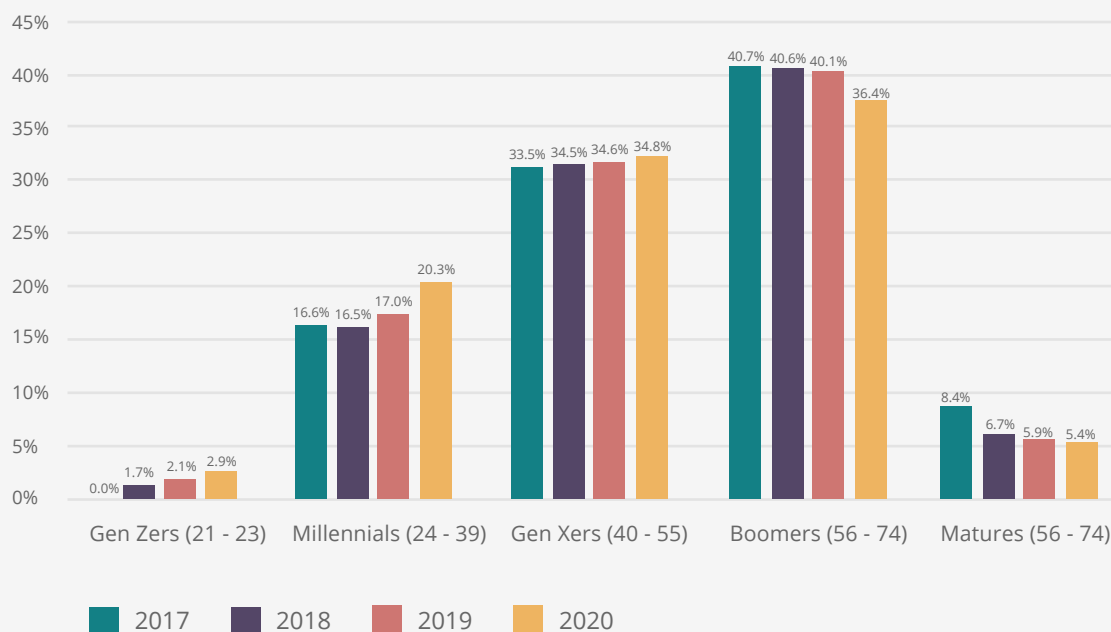
<sup>11</sup> Forbes, "The State of the Subscription Economy, 2018" March 4, 2018, retrieved at <https://bit.ly/3K78X5P>

## Modern and Evolving Wine Consumers

The State of the U.S. Wine Industry 2021 highlights a leverage worthy opportunity. Given that the average age of wine drinkers continues to increase, wine producers have neglected the growth opportunity to sell to younger consumers. This group of prospective customers have different values, are more health-conscious, have lower discretionary income and wealth, and are more ethnically diverse than previous generations.

The report suggests preparing for the future of ecommerce wine sales; wine producers should monitor how the wine buyer is evolving. Those paying attention to Gen Xers and Millennials have the chance to win big in the long term. Baby Boomers may still be the largest consumer group for wine, but all signs point to younger generations for future sales.<sup>12</sup>

### Wine consumption by cohort



**Source:** SVB Annual Winery Conditions Survey

<sup>12</sup> Silicon Valley Bank, "State of the U.S. Wine Industry 2021" retrieved at <https://bit.ly/33eMGCq>

