

Wine Australia

Direct to Consumer Report 2024

Maturing market, increasing competition, softening economy

Written by Georgia Rasmussen October 2024

Contents

Background	3
Executive summary: key themes, finding and areas of focus	4–7
High level DTC market conditions	9
Macro trends effecting the DTC channel	10–14
Data source and report definitions	15–17
DTC major performance indicators	18–20
Sales trends by DTC channel	21–26
Average order value	27–30
Pricing and discounting	31–34
Wine clubs	35–37
Demographic trends and observations	38–45
Monthly sales patterns by channel (excluding wine club)	46–49
About the author	50

Background

- Wine Australia is pleased to present the 2023–24 DTC Report produced in collaboration with Wine Direct, Enolytics and Georgia Rasmussen Consulting.
- This year has, in line with other markets, been marked by challenges and uncertainties, with a number of inflection points affecting both the DTC channel and the wine category more broadly.
- The overarching narrative reveals a maturing DTC market in Australia, with variable results and slowing growth rates across some key DTC channels. That being said, the majority of key areas are still in growth.
- This report breaks down the key DTC channel trends for Australian wineries, in the face of increasing fragmentation, increasing competition, a softening economy and a changing demography.
- It also highlights key areas of focus and opportunity in the context of the trends that are highlighted.
- As always, it is important to remember that the trend analysis is an average across wineries of different sizes and regions – and of varying duration in the channel. For this reason, the data cannot be used as benchmark for any individual winery. Rather, it demonstrates the macro channel trends and highlights where we are as an industry, in the Australian DTC wine market.
- Individual wineries should model their own growth curve according to their own key metrics to get an individual picture of where they are at in the DTC life cycle.



Executive summary

Key themes
Key findings
Looking forward

Summary of key themes

- The DTC winery model continues to mature in Australia.
- Growth is slowing in line with a maturing business cycle, a softening economy and increasing competition and fragmentation, however the DTC channel remains more resilient than wholesale where depletions and average spend have seen downward pressure this year.
- Cellar door and subscription wine clubs continue to be the main drivers of the DTC channel revenue model.
- An increase in average orders per customer and average annual spend per customer, but a decrease in unique customers, indicates wineries are selling more to a smaller group of customers through improved communication plans.
- RRP (list) pricing has increased marginally in line with inflation, but so has discounting, as wine club members contribute more of the sales mix and therefore attract a higher “club” discount.
- Average order values remain steady.
- Subscription wine club growth rates are slowing for wineries who have operated in the channel for a number of years, and attrition is increasing as expected with age of club, albeit lower than the USA and Canada.
- Males and females demonstrate different preferences in their wine purchasing behaviour in both spend and in variety / colour.

Summary of key findings (the numbers)

- Three-year compound annual growth rates (CAGR fiscal year 2022 to 2024) shows continued growth in 2023–24 albeit at a slower rate than previous years.
- Both net sales and cases sold show growth in 2023–24 at 4% and 2%, respectively.
- Cellar door and subscription wine club sales continue to be the main drivers of DTC sales (46% and 34% of net sales respectively).
- Cellar door sales have remained steady vs year ago at 46% of total net sales.
- Subscription wine club sales have increased vs year ago from 33% to 34%.
- Annual cellar door traffic is not measured in the data, however, anecdotally (some) wineries are reporting softer visitation in the past 12 months to June 30, which has potentially effected conversion through the cellar door to a subscription wine club and loyalty list.
- Website (including email) have stabilised post the COVID spike at 14% of total net sales.
- Telemarketing as a % of total net sales continues to decline. This is likely due to the closure of third-party providers. There is opportunity to grow sales here.
- Whilst pricing has increased in line with inflationary impacts, discounting has also increased, therefore likely negating any profit margin gains. The data suggests a higher percentage of cases in fiscal year 2024 have been sold to subscription wine club members, who are afforded a greater discount, driving the overall higher discount level. It also demonstrates the loyalty and value that subscription wine club members bring to wineries over their lifetime.
- Boomers and Gen X contribute 77% of sales volume, and millennials 15% totaling 92% of volume.
- Males buy more wine in the Boomer and Gen X cohorts; however, females buy at a higher rate in the millennial cohort.
- AOV for millennial women is the lowest, and AOV for male Gen Xers is the highest.

Looking forward

- The subscription wine club model remains valuable. The numbers demonstrate these customers are more loyal. They spend more and purchase more frequently, generating a higher lifetime value on average than any other customer type.
- However, watch for changes in preference by generation, coupled with increasing attrition rates as the subscription model matures further. Other loyalty programs (e.g. by spend) will become useful to transition customers who are cancelling from the traditional subscription model. The numbers will tell this story over the next 3–5 years. Consider running a dual strategy to capture all options.
- More work needs to be done on understanding lifetime value of a non-subscription wine club member (aka loyalty by spend programs). They represent a much smaller percentage of net sales at this point in time.
- Continue to focus on driving traffic to wineries, with the point of difference being experience and regional immersion. This is a wineries Unique Selling Point (USP) over metro retail DTC and remains the single strongest avenue for customer acquisition.
- Hone sales techniques in the cellar door context to maximise traffic conversion to sale and importantly club and list.
- Manage communication plans to optimise channel opportunities (conversion rates, average order values, customer behaviour through targeting and demographic changes / wine preferences.
- Activate all channels, including outbound telemarketing.

