

The Power of Independent

2022 Report



vinebase[®]

There's never been a better time to be an independent winery.

*This report is about unlocking the power
of independent wine.*

The Forward

The state of the Independent Marketplace

To independent wineries:

We built Vinebase to solve your biggest problem: how to grow. Every recent industry report has adamantly urged wineries to think about and invest in digital in order to grow. So adamantly that it begs the question: why hasn't it happened yet?

The answer is simple: you're an independent winery. Your business and budgets run on your cashflow, not corporate shareholders. Your time must be spent on the most urgent things on your to-do list... which usually isn't learning about SEO. You could become an ecommerce expert, but it'll take time away from the wine and the customers you do have.

We created Vinebase with a simple vision: really solve this problem. Our early days as a marketplace have blossomed into a wholistic approach to empowering you to grow. We published our manifesto as our commitment to creating a sustainable

platform focused on empowering you to grow.

Our approach is working. We are releasing new case studies all the time showing how wineries have grown using Vinebase and this next year for us is about leaning into what's working:

- Powering a holistic approach to growth
- Starting to unlock the unfair advantages of being independent, together
- Expanding the community of wineries we support

We created this report to mirror the insights and data the big guys have, translated to the realities of independent producers. This report is only possible because of the community we support - and for your continued trust, we thank you.

Cheers,

Rachel Woods

Co-Founder, CEO

The data shared in this report is made possible by the community of independent producers coming together.

We'll supplement insights with our collective decades of expertise across ecommerce, digital marketing, data analytics and selling wine.

The following pages act as a playbook for how to harness the full power of being independent in today's world.

Disclaimer

Recommendations and perspectives shared in this report are not to be taken as legal guidance. Please consult a lawyer for any questions on compliance or regulatory matters.

The power of a strong
foundation

A strong foundation starts with removing friction

Selling wine online is about both inspiring the purchase and minimizing friction. Most of this report focuses on inspiring the purchase whether through story or merchandizing, but all that work can be wasted if it's too difficult to buy from you.

“Buying independent shouldn’t feel like a disadvantage.”

Today, solid website and ecommerce functionality can be a commodity. The internet has been around long enough that any business should have access to web tools that work for them, not against them.

The frictionless ecommerce checklist:

Mobile friendly: 69% of people use their phones to look up products as part of their purchasing decision

Quality design: studies show that people are less likely to recommend a business if their website is of poor quality

Easy checkout: more than 20% of people abandon carts due to easily solvable checkout friction like slow sites, website errors and complicated processes

Accessible: 80% of people with disabilities have taken their business elsewhere due to poor website accessibility

Inspiring a purchase means owning your story

The best way to stand out as a small, independent winery is to focus on telling your story.

Your story is what makes you unique and authentic, and it's what will attract new customers. Ecommerce is a powerful surface for telling your story, and it scales far beyond the one-to-one interactions you can have in person as a small brand.

Even if you're not focused on your story, your customers are. From our platform data, **when customers are on a wine listing page, they are 5x more likely to go to the winery's page next than any other action**. This behavior is the same on winery's own websites: the story page is the 2nd most frequently visited page after the shop wines page. Further, there was no significant difference in this behavior between new visitors and repeat visitors or wine club members. New and existing customers alike care about your story.



Connect your story to what customers are looking for

Value-based shopping is on the rise. As an independent brand, you can uniquely connect with customers through shared values, which creates a sense of trust and authenticity that is near impossible to replicate by big brands.

Increasingly consumers (especially millennials and gen x-ers) are focused on supporting brands that align with their values. **Millennials are 4x more likely to shop with a brand that has strong values**, and over half of them prefer to buy from brands that align with their values. This trend is only going to continue to grow. Now is the time for brands to start aligning themselves with the values their customers care about. It's the right thing to do, and it's good for business.

Owning your values

5-10X

Consumers are 5-10x more likely to use value-based filters like Women Led and Organic than wine categories (eg. Rose) and regions (eg. Sonoma) when shopping.

30%

Our most popular tag is Women Led, which is used 30% more than the next most frequently used filter: price.

Wineries should reflect on what values live at the core of their brand, and find ways to express that in a digestible way to consumers.

Position your wine through pricing

Big wineries have dedicated teams for pricing analysis - independent brands typically don't. We've gathered the data to help you frame how to think about your pricing strategy.

You should think about pricing analysis in 3 categories - general market, independent producer market, and lookalike products.

- **Lookalike:** Most wineries have a good sense of lookalike products - it's what your neighbor sells their Sangiacomo Pinot Noir for down the road.
- **General market:** The general market is also pretty familiar - you know that 80%+ of wine purchased is below \$10.
- **Independent producer market:** knowledgeable (read: valuable) consumers are typically looking at your wine versus other independent wineries' wines for that type of wine.

From our data, we want to share important benchmarks for most common categories.



