



Vinexpo New York – March 4, 2019
Emerging Technologies in the Wine and Spirits Industry

Moderator:

Erica Duecy, Editor in Chief, SevenFifty Daily

Panelists:

Aaron Sherman, CEO, SevenFifty

Cheryl Durzy, Founder & CEO, Liberation Distribution (LibDib)

Kelley Rochna, Vice President of Marketing & Innovation, Vine Connections

André Mack, Owner, Maison Noir Wines

SevenFifty Daily

Sherman introduced his business as the first and largest digital platform that brings all three tiers of the U.S. supply chain together online. In an industry plagued by inefficiencies, SevenFifty Daily sought to bring processes and information online in a way that would give people back time in their day and drive better decision making. Today it connects more than 70,000 on- and off-premise buyers with more than 1,000 distributors and 800,000+ listed products.

LibDib

Enabled through a web platform, LibDib is a three-tier-compliant distributor of boutique wines and craft spirits by makers of all sizes. It features a simple sign-up process and no minimum order size. Durzy described LibDib as a two-sided marketplace, with a supplier portal to add products and an e-commerce side. It currently sells to accounts throughout California, New York and Wisconsin, with new markets coming soon.

Vine Connections

Vine Connections imports and distributes fine wines made by family producers in Argentina, Chile and California, as well as premium sake from Japan. It offers educational “trade tools” including essential guides that, according to Rochna, bring its products to life. Its digital campaigns send consumers to third-party sites via Drizly. Vine Connection uses Instagram Direct Message to communicate with consumers interested in knowing where to buy and to provide video training sessions to the trade.

Maison Noir Wines

Mack explained his approach to launching his Oregon wine business was to follow his heart. In an industry in which it costs so much to obtain new customers, he sought to express appreciation to those who had impacted his life and company, so three years ago he set down a path of sending a personal thank you to anyone who had ever bought a product from him via text and personal video, connecting with his customers via cell phone.

Innovations in wine and spirits span the supply chain, from point of sales to CRM, and B2B to B2C.

How do you see the industry evolving in such a fragmented space with so many available platforms?

Mack’s viewpoint is that the industry will move towards a cellphone-based platform, saying it’s what remains when all other platforms disappear. His company is working to reach its people on various platforms and move them from those platforms to cellphone-based communications.

Sherman and Rochna agreed that the industry will continue to evolve and consolidate. Vine Connection’s strategy is to reach people on the platforms they are using, such as Facebook and Instagram, and understand how they’re digesting the content.

How do you choose what platforms and channels to use for everything from interoffice messaging to workflows to the most effective methods of interacting with B2B and B2C clients?

LibDib, SevenFifty Daily and Maison Noir Wines all use Slack to communicate with their teams. As a tech company, Slack was a natural fit for LibDib as its engineers were already using it. For SevenFifty Daily, Sherman likes that it integrates a variety of tools into one common communications platform. Maison Noir switched to Slack from Evernote as its needs became bigger and its technology better.

For CRM, Maison Noir uses SuperPhone, which is cellphone based. He likes the seamless aspect—he can land in Charlotte, have SuperPhone tell him the top five people he has done business with in Charlotte, and engage with them.

Vine Connections chose Workplace by Facebook for its internal communications because its people were already connecting with each other on their personal pages. It uses Grapevine’s reporting analytics and CRM.

With today’s massive proliferation of big and small brands, how do you see consumers discovering these brands and how can brands effectively fight for attention across digital channels?

As an importer, Vine Connections values its wholesale partners; that said, with so much competition, it’s trying to diversify. The company is using direct to consumer in its own way where it can legally and in other states through third parties. Online, it’s about segmentation and understanding the customer, according to Rochna, who said the wealth of customer information available today creates opportunities for everyone to win in their own way despite the increased competition.

According to Mack, what makes a difference for Maison Noir Wines is going on the road to tell his story and collaborating with brands he himself enjoys.

Similarly, Sherman of SevenFifty Daily recommended tailoring a brand's stories to specific segments of one's customer base to highlight what makes the brand stand out in a way that's relevant.

LibDib helps its small suppliers compete by teaching them about consumer pull—what can they do to pull consumers towards their retailers and products? It's a matter of showing people how to buy their products, by listing distributors on their website, dropping pins in Google Maps, and so on. LibDib also trains its suppliers to use social media to potentially push consumers in geotarget areas to their websites.

How would you counsel a new company—or one that wants to be more tech savvy—to connect more effectively, whether it's B2B or B2C?