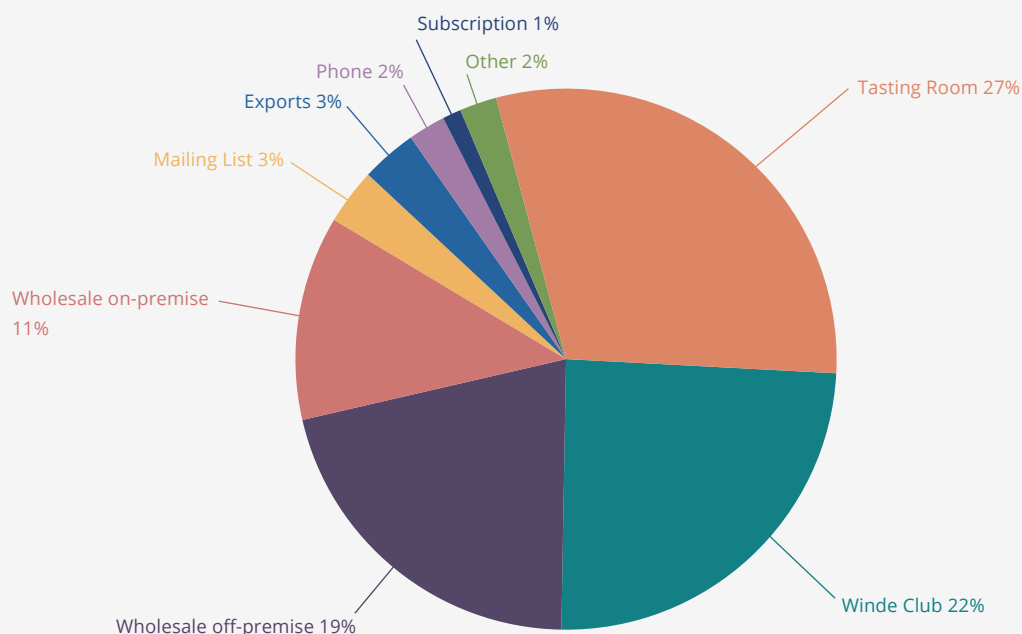


Your online experience is the key to attracting, converting, and nurturing wine customers in a subscription economy. Wine retailers can connect to evolving demographics by personalizing experiences using a customer's preferences and customizing the wine experience and online wine club promotions.

If your customers love Chardonnay, alert them about the latest Sauvignon Blanc or Pinot Grigio release. What starts in the tasting room can be an experience that evolves online. By collecting valuable information in your marketing, you can charm your customers in new ways that align their loyalty with your brand. But this only happens if you step up your game to reach modern wine consumers online.



## Wine consumption by cohort



Source: Silicon Valley Bank - Statistica 2021

Additional Information: United States, 2020



## Q&A on Reaching Modern Wine Consumers to Grow Loyalty

Wine club memberships have often been relegated to being known through word-of-mouth marketing. Customer engagement is key to building a wine club membership or online subscription when wine retailers create customer-centric, design-focus strategies.

### **Q. How do you attract today's wine club member?**

**A.** Attraction is about search engine optimization (SEO), pay per click (PPC), online, mobile, and social ads, online reservations, landing pages, remarketing, blog outreach, content marketing, and industry referrals. Today's wine club member wants visibility, credibility and variety.

### **Q. How do you engage with a modern wine club customer?**

**A.** Engagement requires nurturing emails, social media engagement, ecommerce optimization, and visiting a tasting room—in person or virtually. Engagement means providing the wine club consumer an experience they won't forget.

### **Q. What does delighting a wine club member mean?**

**A.** Today's wine club member wants consistent, personalized communication, customizable club subscription options, VIP perks, loyalty points, fast and inexpensive shipping, exclusive events, product offers, Facebook groups, referral programs, club perks, discounts, promotions, and events.