Independent Wine Pricing Benchmarks

CATEGORY	COMMON PRICE RANGE [1]	PRICE VARIABILITY [2]
Rosé	\$14 - \$34	Low price variability
Sparkling	\$17 - \$49	Medium price variability
Pinot Noir	\$23 - \$66	High price variability
Red Blend	\$16 - \$48	Medium price variability
Chardonnay	\$13 - \$49	Medium price variability
Cabernet Sauvignon	\$17 - \$75	High price variability
Riesling	\$13 - \$38	Low price variability
White Blend	\$14 - \$31	Low price variability
Sauvignon Blanc	\$15 - \$36	Medium price variability
Pinot Gris / Grigio	\$15 - \$28	Low price variability

[1] 68% of wines (1 standard deviation) fall in this range in our sample

[2] A scale to show how much price varies. Low was standard deviation less than 10, Medium was standard deviation less than 20, and High was standard deviations above 20.

The power of a customer journey
that builds relationships



Get into a new mindset: be the brand you want to buy from

You bought independent wine before you made it. You had no issue with a producer emailing you, and you were stoked to hear about their newest releases and offerings. Consumers want to connect with you, and they want you to want to connect with them.

Think like the independent wine consumer you are, and be the brand you'd want to buy from. Send that email about holiday wines while you think about what you'll serve for thanksgiving, and make sure your customers know about your bubbles when you're wondering what to pop on New Years.

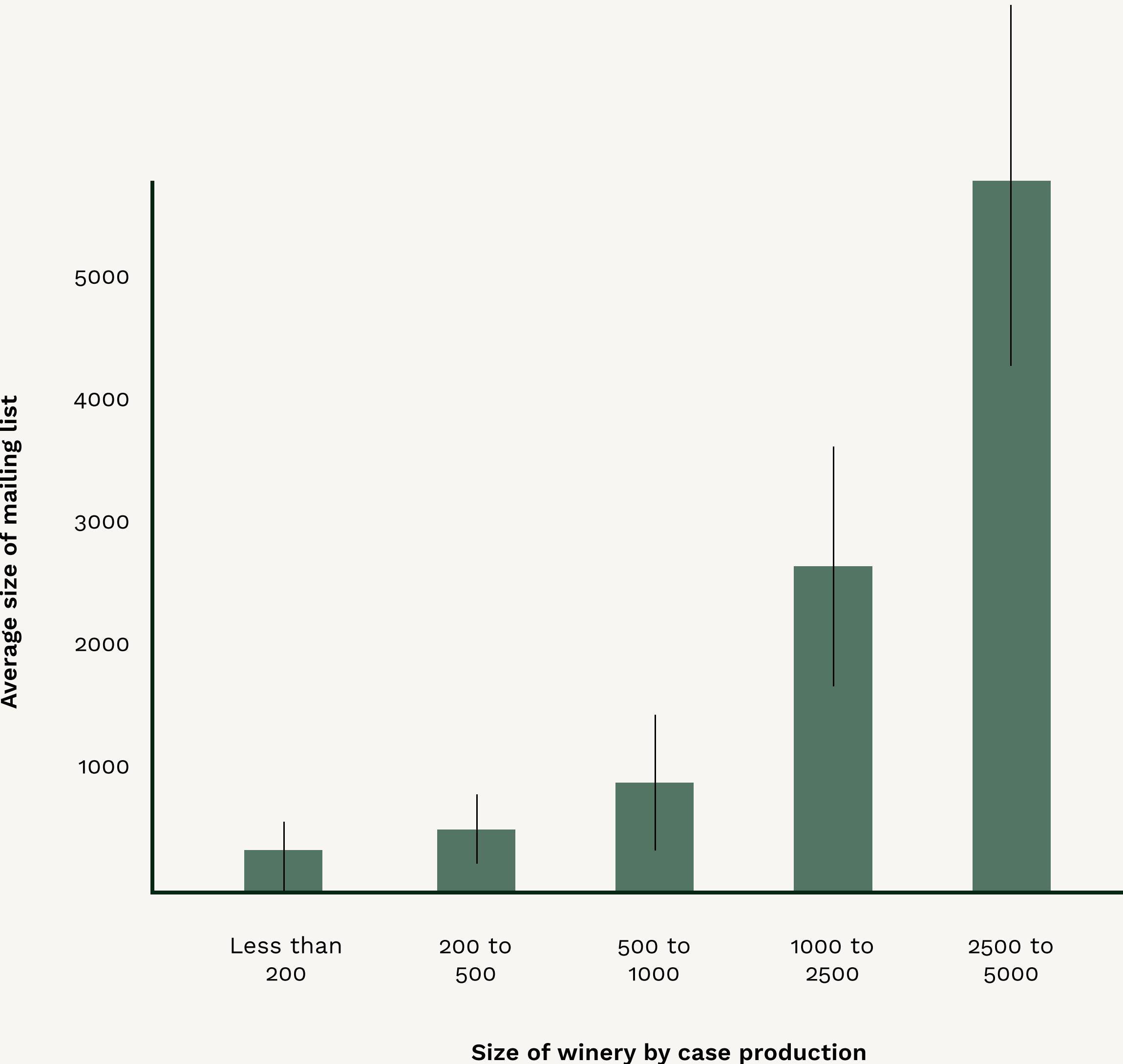
Follow up like you'd want to be followed up with, and be the real person you'd want to connect with.

