COMPLETING THE CUSTOMER JOURNEY
WITH DTC'S
FINAL MILE DELIVERY

What is Available & Why It Matters

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Shipping wine is very different from shipping other goods. Still, there has been plenty of innovation in this area...but those same innovations may, in the future, threaten to stunt the growth of the DTC wine channel.

DTC is the most profitable channel for wine sales, and wineries should be looking for ways to improve the “final mile” delivery experience.

There are many options when it comes to carriers for that final mile, and they vary quite a bit. Choosing one should be a decision made in light of all the information available, which we provide here, as well as consideration of your overall DTC strategy.
New Challenges Around Shipping Wine DTC

Shipping wine has always been something of a challenge.

Each state has its own laws and own licensing requirements, and even when those are met, one has to worry about shipping rates, protective packaging, weather holds, and more.

But in the past five years, a bigger, yet less-direct challenge has grown in the space. More and more, consumer expectations have been shaped (both directly and indirectly) by Amazon and similar companies. With innovations such as free two-day shipping, photos of delivered packages, and bundling options, these companies have set a higher bar. So, in the mind of the consumer, there is an attitude of “I want it today, and I want it delivered for free.”
There are many more differences, which we outline in greater detail in our article “Wine Shipping Challenges in The Age of Amazon.” Readers interested in the exact differences, and what they can do about them, are encouraged to visit that article on our website at www.copperpeaklogistics.com/blog.

There’s an additional twist on this story. Large brands like Whole Foods, Kroger, and Total Wine & More are jumping into the local delivery business by working with newer delivery companies such as Drizly, Drync, Minibar, Thirstie, Shipt, and more. It is now possible for a consumer to order a bottle of wine from a digital interface in the state in which they live, and then have a local courier service pick it up and deliver it locally. It can be argued that such services are creating new opportunities for stickiness with brands as a possible entry point, or a convenient, immediate gratification channel for consumers to get something right away to bring to a party.

On the front side, it looks like this is a viable channel for a winery to sell more wine (albeit through the 3-tier network, at a lower margin) and make the brand more accessible. On the other side, there is no current data to support this channel as a deterrent to DTC being shipped from the winery, as some may argue that consumers will substitute waiting longer for a specific estate wine with choosing an alternative wine that can be delivered much faster, and at a lesser cost.

The delivery experience may not be the same as when delivered from a winery, where the winery may use a specific type of packaging, add a monthly newsletter or tasting notes and/or even a personalized gift, all crafted for delivery. (N.B. These are the kinds of services Copper Peak specializes in.) But in the end, these delivery companies can be thought of as providing a type of “delivery experience”—and one that gets wine to the consumer very quickly.

All of this means that wineries that want to maintain and improve their DTC channel will have to do new things to grow. On a transaction-by-transaction basis, DTC is still more profitable than going through the traditional 3-tier network. But, unless wine brands find a way to keep up with demands for service and convenience in delivery (all while avoiding the temptation to cheapen their brand), their DTC channels could begin to dry up.

• Adult signature is needed at the time of delivery; wine shipments cannot be left “at the door”
• Wine bottles are almost always made of glass, so damage is a real concern
• Both the bottle and the wine in it are sensitive to the ambient temperature
• Returns are more complicated with wine than with other products
So What Can Enhance the DTC Wine Delivery Experience?

In the end, there are limited options for competing in this new landscape. But “limited” does not mean “none.” Smart brands will do what they can to make the final mile delivery experience a good and memorable one, thereby cementing customer loyalty and share of wallet.

When it comes to the final mile delivery experience, there are just two things you can control: The packaging/boxing/branding of your shipments, and the choice of carrier that will, ultimately, dictate what the final mile experience is like.

This first topic is covered extensively in our white paper “How to Heighten the Experience of Opening a Wine Shipment,” available on our website at www.copperpeaklogistics.com/category/white-paper. Readers interested in being more intentional about designing the unboxing experience for their brand should download that piece.

The second topic, choices of carrier, is covered in the rest of this white paper. We argue that the larger national carriers offer the most flexibility and coverage, though smaller specialty delivery companies are offering some very innovative types of services. Each carrier is different, so the decision of which to use needs to be made with full information, and in accordance with your DTC strategy and goals.
So what features do you need to look for in a carrier to create the best delivery experience possible for your DTC customers?