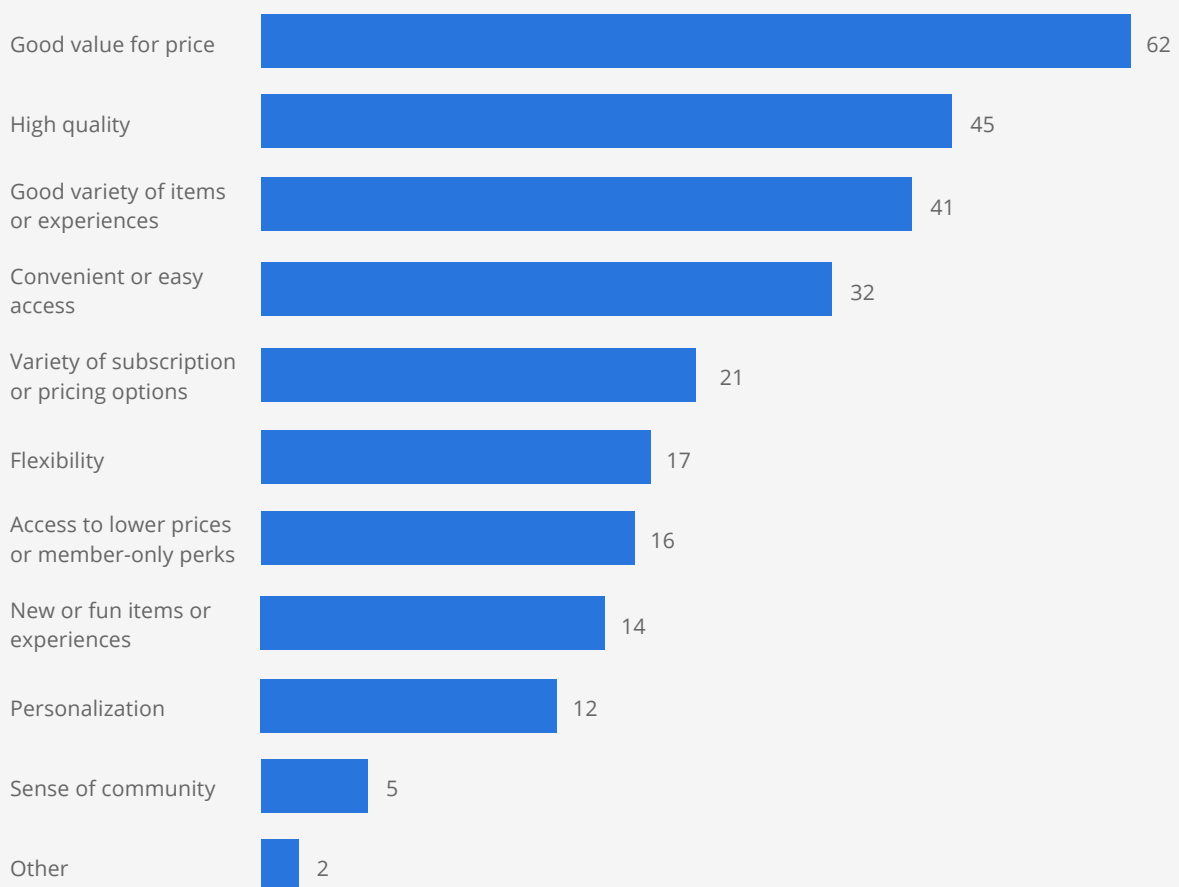


Yes, modern wine club members demand personalization—but they also want to be surprised and delighted. Don't skimp on the in-box experience. Wine club subscribers care if you use special tissue wrap, whimsical toppers, or velvet-textured shipping inserts. Make them feel pampered and special.

To make a top ecommerce website functional enough to deliver this type of engagement, you'll need a solid CRM and a fast and flexible online platform. It has to include a strong, fast, and intuitively easy to use UX to remove any obstacle that keeps a consumer from purchasing your product. Fail on any aspect, and that's a customer who will simply purchase their wine from your competitors. Make sure your technology provides a responsive experience that works without hesitation. Make it as silky and seamless as a fine glass of Sauvignon.

## Motivations for sign-up

% of subscribers, all subscription types, respondents entered up to 3 answers



Source: 2020 McKinsey Subscription Survey

# Top 4 Reasons Customers Love to Sign Up for Subscriptions

McKinsey & Company explains while consumers' definition of quality can be challenging to pin down with specificity, data identifying the elements retailers must deliver include consistent content and messaging in their marketing.

Top ecommerce platforms should focus on the main reasons customers love subscriptions:

## 1. Customers want value

Wine brands have taken notice of the amount of value they can offer customers. They provide exclusive content, member-only pricing, special discounts, and other membership perks.

## 2. Customers demand high quality

Wine club customers value the high quality of the products they purchase and they consider purchasing brands that are strongly associated with quality. Typically, they savor personal recommendations that emphasize quality. As such, wine retailers are well advised to identify and cultivate brand evangelists to raise awareness of their own offerings.

## 3. Customers want a variety of curated experiences

Curation subscriptions offer new products or highly personalized experiences, where direct-to-consumer - ecommerce wine subscriptions can make some traction. This leaves a lasting impression that customers love.