Turn visitors into subscribers

If you're not already collecting and growing an email list, now is the time to start. Most wineries can get to a few hundred mailing list subscribers from family, friends and early supporters. A healthy mailing list goal is to have as many subscribers as the size of your production volume, but of course the more the better.

Ways to grow your mailing list:

- Sign up sheets at in-person events
- Mailing list sign up on website
- Marketing opt-in during checkout
- Social media giveaways - one winery saw 20% list growth from just one giveaway!



Motivate subscribers to become shoppers

Now that you've captured interest, it's time to work on converting that interest to shopping. This step is about matching your offer with their wants and needs. Think about the common wine buying triggers and work backwards to create compelling offers and marketing efforts. For example, most consumers have a "stock up mentality" when shopping for wine. Having a timely email in their inbox just as they're thinking - Oh it's summer and I'm low on rosé - can work wonders.

Reduce the decision threshold even further by simplifying the offer so it feels like it was meant for them. We've seen great success in using bundles for this purpose, highlighted below.

Bundles as a secret weapon

**8% decrease in
abandon cart**

due to lower decision fatigue
and objections from
expensive shipping

**18% increase in
average order value**

through encouraging larger
purchase quantities

**+ more opportunities
to be relevant**

by curating an experience to
match your customers'
evolving needs outside of new
wine releases

Remove objections that prevent Shoppers from becoming Buyers

To move customers from Shoppers to Buyers, you must continue motivating, while also building trust and removing possible objections they have in the process.

In 2022, expensive shipping costs are still the #1 objection people have to buying more wine directly from wineries.

What matters most is perceived cost. The proportion of shipping fees as a function of the total order are 10x more correlated to abandon cart than the shipping fee itself. This is a hard fact for producers with cheaper wines, meaning your customer is even more sensitive to expensive shipping.

From our data, orders with free shipping have industry-best abandon cart rates.



If simply offering free shipping isn't an option, look at increasing the price of your bottles to cover the cost.

83% of consumers would prefer to pay more per bottle to get free shipping, all else equal.

Make people obsessed with you, and they'll stick around

Congrats, someone made a purchase! Do you want them to come back? Make sure to nail the landing. They bought that wine because of the person behind it, and now is the time to solidify that human connection. An easy example: big wine and grocery stores can't send simple, genuine thank you notes with an order, but you can. Find ways to be authentic and build connection.

Nail your order confirmations

Emails sent right after a purchase get opened 95%+ of the time, and clicked 10-15% of the time.

Use the order confirmation to thank your customer for their purchase and share more about what defines your brand

Go physical

40% of people will share an “unboxing” photo on social media if it felt branded or unique.

Investing in premium packaging may not be feasible, but adding a handwritten thank you note can go even further.

And then talk to your inner circle more than once a year

For independent wineries, wine clubs are the epitome of your inner circle. These are the customers that are committed to supporting your business and are a major driver of your future success.

Wine clubs thrive when they are centered on furthering that relationship. Meet your customers where they're at in terms of how much they want to buy, how often they want to buy, etc. Stay focused on growing their long term advocacy and commitment to supporting your business.

Our data on customizable wine club shipments shows just that power. Give your customers flexibility in supporting your business, and they might surprise you - a lot.

Customizable wine clubs grow revenue

32%

Of members customize their shipment when given the option to

90%+

Of the time, the total shipment value increases. The average shipment increased 50% and many increased in the 200%+ range

The power of the independent
community

Be stronger, together[®]

Your customers are your customers. They aren't blind to other wine, and they don't only drink your wine. You can influence how often your customers buy your wine, but you can also influence the other wines your customers are exposed to.

On Vinebase, we're proud of the platform we've built with you all where nothing gets in the way of your customer purchasing your wine. After checkout, customers are primed to explore the broader independent wine community. We've barely scratched the surface here in our roadmap, but today we already have significant traffic to wineries' pages coming from people who've just completed a checkout - and that's starting to unlock the unfair advantages of being independent, together.

In the spirit of that unlock, we do have some logistical changes coming to the platform. We're so proud of our early days as just a marketplace, but the future of independent wine is holistic, and so going forward - so are we. Every winery on the platform adds to the strength of the platform, and we're committed to supporting wineries ecommerce in its entirety from here on out.