Looking forward

- Cost effective, acquisition outside of the cellar door remains a challenge for the single brand model. Especially with increasing competition from retailers and increasing fragmentation as wineries continue to drive their DTC channel strategies. Continue to test…. But focus on your best asset – your winery generated list.
- Wineries that invest in the channel (technology, analytics, resourcing) and look at their deep customer data, understanding customer activity quadrants and are personalising offers by quadrant, with an overlay of gender, average spend, and other relevant criteria **are** extracting additional growth and extending the lifetime value of their customers. This is key to future growth.



High level market conditions for DTC 2024

- The impacts of an inflationary economy, budget tightening by consumers, increased costs for wineries of goods, services and debt, have led to a **contraction in the DTC channel for wineries in the USA** in 2022–23 to 2023–24.
- However, this trend has not yet been completely mirrored in Australia—yet. Why? This is likely due to the growth cycle of the channel overall. Australia is behind the USA in this regard. However, there are signs in the Australian of a maturing DTC market and a softening economy, with overall growth rates slowing.
- Globally, in the post COVID environment, we have seen **increasing competition** in the DTC channel. Retailers of all sizes are pursuing DTC sales as a part of their mix. This is overlayed by a (slowly) changing demography, with younger generations utlising digital platforms for their browsing and purchasing.
- As such, channel **fragmentation** is increasing in line with increased competition and it can be assumed that the percentage of volume going direct is higher than the reported number of 10–15%, given the under reporting coming through retail channels who are also selling direct to their customers (noting this percentage varies greatly depending on the case volume of the winery, time in market and quality of strategy execution).
- Resourcing challenges for wineries in regional areas remains an issue, leading to suboptimal skills in the business management and analytics areas for DTC – an area where wineries can find growth. Wineries (particularly small to medium) have struggled to keep up and optimise their penetration into the channel. There is a strong correlation between skills, focus and performance.

Macro wine trends 2023–24: market headwinds

Global wine consumption is in negative territory driven by lower consumption per capita on average.

Key reasons include:

- Alcohol moderation: ‘wellness’ has merged with the ‘sober curious’ movement e.g., Dry July, Feb Fast.
- Increased competition: competition from other categories, particularly RTD’s. Under 50’s are drinking wine but are drinking across multiple categories.
- Economic pressures:
  - Reduction in discretionary spend
  - Inflationary costs (bottles, materials, shipping and staffing) are an issue for pricing and margins although not reflected in price increases
  - Increasing competition and fragmentation in the DTC wine channels



Macro wine trends 2023–24: demographic headwinds



Boomers still led all cohorts in wine consumption. Whilst this remains a positive, it will prove a challenge against a backdrop of lower consumption overall – especially in younger cohorts because:

- Different cohorts have different purchasing patterns
- Different cohorts are looking for different attributes in their ‘ideal’ wine

No and low alcohol consumption is expected grow over the next 5 years, especially in the younger age groups, although accounts for a very small share of the market.

Macro Trend Sources: Silicon Valley Bank – Wine Division: State of the US Wine Industry 2023 and USA Wine Direct Enolytics Report 2023