## 4. Customers are driven by convenience

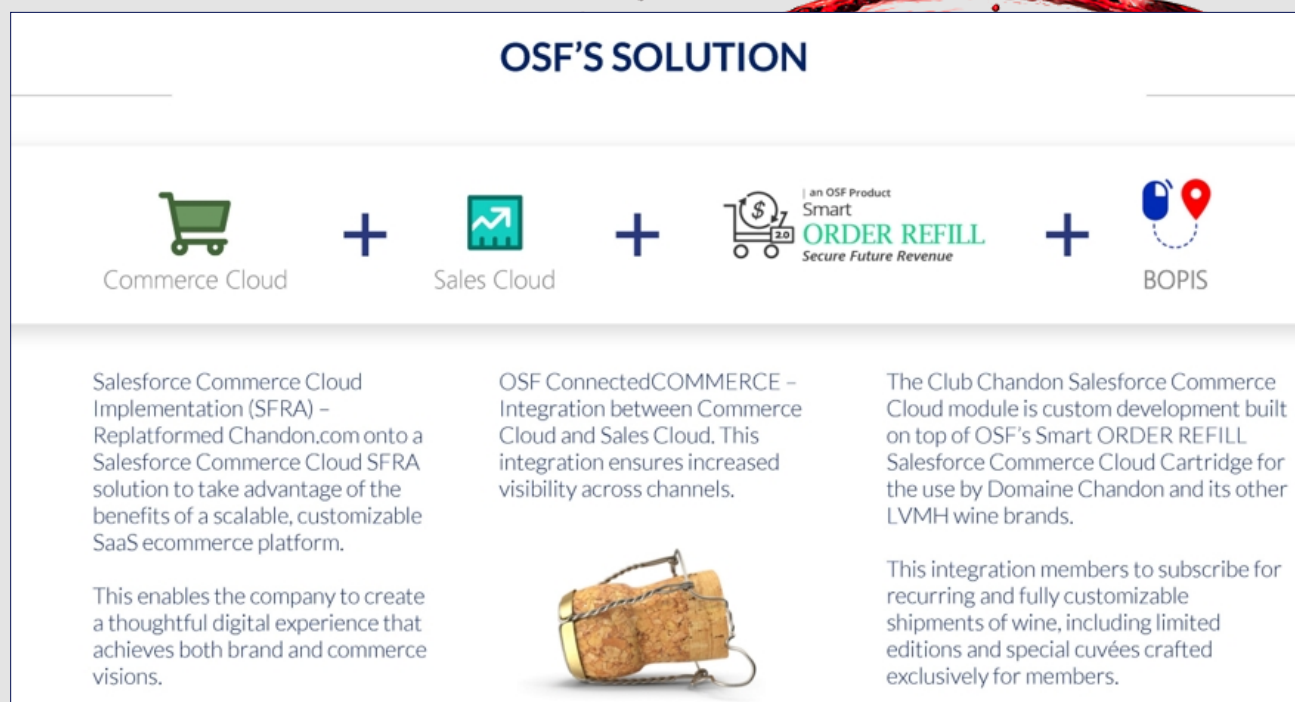
Wine subscriptions serve the purpose of providing consumers with the ease of having their regular replenishment needs met regularly. This direct-to-consumer approach allows buyers the convenience of purchasing their favorite wine at home. It also makes it easy, because there is an automatic replenishment component built-in. As a consumer, you never have the concern of running out of your favorite items. That's especially true of a luxury good like wines and spirits.

# Case Study: How Domaine Chandon Unlocked the Power of Memberships and Subscriptions



**Challenge:** Domaine Chandon, the first French-owned sparkling wine venture in North America, operated a WordPress site that couldn't scale with the brand's expectations of a high-performing website and lacked features to drive conversion. The company's absence of robust experience created churn among existing members, and the site required significant IT support, which did not allow business users to support their marketing goals quickly. The company needed a top ecommerce website to provide extensive, granular customer data to serve customers better. The SaaS-based ecommerce platform they chose gave them a personalized, customized customer journey to help the company manage inventory and profits, helping them make better business decisions.