That depends on many things, including the geographic spread of your customers, shipping volume, licensing, and “premiumization” of your brand.
Here, then, are some questions you should think through to help you decide on the best solution:

- After researching all available options on carrier delivery, what type of experience does your consumer expect, and what might it cost?
- Are the consumer delivery experience choices embedded into your website at checkout? How are you setting up choices and expectations in the tasting room or at an event?
- How often does the carrier deliver, and at what times of day? Is weekend delivery possible, and what does it cost?
- What kind of delivery tracking do you want? What will your customers want?
- Will your customers want inside delivery and/or expect unboxing services?
- What happens to shipments if an adult is not present to sign for the package? Are there other delivery attempts, or is the package rerouted? What are rerouting and storage options like?
- Can the customer set appointments for delivery? What is the delivery window like?
- Will your products need temperature control? When and how much?
- Given the above, are you better served by a small specialty delivery service, a regional carrier, or a large national carrier?

In what follows, we outline some of the best options, answering some of these questions for both specialty delivery companies and larger national networks.
Large National Network Options

The larger national carriers have two big advantages: The ability to cover most of the United States, and well-established, integrated systems that allow tracking and visibility across that national network.

Combined, these attributes ensure solutions are consistent through time zones and across regions of the country. For these reasons, we recommend using these large national networks for DTC wine shipping if your customers are spread across the country.
Most people have heard of, and used, FedEx. The national carrier makes daily deliveries during the week, both via FedEx Ground and Express. Ground deliveries are “day definite,” meaning that delivery is guaranteed by end of the business day. Express deliveries are time definite, with specific “receive by” times available depending on the specific service. (Though note that some rural areas still might experience later delivery times.)

The FedEx Ground Network has two divisions and thus two different delivery experiences. FedEx Commercial Ground delivers Monday through Friday to businesses as late as 6:30 p.m., with a day definite delivery guarantee. FedEx Home Delivery, another division of the FedEx Ground Network, delivers Monday through Saturday and once again with a day definite delivery guarantee.

Packages shipped via FedEx Home Delivery are eligible for Saturday delivery, at no extra charge. FedEx Home Delivery also offers evening deliveries and delivery-by-appointment; however, there are additional surcharges for these specific delivery experiences. FedEx Express offers a Saturday Express delivery, where available, but once again there would be an additional surcharge for this type of delivery experience.

For temperature-sensitive wine shipments, FedEx offers the wine industry their “Cold Chain” Temperature Control Shipping solution, now in its tenth year, which provides temperature-controlled transportation from the winery/fulfillment center to the airport hub nearest the recipient. The final mile delivery occurs via the FedEx Express Priority Overnight network, with most deliveries typically accomplished by 10:30 a.m.

If an adult is not present to sign for a wine delivery, FedEx will not leave it as it might other packages. With Ground Network deliver-
ies, FedEx will leave a door tag and attempt redelivery up to two more times before returning the package to their hub. If all those attempts fail, FedEx Ground will hold packages for customer pickup for up to 10 days prior to returning the shipment to the sender. FedEx Express will hold the shipment for 3 days prior to returning to the sender. Shipments processed using the FedEx Hold at Location option will be held for 7 business days before returning to shipper.

**In certain markets, FedEx Express Services has adopted an Automatic Re-Direct to Hold model.** Express shipments that experience a first-delivery-attempt failure will automatically route the shipment to the Hold at Location center nearest the original delivery location. (typically within 5 miles). It is important for customers to read the door tag to understand where to go to sign for their item—or, the consumer can call the phone number listed on their door tag and have FedEx re-deliver the package to the original residential address on the following day. Automatic Re-Direct to Hold is currently available in higher density markets.

**We have learned, and it is important to note, that for these automatic Re-Direct to Hold shipments, the tracking might indicate that a package has been delivered, yet the item is actually being held at the nearest FedEx-approved location.**

Of course, customers have always had the option to have FedEx hold items for convenient pickup via their hold-at-location (HAL) services, which provides the option of having packages held at over 12,500 locations nationwide, including FedEx Offices and other convenient third-party locations. (Note that Louisiana allows HAL only at FedEx Offices). FedEx also offers a vacation hold option using FedEx Delivery Manager, in which they will hold a shipment up to 14 days upon request.