Macro wine trends 2023–24: tailwinds

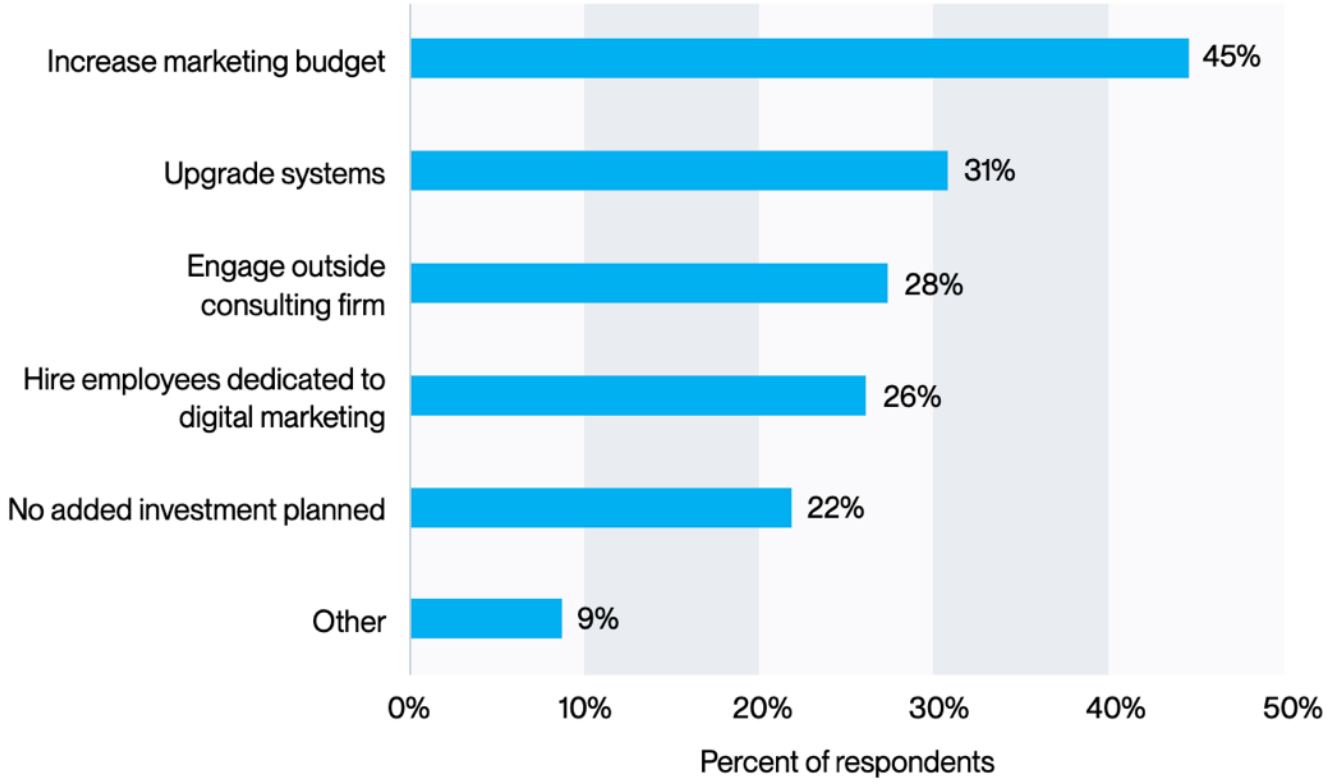
- Premiumisation continues, albeit slowing and despite some evidence of movement down in purchase price (but within premium categories $30+ as the economy softens).
- Despite these softer economic conditions, consumers purchasing in premium categories, particularly in the DTC channels are likely to continue given their demographics and spending potential.
- The quality of technology partners and service providers supporting the wine industry has never been better (locally and internationally).
- Removal of China's tariffs signals an opportunity to alleviate over supply issues and remove downward price pressure due to oversupply, (this despite their own economic challenges and reduction in discretionary spend). Early signs are positive, however, with some way to go.
- Strong ecommerce growth in the 'non-winery' off-premise sector is normalising online purchasing for wine interested consumers. Main drivers are deals and convenience. How can this trend be capitalised on by wineries?

Comments about USA vs AUS DTC market and the growth cycle

- USA market has been operating heavily in the DTC space for about 25 years.
- For the first time, at a macro level, traditional subscription-based wine club growth is negative (acquisition numbers are less than the attrition numbers).
- There is a natural and **predictable** growth rate / curve at the winery level for subscription-based wine club penetration, but **also** at the regional and country level.
- Australia's penetration in the DTC space is about 5 years behind the USA, however, with a smaller population / overall visitation.
- Wineries need to model their growth curve to understand where they are in the cycle and manage expectations and future strategies accordingly.



DTC: Where are wineries investing in 2023–24?



Source: SVB Direct-to-Consumer Survey, 2022

Trend: Wineries continue to invest in DTC, with a focus on upgrading systems and analytics, dedicated resourcing, and marketing funds, in line with a maturing, competitive sector.

Focus: Australian wineries should continue to assess areas for improvement and maintain investment levels in line with their individual growth opportunity. Understanding the growth curve will drive investment.



Within the context of these macro trends, and with an understanding of the natural growth cycle and key drivers for winery DTC businesses, Wine Australia and Georgia Rasmussen Consulting present the following report on the DTC market in Australia.

The data source

- The data and findings in this report are generated from customer transactional data from approximately 90 wineries Australia wide. The transactional data source is Wine Direct, and the data queries have been generated via their partnership with Enolytics.
- The data set consists of wineries across all states in Australia, and just over 1.3 million anonymised customer transactions, ensuring statistically valid trend analysis over the relevant periods.
- The size and nature of the transactional data does not allow identification of trend analysis by region, or by winery size (cases). However, there are well established channel penetration metrics from small, medium and large wineries that can be used to benchmark performance.



Definitions of terms used

Order: Is defined as an order that has been completed. For the purpose of this report, the number of orders are considered “paid orders” i.e. $0 orders (samples) are excluded.

Gross Sales: Refers to the total before discounts applied. It is the total of all retail prices, instead of sold prices.

Net Sales: Refers to the actual price at which the product was sold. It excludes shipping.

Net Sales Non-Wine: Refers to all other product types other than “wine”.

Cases Sold: The terms refers to the total number of 9L equivalent cases sold, for products of product type “wine” and excludes cases sold as part of a $0 order.

