

## Summary from the Direct 2016 Panel: “How Alcohol Shippers Can Benefit from Lessons Learned in the eCommerce Subscription Space”

Panelists included:

- Evy Chu, Ecommerce Mgr., Blue Apron
- Sam Straka, Product Mgr., ShipCompliant
- Laila Subaie, Wine Club Mgr., Miner Family Winery
- Ariel Myers, VP of Sales, Recurly, Inc.

### Key lessons from why the subscription model is booming:

First: Curation and Personalization WOWS the customer.

- Subscription services are highly customizable; tailored boxes can meet the specific interests of the customer.
- They bring the element of discovery and surprise.
- They engage the senses through beautiful packaging and arrangement...
- ... but sampling the product in smaller batches prevents sensory overload.
- They are highly anticipated each month, and upon arrival is consumed quickly.
- They can include useful tools, such as surveys of likes and dislikes.

Second: Customer Relationship Management is key

- The length of time that a typical customer keeps a wine club membership is between 24 and 28 months, on average.
- 29% of all wine clubs have an average membership of less than 12 months.
- 59% of wine clubs have fewer than 500 members.
- In short: Customer Relationship Management is important for acquiring new customers...but mission critical for nurturing and retaining your existing client base and thus providing a more predictable revenue stream.

Finally: “Pricing to perform” is a critical factor in increasing value to your existing customers and reducing churn.

- The subscription services space is increasingly competitive.
- Discounting is the new norm; it’s no longer considered tacky to look for the best deal/ experience based on pricing.
- Consumers expect some sort of “deal”: a coupon, a promo code, or a shipping deal.
- Periodic price changes are needed to capture new value in packages, launch new products, run marketing promotions, and keep up with inflation.

**Bonus insight: Millennials are driving the market more and more.**

- Millennials, defined as 79 million Americans ages 21 to 38, drank 159.6 million cases, averaging 2 cases per person.
- Millennials drank 42% of all wine sold in US in 2015.
- Of Millennials who drink wine, more than 50 percent of them talk about it on Facebook, with more than a third using YouTube, Twitter and Instagram for wine-sharing purposes.
- For more on this topic, see our 2015 Direct paper on [Marketing to Millennials](#).