**Finally, FedEx invites wineries to sign up for FedEx Delivery Manager and to download the FDM Shipper Toolkit, which provides access to promotional materials they can integrate into their websites. The consumer can also use this tool to reroute their own packages and more, thus enabling them to curate their own delivery experience.**

The fact that delivery dates are certain, that deliveries are possible most days and weekends, and that there are multiple delivery attempts, all make FedEx a reliable carrier that can scale as your DTC channel grows.
UPS has a few different options when it comes to DTC alcohol shipments. UPS offers both ground and air shipping options. Shippers can choose from Next Day Air AM, Next Day Air, 2-Day AM Business, 2-Day, 3-Day Select, and Ground. In many locations, Express shipments are delivered by 10:30 a.m. (although this might be noon or later in more remote areas). UPS is also now offering Saturday deliveries in peak markets, although there is a surcharge for these shipments. An additional cost for Air and International shipping for Saturday delivery is $16.00.

What makes UPS a unique choice for wine club customers is its UPS My Choice service. This is an online membership that consumers can sign up for on UPS.com. UPS My Choice enables the consumer to receive advance alerts of their incoming wine shipment, view an online calendar of shipments, or reroute a shipment to a UPS customer center. A handy mobile app is also available.

While UPS My Choice is free, there is also a Premium Membership option that allows unlimited delivery changes and two-hour delivery windows (the typical window is a four-hour window), plus five days of hold at a UPS customer counter, all for a single low annual fee.
UPS’ hold-at-location service revolves around UPS Access Points and UPS customer counters. A UPS Access Point for wine is available only at designated UPS Stores. A shipper can ship wine to an Access Point where the wine can be held for the receiver; however, there is a certain way these shipments are processed and the shipper (winery) should meet with their UPS customer service rep to be set up properly. UPS stores that are not designated access points will not be able to accept wine. There are 1,450 UPS Store Access Point locations around the country, with additional locations added every year. You can ship to a designated UPS Access Point for an additional charge of $1.50.

“Ready for pickup alerts” are triggered when a shipment arrives at a UPS Access Point (UPS store), sending an email to the recipient. This guarantees that the recipient is alerted and gives them a little more control over when and where they receive their package. If the package is not yet picked up 5 days after the delivery, the UPS Access Point system will send a reminder email to the consignee on the 6th day.

UPS customer counters are located in UPS hub facilities. Shipments that have 3 failed delivery attempts are sent to a UPS customer counter, where it can be safely stored until the customer can pick it up. Packages are held up to 5 business days. UPS My Choice customers can choose to re-direct their deliveries to the UPS customer counter most convenient for them.

Lastly, UPS has devised a new overnight Summer Shipping Solution to compete against summer weather related holds and other organizations’ summer shipping solutions. Packages can be shipped as-is or with ice packs. You will need to speak with your UPS account rep to make sure you qualify to use the service.
Customized Specialty Delivery Companies

Some delivery companies offer a high-touch, “white glove” delivery experience to end consumers and/or a financial incentive coupled with speed to market. These kinds of delivery services extend the hospitality of the tasting room and/or the wine club/eCommerce purchase to the actual delivery itself.

Most are entrepreneurial companies that do not have substantial financial backing, and therefore may not have the technological bells and whistles or geographical coverage that consumers have come to expect from the larger national carriers; however, those we’ve researched have done a stellar job at creating a final mile experience that is really a “wow” experience. These kinds of organizations (and probably more we have not heard of yet) go out of their way to create a hospitality experience similar to what they may have encountered from the winery. Let’s take a look at a few:
VinDelivery

Coverage
San Francisco Bay Area

Contact
www.vindelivery.com
matt@vindelivery.com
707-799-7591

Value-added services:

- Wineries can establish their own account to deliver to their clients
- A consumer can establish their own account, and VinDelivery will pick up all of their orders and schedule a consolidated delivery to their residence
- Temperature-controlled delivery vehicles
- Provides unboxing services at delivery, if requested
- Will take away packaging for recycling after the unboxing experience
- Email messages for appointment setting of delivery
- Text message informing recipient of upcoming delivery and
VinDelivery truly creates a memorable experience with its white glove service. The owner, Matt Walrath, has been a wine club manager and has also had experience selling wine through the three-tier network, and so he really does understand customer behavior and hospitality. VinDelivery’s clients include both wineries and private customers who belong to multiple wine clubs that want to simplify their delivery experience. (See the accompanying map for the ZIP codes to which VinDelivery will do pick-up and delivery.)