*"At Domaine Chandon, we pride ourselves on delivering exclusive and immersive customer experiences in person, and we wanted to elevate our digital footprint so we could serve our customers the same personalized, high-touch experience when they visit our website or through Club Chandon",* says Alexandra Evans, Domaine Chandon DTC Digital Experience Manager.



**Solution:** OSF Digital completed a Salesforce Commerce Cloud Implementation (SFRA) to offer Domaine Chandon a scalable, customizable all-in-one ecommerce software enabling them to provide unique wine membership experiences through Club Chandon. This tailor-made development started with OSF's Smart ORDER REFILL Salesforce Commerce Cloud cartridge. It allows club members to subscribe for recurring and fully customizable wine shipments, including limited editions and special cuvees crafted exclusively for members.

**Benefits:** This development allowed Domaine Chandon continual opportunities to connect with and build lasting relationships with their valued customers. Providing a more immersive and engaging experience allowed the company to:

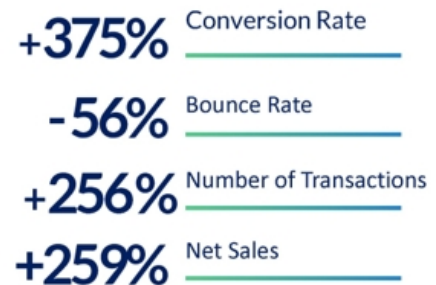
- Subscribe to regular shipments of exclusive wines
- Receive invitations to members-only events
- Receive first access to fully customizable shipments of pre-release wines, library wines, large format bottles, and limited release selections
- Access exclusive areas of the Domaine Chandon winery estate
- Enjoy special pricing to winery experiences

## RESULTS



The work OSF performed for Domaine Chandon improves the performance of the brand's ecommerce offering.

Club Chandon empowers the brand to provide exclusive elevated customer experiences, directly reflected in their online growth:



**Results:** The top wine ecommerce site created Club Chandon, which empowers the brand to provide exclusive elevated customer experiences, directly reflected in their online growth:

**+375% conversion rate**

**+259% net sales**

**+256% number of transactions**

**-56% bounce rate**

*"Thanks to OSF Digital's implementations, we modernized our platforms and are now able to not only connect with new customers but also enhance our existing relationships through personalized offerings, impeccable services, and, of course, our award-winning wines delivered right to customers' doorsteps", says Alexandra Evans, Domaine Chandon DTC Digital Experience Manager.*

## 5 Remarkable Reasons to Implement Your Wine Club Subscription Now

The easiest way to keep up with your customers' complex expectations is a subscription service; however, meeting the personalization needs of modern wine consumers will rise in complexity without a solid strategy to keep consumers engaged with your brand.

A wine club subscription service will create strong interactions with your brand, and commitment-based actions lead to long-term trust and lifetime loyalty. Here are the top five reasons to start a wine club subscription:

### Key figures

#### Wine Production

**260 hl** Global wine production

**Italy** Global leader in wine production

**Spain** Country with greatest vineyard surface area

#### Wine Trade

**8.74bn EUR** France's export value of wine

**20.8 m hl** Italy's export volume of wine

**United Kingdom** Global leader in wine imports

### 1. You can offer a delightful, personalized experience for your wine club customers

- Get creative with curated wine selections—it's not just what's in the box (or bottle) that makes an impression; it's the overall experience surrounding a wine club membership. Win your customer's admiration with a quality wine club subscription onboarding program to welcome them into your exclusive club.
- Offer subscription discounts or promotions—wine club customers care about saving time and money, with roughly a third of consumers using subscription services for replenishment-based favorites. Wine club subscriptions can save consumers time choosing wines, often with a better deal.



## 2. It's all about exclusivity

- Activate wine subscriptions that are visible only to selected customers. When you offer an outstanding end-to-end experience, your wine club customers are likely to spread the word. With an extensive network of VIP clients, you can leverage these customers as brand ambassadors to grow wine club membership online reviews.
- You may want to consider an onboarding program or access to a 'members only' portal. When you welcome new wine club subscribers, you can explain benefits, next steps, what to expect, collect basic data and introduce your Wine Club Manager, for instance.