Unique Customers: Refers to the unique paying contacts, excluding contacts that are only $0 order contacts (e.g samples).

Discounts: Discount is calculated as (Net Sales Divided by Gross Sales)-I. The calculation excludes refunds.

Quadrants: refers to Recency Frequency Monetary (RFM) Analysis and is broadly referencing:
– High Active Quadrant
– Medium Active Quadrant
– Low Active Quadrant
– In Active Quadrant
as defined by RFM parameters set and measured by wineries when the RFM analysis is conducted.

Average Order Value (AOV): Is calculated as the sum of the Total Order Amounts for Completed Orders (including shipping) divided by the number of completed orders.

List Price Per Bottle: Calculated by taking the gross sales for all products of product type “wine” divided by the total number of bottles (excluding bottles in $0 orders).

Average Price Per Bottle: Is calculated by taking the Net Sales for all products of product type “wine” divided by the total number of bottles (excluding bottles in $0 orders).

Orders Per Customer: Total number of orders (wine) divided by the number of unique customers.

Net Sales Per Customer: Total of Net Sales divided by the number of unique customers.

Average Shipping Fee: Total amount of shipping divided the number of orders.

Website to POS Ratio: Net Sales for the Website channel divided by the Net Sales for the Cellar Door channel.

Wine as a % of Net Sales: Net Sales for items of product type “wine” divided by the total Net Sales.

Winery’s Average Bottle Price: Calculated as the Average Sold Price for product type “wine” excluding bottles sold at $0, for each individual winery.

Wine Club Attrition Rate: The Average number of membership cancellations per winery divided by the average membership total per winery.

Wine Club Sign Up Rate: The average number of membership sign ups per winery divided by the average memberships per winery.

Subscription Wine Club: A customer who signs to a regular delivery (fixed or flexible).

DTC Channel Major Performance Indicators

Main indicators

Main indicators (Q1–Q4)	2023–24 vs 2021–22
Net sales growth	+ 4% ↑
Cases sold growth	+ 2% ↑
Wine club growth (July 23–June 24)	+3.2% ↑
Unique customers	-5.8% ↓

- Whilst sales, cases and wine club members have grown, the unique customer number (actual number of customers ordering) has decreased. Slower wine club growth is a primary reason for lower unique customers (overlayed with increasing attrition). However, wineries are doing well at securing additional sales from wine club members and their customer lists generally.

Secondary indicators

- Discounts have increased over the period moving from an average of 14% to 15% off list price (RRP).
- As a consequence, average order values have decreased slightly.
- However, wineries have managed to sell more to their existing customers, with a 7% increase in orders per customer, and an equivalent increase in net sales per customer.
- It appears that these additional sales are coming from wine club members. This accounts for the increase in discounted sales, as wine club members attract the highest discounts.

Secondary indicators	2021–22	2023–24	2023–24 vs 2021–22
Discounts in real % terms	14%	15%	5.1% ↑
AOV	$187.11	$186.92	-.1 % ↓
Avg bottles per order	6.0	5.9	-1.3% ↓
Avg list price per bottle	$37.90	$39.50	+4.2% ↑
Orders/customer	2.8	2.9	+7.2% ↑
Net sales/customer	$607.70	$648.79	+6.8% ↑