A large part of VinDelivery’s appeal comes with delivery experience. The delivery agent will actually come into the premises, if invited, and help unpack and store the wine, and even offer to take the packaging away to be recycled when done. This makes the service a much different experience than can be had with the major or regional carriers.

VinDelivery also works hard to set the appropriate customer expectations. Customers receive email and text notifications of arrival and delivery, and can even set delivery appointments. They can also ask for items to be held (say, if the customer suddenly has to be out of town), or for delivery to be expedited. Finally, VinDelivery promises its customers no reroute fees, no returns fees, and no wine damaged by hot temperatures.

How does it work?

1. Call or email VinDelivery regarding your shipment and pricing questions.
2. Have your shipping department prepare the shipment in its original carton or a shipper.
3. If using a fulfillment center, place your will-call order in the expected amount of time for execution, so that VinDelivery can pick it up when the will-call is ready.
4. VinDelivery will invoice you for the shipment following a completed delivery.
Vinum55

Value-added services:

- Temperature-controlled delivery vehicle
- 30-day, temperature-controlled, hold capability
- Appointment setting
- Electronic proof of delivery, with photo and temperature recording
- Wine packing/unpacking
- Discounts on other Vinum 55 services

Vinum 55 started as a lounge, retailer, and collectors’ cellar. Over time, many of their cellar subscription customers began asking for wine delivery services, and so Vinum 55 began offering those as well.

Vinum 55’s wide range of services can be an advantage. A winery could, for example, make use of their monthly wine cellar services, as well as delivery as service for its wine club. (If a winery or consumer is not a cellar or wine locker customer, Vinum 55 will still offer a 30-day hold period.) Subscription members receive free storage, as well as a sommelier service, access to wine sales, and use of their event space.

Figure 1 below shows a typical series of steps in the delivery experience with Vinum 55. One of the neat parts of Vinum 55’s final mile delivery is their use of Detrack delivery software for real-time visibility/proof of delivery. Vinum 55 also records consumer’s identity for legal delivery compliance.
How does it work?

1. Call or email Vinum 55 regarding your shipment and pricing questions and send manifest to Vinum 55.

2. Have your shipping department prepare the shipment in its original carton or a shipper.

3. If using a fulfillment center, place your will-call order in the expected amount of time for execution, so that Vinum 55 can pick it up when the will-call is ready.

4. Vinum 55 uses a temperature-controlled, third-party trucking company to transport wine to their facility in Arizona (typically a consolidated weekly move).

5. Tracking notifications begin when the shipment arrives at the Vinum 55 facility in Arizona.

6. The graphic on the prior page shows the flowchart of how Vinum 55 operates.

7. You can also expect invoicing upon delivery of product to the consumer.
Premium Wine Delivery (PWD)

Value-added services:

- Year-round temperature control
- Wine dedicated services: Last Mile and Pallet Program
- Platform that offers full tracking, and visibility on web and mobile
- Proof of delivery with geo-location
- Driver offers personal call or text with ETA of shipments while on road, in real-time
- Flat-rate pricing
- Will soon offer platform integration with API for wineries and fulfillment centers
- “Test runs” for proof of concept are available

Premium Wine Delivery (PWD) extends the brand experience a customer has at a winery to their at-home delivery experience. Like other small carriers, they use technology for tracking shipments, communicating with customers, and providing proof of delivery with geo-location and photos. They also advertise flat rates that rival FedEx and UPS Ground prices, and promise no extra fees.