## 3. Grow your wine club customer's retention

- The recurring nature of wine subscriptions makes customers come back to your online store—how are you increasing your club conversion rate?
- A few ways to build wine club retention includes building relationships and trust. Listen and understand your member's needs. Be flexible and offer options. Create experiences and treat VIPs well. Reward their loyalty and celebrate tenure as they stay with your wine club. Also, don't forget to promote rewarding referrals!

## 4. Bump up your wine club customer's lifetime value

- If wineries switch their focus to growing total customer lifetime value, the search for new wine club customers becomes far less important, and they can instead sell to wine connoisseurs who are more likely to buy and have larger order sizes.
- With wine club subscriptions, your customers pay more, last longer, and become highly valuable when you personalize communications well, offer exclusive content, information, and offerings, and ensure easy purchasing.

## 5. Forecast sales and revenue more accurately

- With the right ecommerce wine platform, you can get accurate analytics on future sales, helping you prepare and grow your business more effectively.

- Wine club subscriptions help you grow reliable revenue and automate the collection of subscription payments. A subscription billing software allows you to manage the operational side of your subscriptions and adjust when you want to have a freemium offer, free trials, one-off transaction, discount, refund, late fee, or renewals.



## 3 Crucial Considerations Before Launching Your Wine Subscription

The results are clear: wine club subscriptions will boost your growth and revenue. But what should you consider before launching?

**First:** Define your core objective. What ongoing objective are you helping your wine club subscriber achieve?

- ✓ Convenience
- ✓ Value
- ✓ Curation
- ✓ Education

**Second:** Set your wine club subscription structure and club tiers

- ✓ Number of bottles in a shipment
- ✓ Shipment recurrence
- ✓ Level of customer decision: customizable/ fixed shipments; fixed price/price range; is everything you have available in your store eligible for subscriptions?

**Third:** Choose your optimal implementation.

- ✓ One quick and easy way to tap into the wine subscription services market is to enhance your existing ecommerce system. If you are already using a robust system like Salesforce Commerce Cloud, consider a subscription cartridge to get you started on a path to growing consistent sales.

To personalize your wine club experience through email, your CRM system will need to support both mass and highly targeted email campaigns. Consider these types of action emails, or trigger emails related to your wine club members:

**New Club Membership**

Start onboarding your new wine club member with a welcome email and an offer or introductory combo of wine.

**Tasting Room Visit**

Share a photo or quick note of wine club members visiting your tasting room

**Cart Abandonment**

When performed thoughtfully and quickly, you can give a follow-up email to turn abandoned carts into conversions.

**Birthday/Subscription Anniversary** When your CRM keeps track of important dates, you can use them as an opportunity to treat wine club members like VIPs. Offer them a special discount or gift to celebrate any occasion.

**Expiring Credit Card**

Set up an automatic email that alerts your members 60, 30, or 10 days before their card expiration and cut down on phone calls and personnel time.



Additionally, if you want to create more thoughtful digital experiences with features, like the kind of transactional emails named above, subscriber management, merchant management, anticipate AI, out-of-stock management, inventory forecast, an automated retry of failed payments, reporting dashboard, and export placement times setup, or content scheduling, take into account [a packaged solution](#) to address your complexities.

## Conclusion

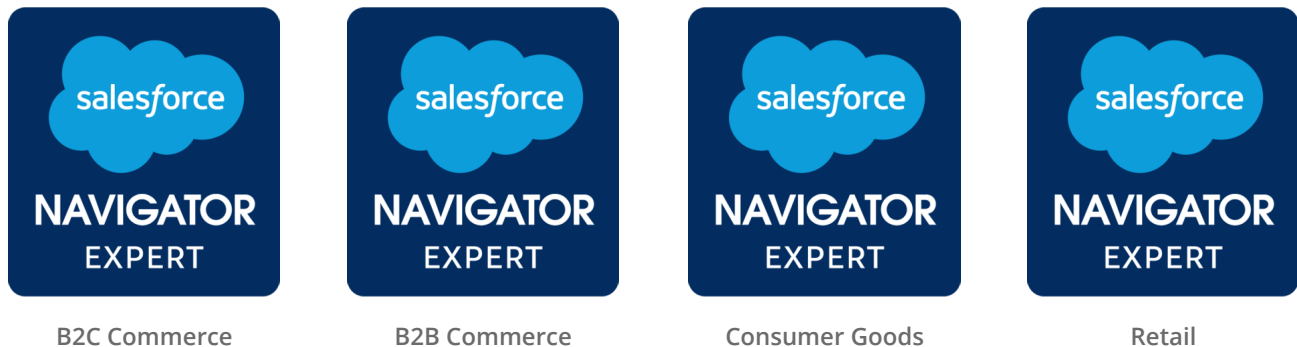
Wine club subscriptions help you build your brand advocates, which boost brand loyalty while you differentiate yourself by selling direct to consumers. When you attract potential wine club customers to your top ecommerce website and have them buy direct, you can deliver a digital winery experience explaining your story, vineyard, family, and packaging. You curate the full experience to connect directly with wine consumers to make them feel like part of your winery instead of just a wine drinker.