Sherman cautioned to be careful not to overengineer the number of tools you use. Pinpoint what will make a difference and make that work for you. Druzy added that it's a matter of choosing what your employees are comfortable using and what your customers will respond to. Rochna recommended researching the wealth of consumer information available through sites like eMarketer and then segmenting resources to target different audiences. For Mack, it comes down to trying all platforms to see what works and remembering that while all vineyards look the same to customers, what differs is the stories behind them. He posts constantly, taking consumers behind the scenes and making it personal.

Over the next five years, what are the ripest areas of growth and investment within the 3-tier system?

Sherman said that with so many different tools at the industry's disposal the challenge will be in using them effectively. It will require machine learning and better tools to automate processes and data, to help people understand data without full teams dedicated to it, and to take advantage of what they're creating day to day most effectively.

Data will change everything, said Durzy. Once the three-tier system is open to everyone there will be a lot of interesting trends and patterns to see; for example, how does an emerging brand become a big brand? What are those patterns? How does that happen? We'll see more of that when everyone has access.

Vine Connections is switching to daily depletions, according to Rochna, enabling them to react immediately and move faster. She looks forward to outsiders changing the industry. As a producer, Mack said it's about real-time sales through distributors. Three-tiered sales will happen much more quickly when we see that. He always looks to outside companies for innovation and then incorporates those ideas into Maison Noir.

The wine and spirits industry has been built on relationships. Is there a risk of technology getting in the way of those relationships? Can it strengthen them?

Mack believes technology can help manage relationships, using the example that his phone can tell him how long it has been since he has talked to someone. According to Rochna, everyone has a different journey with tech—the old guard might not quite understand it but when it connects with them they get excited while for younger generations it's more fluid. Vine Connections is embracing both ends of the spectrum, believing there's a place in technology for any mindset. Druzy sees relationships as essential

and is committed to creating technology that helps suppliers build relationships that count. For Sherman, how technology is implemented makes the difference between whether it helps or hurts relationships. The distributor's sales rep is critical to telling those stories and making sure the producer's vision reaches the buyer.

Are there other industries that are doing tech well that the wine and spirits industry should look to for examples?

Sherman loves food delivery apps, which are far more reliable than the old way of delivering food, enabling customers to track the delivery process at every stage. That kind of high-touch connectivity is a good thing. Rochna looks to the disruptors in any industry who are challenging traditions, and also cites Venmo and other services with seamless fingerprint checkout. Druzny points to Eaze, a marijuana delivery platform in California, for its speed of delivery and the wealth of educational content in the app.

A member of the audience asked the panelists how they measure ROI for new technologies they're incorporating into workflows. Mack responded that he incorporates new technologies when he feels it's the right thing to do. While Vine Connections measures goals, KPIs and so forth, Rochna stresses that some of it is about trial and error and that failing can be valuable if you learn from it and incorporate that into your decisions. LibDib employs Google Analytics and other measures to determine customer response.

A Massachusetts retailer commented that he has to compete against online giants like wine.com and asked the panel what happens with legislation when technology is in conflict with the three-tier system. Rochna responded that Vine Connections values the three-tier system and likes working with third parties like Drizly because they work with retailers. Vine Connections actively works with key retailers in its states to provide value.

Another audience member asked if the three-tier system should be legal or voluntary. Durzy noted that alcohol is highly regulated for a reason; in countries where it isn't regulated people die from bootleg alcohol. Sherman added that the three-tier system has been very successful in ensuring that people have access to high-quality products. SevenFifty Daily puts information at their fingertips so they have the broadest choices available.

To a question regarding how panelists use tech to track the success of tastings and events, Rochna responded that Vine Connections will offer giveaways for social media follows in order to get consumers to integrate with them more online. Mack uses SuperPhone to capture cell phone numbers (text to xxx for a special offer), which he'll often collect on an iPad at the event.

An audience member asked if any panelists had success using QR codes. Mack answered that he was an early adapter, incorporating QR codes on label backs in 2008 but that it didn't have traction at the time. It's something he might explore and revisit now that it's native on iPhones.

A final question was posed to Durzy—how does LibDib get efficiencies shipping small quantities? Durzy responded that it depends on cost of the wine. For brand-new producers with no points of distribution it might be worth the shipping costs to gain their first 10 placements. Durzy has been working on the issue and is partnering with a company that does bulk shipping with an option to automatically print out a

shipping label for about 40% less than what traditional shipping would be. There's a calculator on the LibDib platform to help with that.

Download the presentation [here](#).