The interaction with the driver is perhaps one of the great differentiators for PWD. An email and text with delivery window are first sent when PWD receives the shipment in Texas. At this point, the customer has the option of arranging a new delivery appointment date, if needed (no response indicates approval of the existing date). The morning of the day when the driver is out for delivery, a second notification email and text are sent. There is also subsequent contact updating the driver’s actual ETA. (The full interaction between the winery, PWD, and delivery can be seen in figure 2.)

PWD allows delivery of shipments on weekends and evenings, and includes weekends and holidays in its transit times.

Besides Last Mile services, PWD also offers a Pallet Program for bulk wine shipments. Their pricing page has more information about pricing and Pallet Program services.
How does it work?

1. Call or email Premium Wine Delivery (PWD) regarding your shipment and pricing questions.

2. Prepare shipment manifest.

3. Have your shipping department prepare the shipment in its original carton or a shipper.

4. If using a fulfillment center, place your will-call order in the expected amount of time for execution, so that PWD can pick it up when the will-call is ready (typically a consolidated weekly move).

5. PWD can offer a temperature-controlled, third-party trucking company to transport wine to their facility in Texas, or the winery can contract their own trucking.

6. Tracking notifications begin when the shipment arrives at the PWD facility in Texas.

7. The graphic below shows the flow of how PWD operates.

8. Premium Wine Delivery will invoice you for the shipment upon delivery.
Although there are many different regional carriers across the United States (Pitt-Ohio, LSO, LaserShip, and Courier Express to name a few), when shipping from California, the one regional player that makes the most sense is GSO/GLS, which offers regional pickup and delivery across most of the western United States. Historically focused on the B2B sector, the company started handling eCommerce and Wine Shipping some 10+ years ago. Figure 3 shows their service area. Because GSO/GLS has a specific geographical footprint, they can offer later pick-up times and reduced transit times when compared to the national carriers, while providing a more personalized customer service and continued investment into their operations and network.

Later pickup times are especially beneficial for wineries that ship in-house for those special orders, as you can pick and pack orders later in the day and thus be able to get wine into consumers hands faster. This, combined with their California footprint, means that GSO/GLS is able to deliver everywhere in California as an expedited, overnight ground shipment—and typically at a lower cost to market.

Like the national carriers, GSO/GLS offers time commitment guarantees. Their Priority Service delivery is guaranteed to arrive by 10:30am, and wine shippers get a discount on the service if they sign up for their wine shipping program. GSO/GLS also offers wine customers automatic Saturday rollover service: Packages shipped on Friday will automatically be delivered on Saturday at no extra charge.

Golden State Overnight (GSO/GLS)

**Coverage**
Western U.S., including California, Arizona, Nevada, New Mexico, Oregon, Washington, and Idaho

**Contact**
www.gso.com
1-800-322-5555

**Value-added services:**

- Later pick-ups and faster deliveries
- Direct to Trade (DTT) shipments, enabling a winery to ship 3 or more cases directly to trade accounts at a discounted pricepoint
- LTL shipping with per-pallet rates across the West
- Additional handling with no increase in fees
- Competitive rates on items where adult signature is required
- Appointment delivery windows
To reduce wasted delivery attempts and enhance the wine delivery experience, **GSO/GLS offers appointment delivery options at no additional cost if the recipient misses their first delivery attempt.** The appointment options are 8am to noon, noon to 4pm and 4pm to 8pm. The shipper can enable this service by utilizing the GSO/GLS SMS features and email notifications; the recipient will then receive a unique URL guiding them to an online appointment portal. Additionally, a door tag is left providing instructions to contact GSO/GLS Customer Service to request appointment delivery.

**If two days have passed and the recipient has not responded, GSO/GLS will attempt to contact the recipient to assist with scheduling their next delivery.** If the carrier is not able to reach the recipient after 2 days a second delivery attempt is made automatically.

Wine packages are held at the station, indoors, in a temperature controlled environment while the recipient has time to respond to their door tag, email or SMS alert.
A Few More Things to Look For...

Final mile delivery services are certainly not the same from a marketing or logistics execution standpoint, and do not operate in a static environment. There are trade-offs to consider between brand protection, first mile product movement using certain regional carriers, and tapping into the new and innovative ways both startups and large retailers are changing the delivery experience. In other words, there is no “one size fits all.” One common concern, however, is how to manage rising costs and a tighter regulatory environment. Here are some additional observations worth noting:
1. **Test runs.** Some carriers (PWD, for example) are experimenting with offering clients test runs so that the details of wine deliveries can be worked out ahead of time.