Sales trends by DTC channel

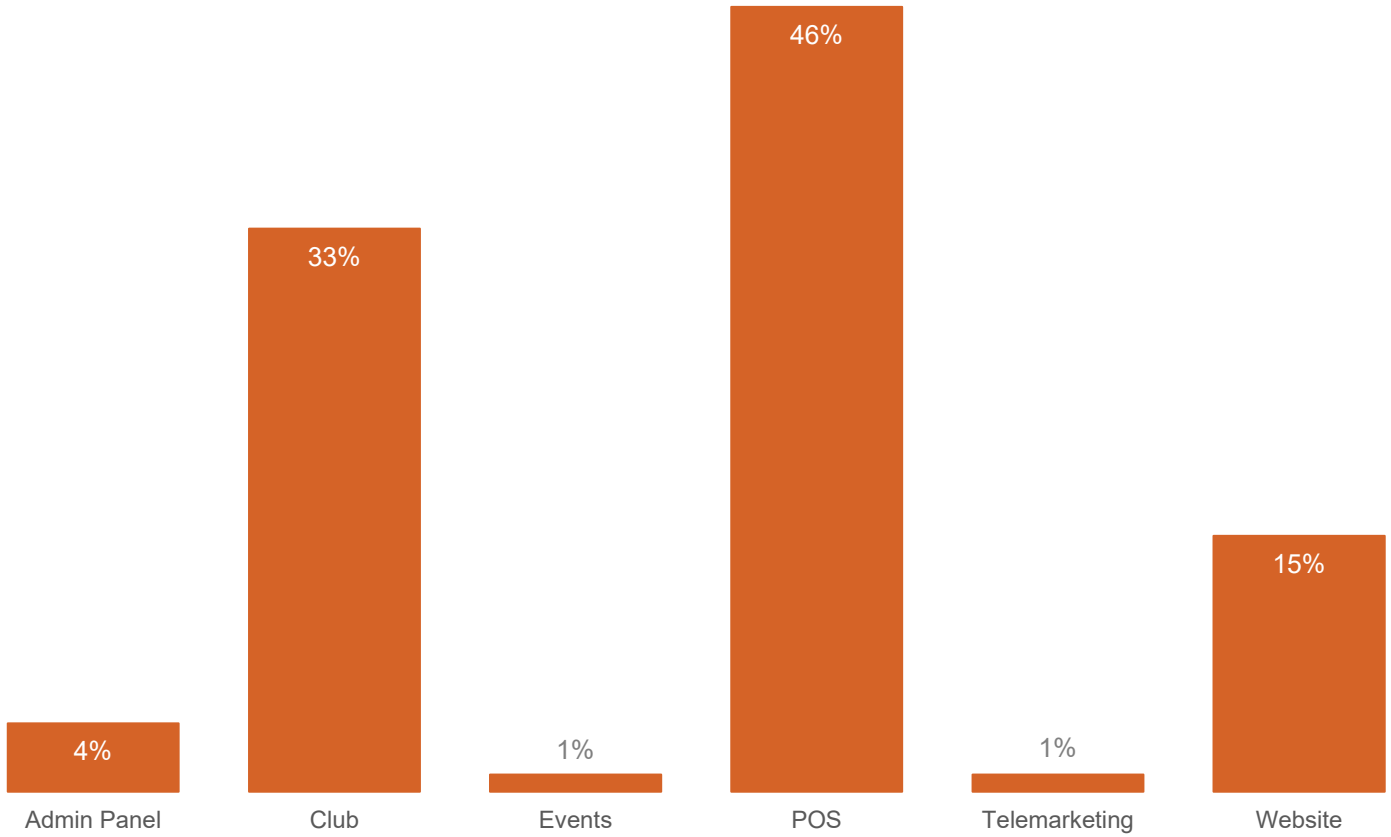
Percentage of sales by channel last 3 years

Trend: Sales patterns (percentage of sales by channel) continue to normalise post COVID. POS (cellar doors) are stable, and traditional wine club (automatic deliveries) continue to grow. Website sales have stabilised post the COVID spike. The anomaly is telemarketing which has decreased as a share of total sales.

Focus: There is latent opportunity in the outbound telemarketing channel. Wineries should build this into their strategy and bring it in-house to optimise margin opportunity. Continue to focus on cellar door and subscription wine club model.

	2021–22	2022–23	2023–24
POS (cellar door)	43.7%	46.2%	46.2%
Wine club	30%	32.5%	33.8%
Website	18.2%	14.3%	14%
Events	1%	2%	3%
Telemarketing	3%	2%	1%
Admin panel	4%	3%	3%

DTC net sales by channel last fiscal year 2023–24



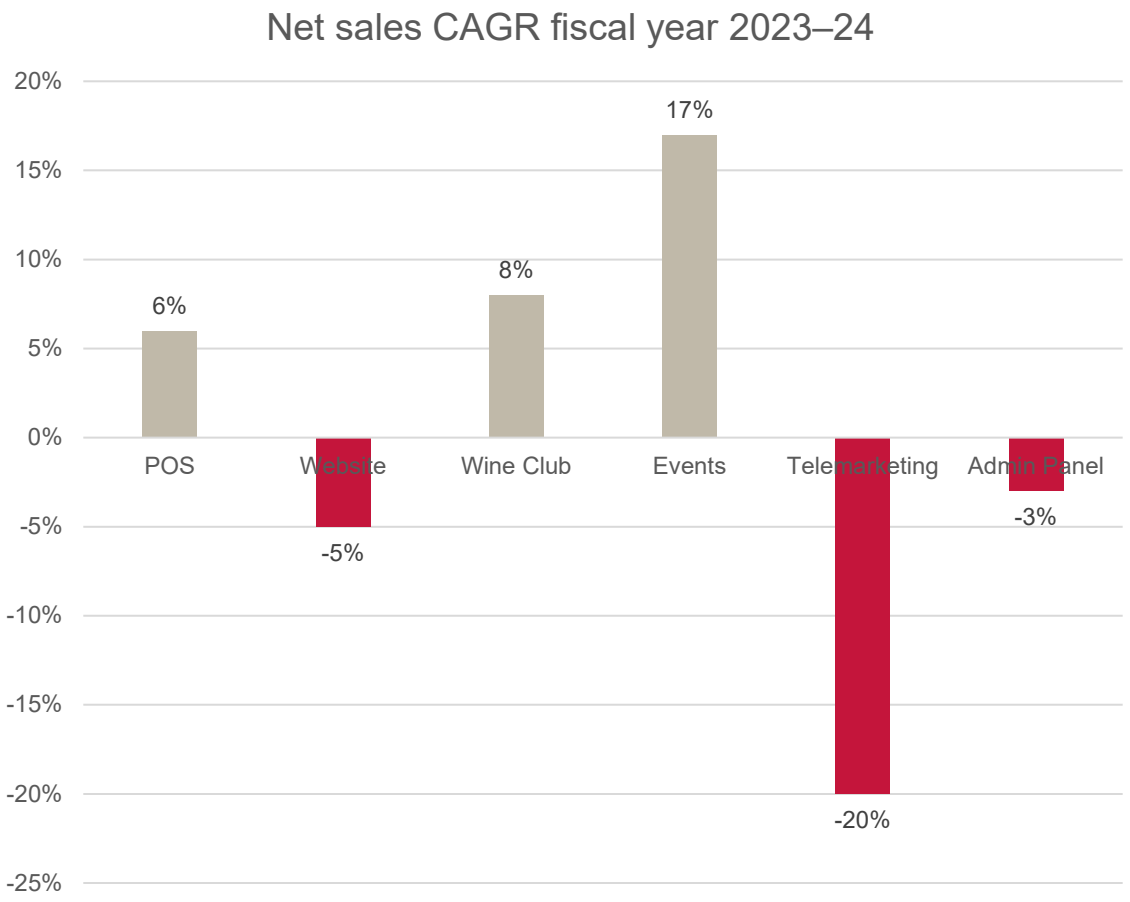
Trend:

As in previous years, the major drivers for DTC sales are cellar door (POS) and wine club, followed by website (including emails). Website has stabilised post the COVID spike. Telemarketing continues to trend down.

Focus:

Continue to optimise conversion at cellar door, and conversion to list and subscription wine clubs. Consider alternative loyalty programs for older club members and high spenders. Reignite telemarketing strategies and bring them in house to capitalise on high margin sales and retention through personalised service.

Net sales CAGR by channel last 3 years



Trend:

3-year compound annual growth rate shows continued sales growth in POS, wine club and events in line with annual numbers.

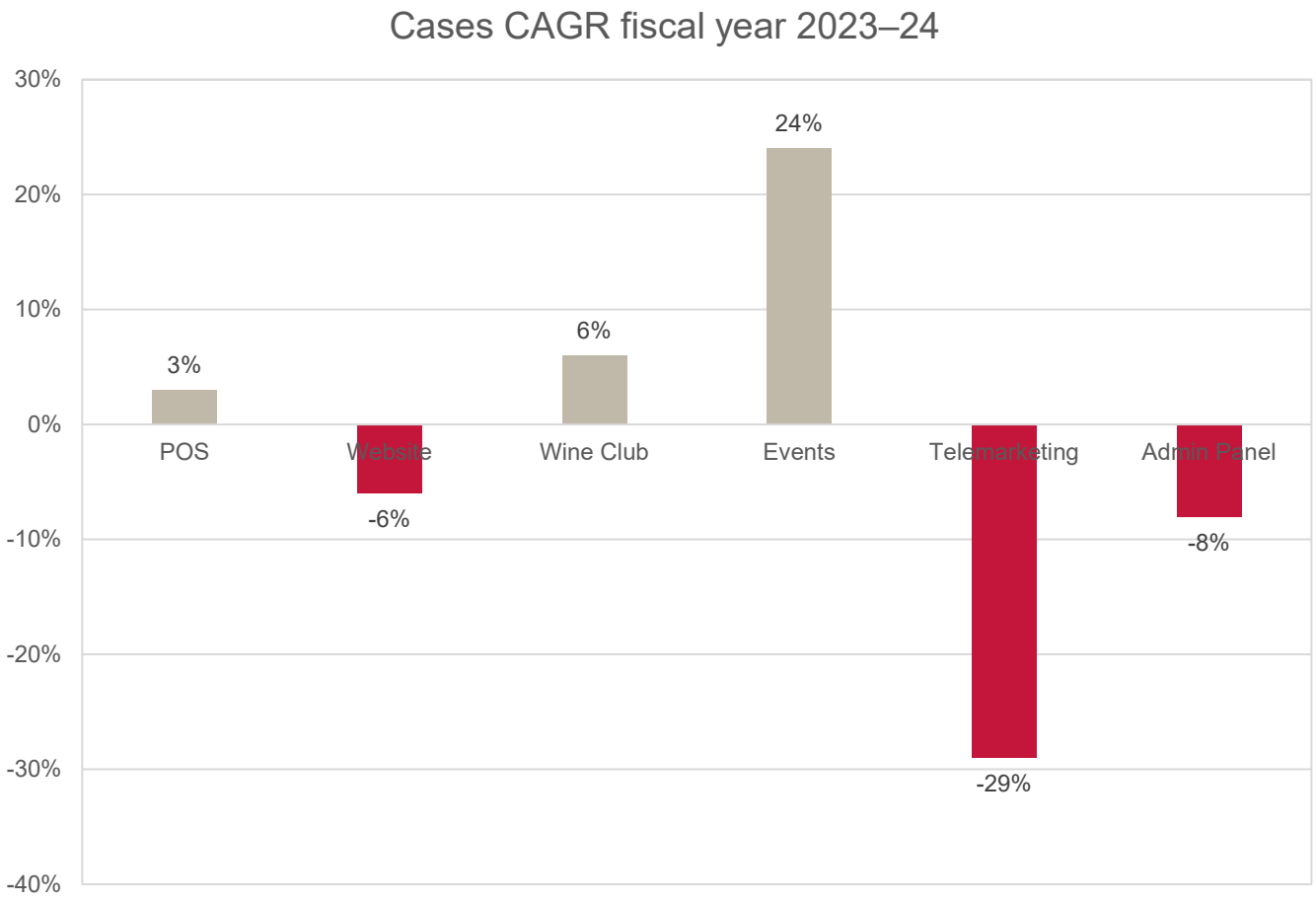
The decline in website sales reflects the adjustment from the COVID-19 spike, and a potential softening in sales outside of wine club (from customers who buy from both) given current economic conditions.