Gen X and Millennial wine buyers will soon eclipse the Baby Boomers, and those groups favor being part of the winery experience. This new generation of wine club members will expect your online store and wine club to extend your tasting room. Investing in the strategy and structure of your online presence will pave the way for growth and lasting customer relationships. Implementing a wine subscription can be done well with the right trusted ecommerce partner. Together, you can modernize your wine retailing business and plan for a sustainable future.



## Discover How OSF Digital Can Power Your Wine Club Subscriptions

You know wine— we know commerce, let's talk.



**OSF Digital is a top digital transformation specialist and leading global commerce solutions company that makes it easy to support your IT needs so you can focus on what you do best.**

OSF Digital is the only global partner to receive Salesforce Navigator Expert levels in four major ecommerce categories. Our proven commerce industry experience and expertise with all Salesforce Clouds allow us to quickly implement your Salesforce Commerce solution. We carefully adapt a solution to meet your needs and provide you with any support you require to accommodate future growth.

When working with OSF Digital, you can expect success as you've never experienced before. We stay true to our motto—Inspired by Technology, Driven by Success—and for more than 15 years, we have led brands to new levels of success in commerce technology. We are a Salesforce Platinum Partner and have extensive experience implementing Salesforce Commerce Cloud and delivering multi-cloud and omnichannel integrations, internationalization, and commerce optimization. We help wine vintners overcome challenges in our world's rapidly changing digital environment.

**Trusted System Integrator and  
Salesforce Platinum Partner**



## OSF Digital's Exclusive Solutions for Wine Vintners



Smart Order Refill offers your wine club membership the ability to set up subscription orders and manage them on their terms using OSF Digital's subscription cartridge for Salesforce Commerce Cloud. You can offer your wine club members the ability to secure a better deal if they commit to a subscription for the specified timeframe you've set. Your wine club subscribers can add a new product to an existing subscription and receive more products under one single subscription. You can even reward your wine club subscribers with discounts for repeated subscription purchases allowing you full control of the reward system by setting your own discount rules. You can search and manage all your wine club subscription orders using our reporting dashboard that allows you info on products, order status, and recurrence intervals.



**Want a wine subscription in just 3 weeks? Implement Quick Start Subscription Commerce** – a packaged solution that integrates your Salesforce Commerce Cloud. This solution combines Ordergroove's replenishment system allowing you to launch a wine subscription program in just three weeks. This solution allows you to develop a profitable recurring revenue stream, respond to customer demands, and offer an easy and time-saving option for your wine club customers to shop. You'll create loyal customers and boost your brand sentiment by offering your wine club members a way to save money through replenishment orders.



## Wine Executives Also Read

With the continuous growth and evolution of ecommerce, businesses are realizing that selling in isolation isn't the key to continued growth.

Thinking about firming up your online strategy and expanding into complementary marketplaces?

Here are some fundamental you need to know:

- Is an online marketplace the right choice for your business?
- Choose a marketplace that best suits your business.
- Is the marketplace you chose scalable and reliable?
- Online marketplaces will help you grow your customer base.
- Key considerations including revenue, risk, margins, and fees.
- How to launch your online marketplace.

**Get started now with this free white paper: "Marketplace Fundamentals: A Guide to Building & Running Online Marketplaces"**

DOWNLOAD WHITE PAPER →





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