2. **Ship-and-get lockers.** FedEx is experimenting with these in the Dallas and Memphis markets. The idea is that shipments are sent to temperature-controlled lockers that open electronically when the appropriate ID and adult signature are provided.

3. **Shipping with Amazon (SWA).** This is a new service that will be offered by the online giant. Like FedEx or UPS, the service will entail picking up shipments from businesses and delivering them to consumers. Initial deliveries in the Los Angeles area have already started. It is undetermined at this time if SWA will include alcohol shipments.

4. **First Mile Moves.** With the exception of GSO and VinDelivery, a wine shipper choosing to use a specialty delivery service or regional carrier in another state will need to move product pre-packed as orders to their various locations, sometimes with no tracking capability, which adds additional cost and time in transit to the overall shipping process.

5. **Retail Sales with Local Delivery.** Wine sold through retailers and delivery apps like Drync, Drizly, Minibar, etc. can be used as a new channel for building sales with a much faster consumer delivery experience. But, because of lower margins on retail sales, others will argue that this channel could be a threat to the higher profitability of the DTC channel, as substitutionality may take effect.

6. **Losing Brand Focus.** There is a common perception that if you sell your products on Amazon (FBA), you lose your brand identity. The same can be said for wine being sold through retail channels using delivery apps, where the branding and “unboxing” experience is controlled by them, and not the wine producer.
Finding a carrier that provides the best final mile delivery experience is not the only step in fortifying your DTC position. It is merely the first. The complexity of the logistics involved, no matter the carrier, has to be dealt with to ensure fast, efficient, and correct delivery. In many cases, your customers may require you to use a variety of carriers based on their preferences; just remember, nothing destroys the customer experience more quickly than deliveries that are delayed, unpredictable, or flat-out wrong.

To streamline the DTC delivery process, you will need to integrate the services with your own systems and processes. For example:

- If you have an eCommerce system, shipping rates will need to be calculated at the point of purchase. These will need to be sensitive to the consumer’s location, services available, and so on.
- If additional value-add services are offered by a particular carrier, you will need to include these up front as well. For example, if you run with a specialty delivery service that offers unboxing services, you will need to make sure this option is made available to customers in their geographic range (whether the sale is made online or in your tasting room).
- Services and rates will also need to vary depending on time of year; for example, summer shipments will require temperature-controlled trucks or expedited delivery.
- Integrating with your CRM can help automate some of the delivery process, which can be especially helpful for wine clubs and other repeat purchases.

Overall, the integration needs to happen in a way that reduces the risk of error and provides greater visibility throughout the supply chain, from your winery to warehousing/fulfillment and on to the final delivery.
Choosing a 3PL That Gives You Shipping Options

If you use a 3PL/fulfillment center, or are considering doing so, it is important to consider the shipping and carrier options they provide. Does the DTC wine shipper (fulfillment operation) have an agreement with only one carrier, forcing you into using that one?

Unless that carrier is one you already use exclusively, this could be an issue. You might be required to switch, which will also require changes to your front-end eCommerce site and delivery experience tools. You may be required to pay an upcharge to use your carrier of choice, versus the fulfillment center’s house default.

On the other hand, you might be open to the choice of carrier. In this case, it’s still good to know you have choices and are not forced to use a single carrier. Not all DTC sales channels are the same, and you will want to find the carrier (or carriers) that will best serve you and your customers.

So ask about carriers and shipping options when you engage with a 3PL. We argue that the final mile is an important part of your brand experience, just as is the winemaker you choose, how your production and bottling works, and who markets and sells your product. You will want to make sure you are working with the right partners to create the delivery experience you want.
Copper Peak Logistics is a privately owned business solely focused on the direct to consumer wine shipping industry. We provide craftsmanship fulfillment services, where human touch, white glove service, and honoring commitments still matter. We are best suited to assist small to medium size wineries who are seeking to grow their business and brands with end customers through enhanced experiences. By acting as a seamless extension of our wineries and winemakers, we become one with them, and enjoy meaningful long term relationships.

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