The decline in telemarketing reflects the closure of third-party providers (and wineries not all finding a suitable / timely alternative) also potentially softer economic conditions, and lack of focus.

Focus:

Explore opportunity to build high margin / high response outbound telemarketing channel in-house and continue to measure sales channel performance against benchmarks. Continue focus on optimizing POS funnel and wine club conversions. Test new customer acquisition opportunities.

Cases CAGR by channel last 3 years



Trend:

Cases compound annual growth rate (CAGR) by channel follows the same general trend as net sales, however, this reflects pricing fluctuations through price increases and discounts.

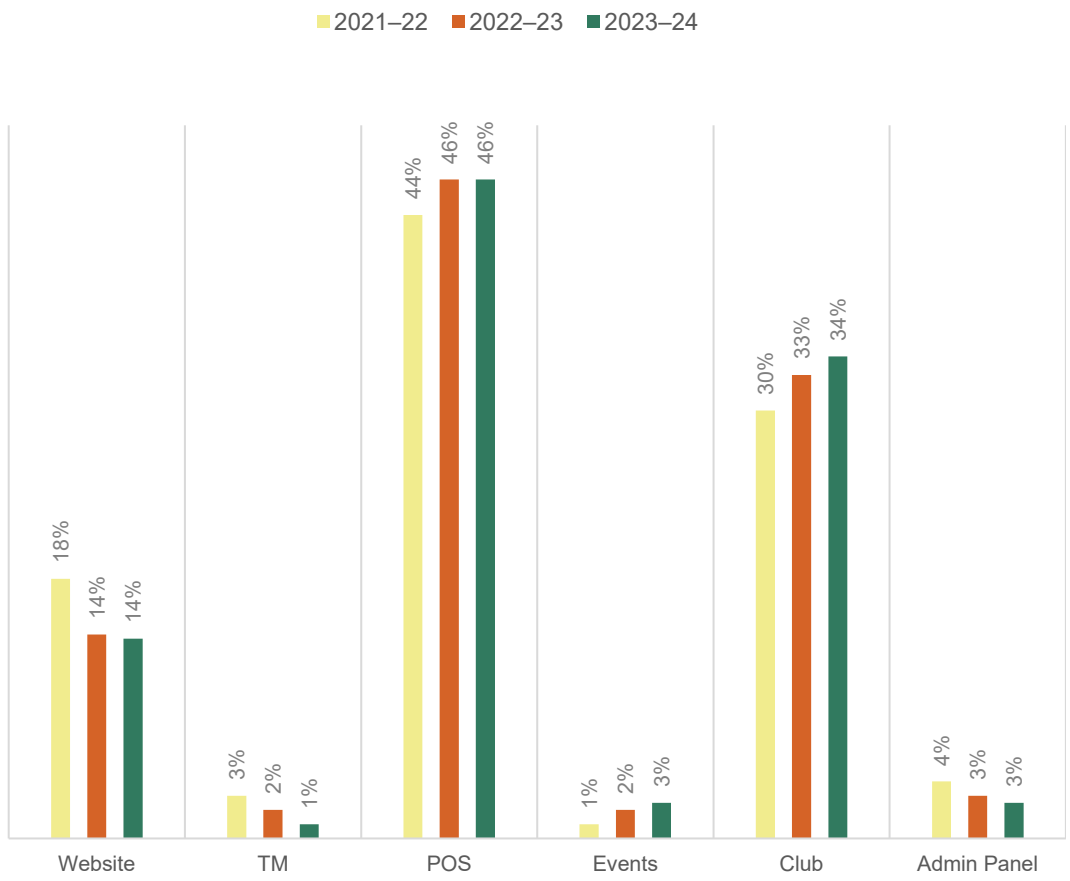
Where net sales volumes are higher the corresponding channel case movements are lower.

Focus:

Test order builders and incentivise multiple case / unit offers to drive up average cases per order.

Use customer segmentation analysis and target campaigns to recency / frequency of purchase, allowing relevance of offer by customer type (i.e. price point and frequency and recency of purchase).

DTC net sales by channel last 3 years



Trend:

Growth is slowing across the major DTC channel contributors (POS, club and website which includes email). This is especially true for mature operators (10+ years in the channel).

Telemarketing, although a low proportion of overall sales has been affected through the closure of traditional third-party providers in the past year and is showing decline.

Focus:

For those new (0–5 years) in the channel, focus on traditional acquisition model (cellar door into list and subscription wine club). For those who are mature (5–10+ years), focus deeply on customer data analytics to activate and increase lifetime value of a larger number of existing customers.

Ensure telemarketing is activated as a part of the mix as it is the highest responding channel with the highest average order value. Bring it in-house where possible.

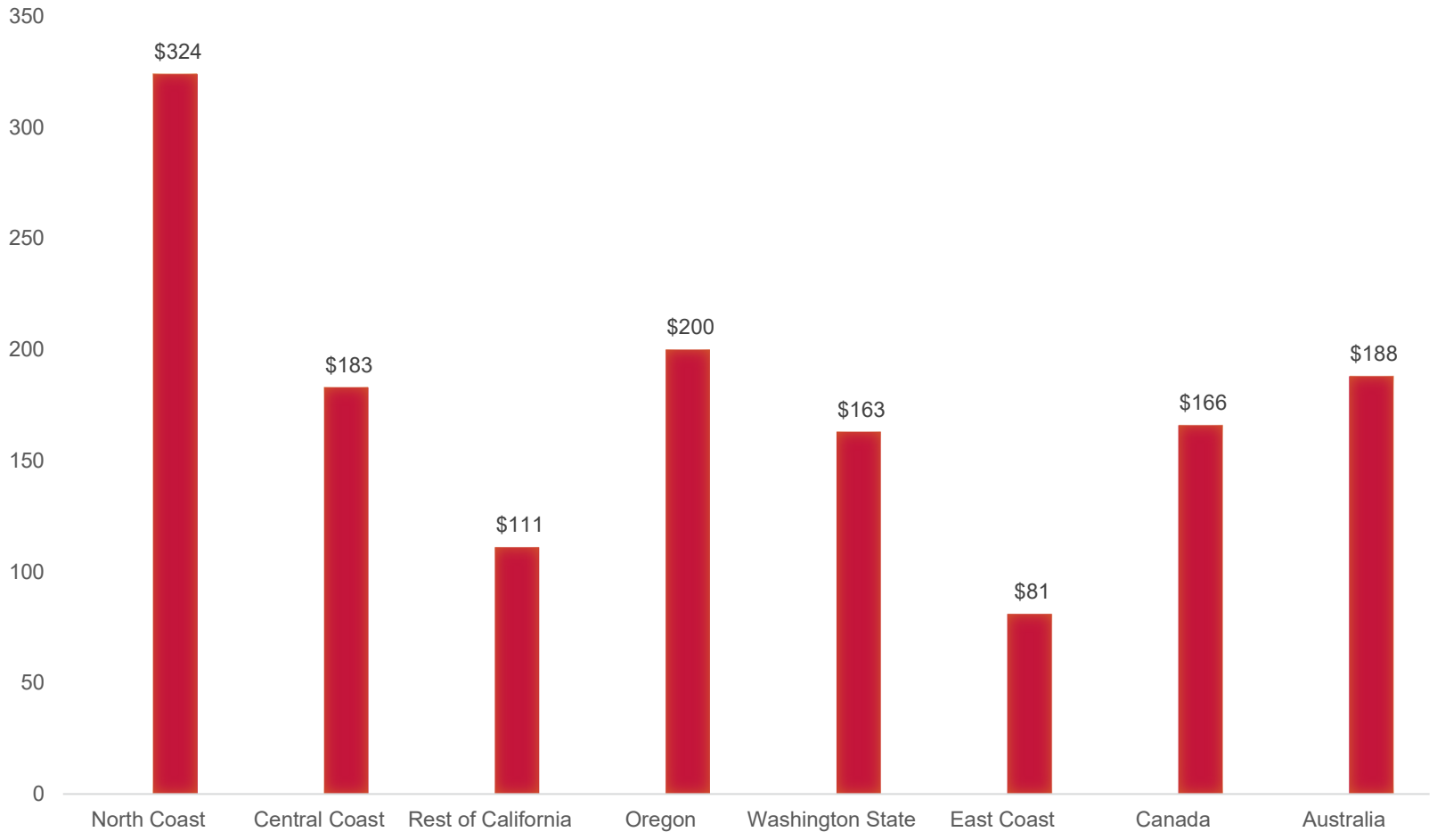
Average order value

Average order value AUS vs USA and Canada

Comment:

The Australian market is in line with the USA and Canada with regards to average order value by channel.

The anomaly is the North Coast USA which indexes significantly higher, due to higher product price points in Napa Valley and Sonoma Valley.



Local currency values apply above (i.e. Australia AUD, North Cast USD)

Average order value by year AUS ($AUD)

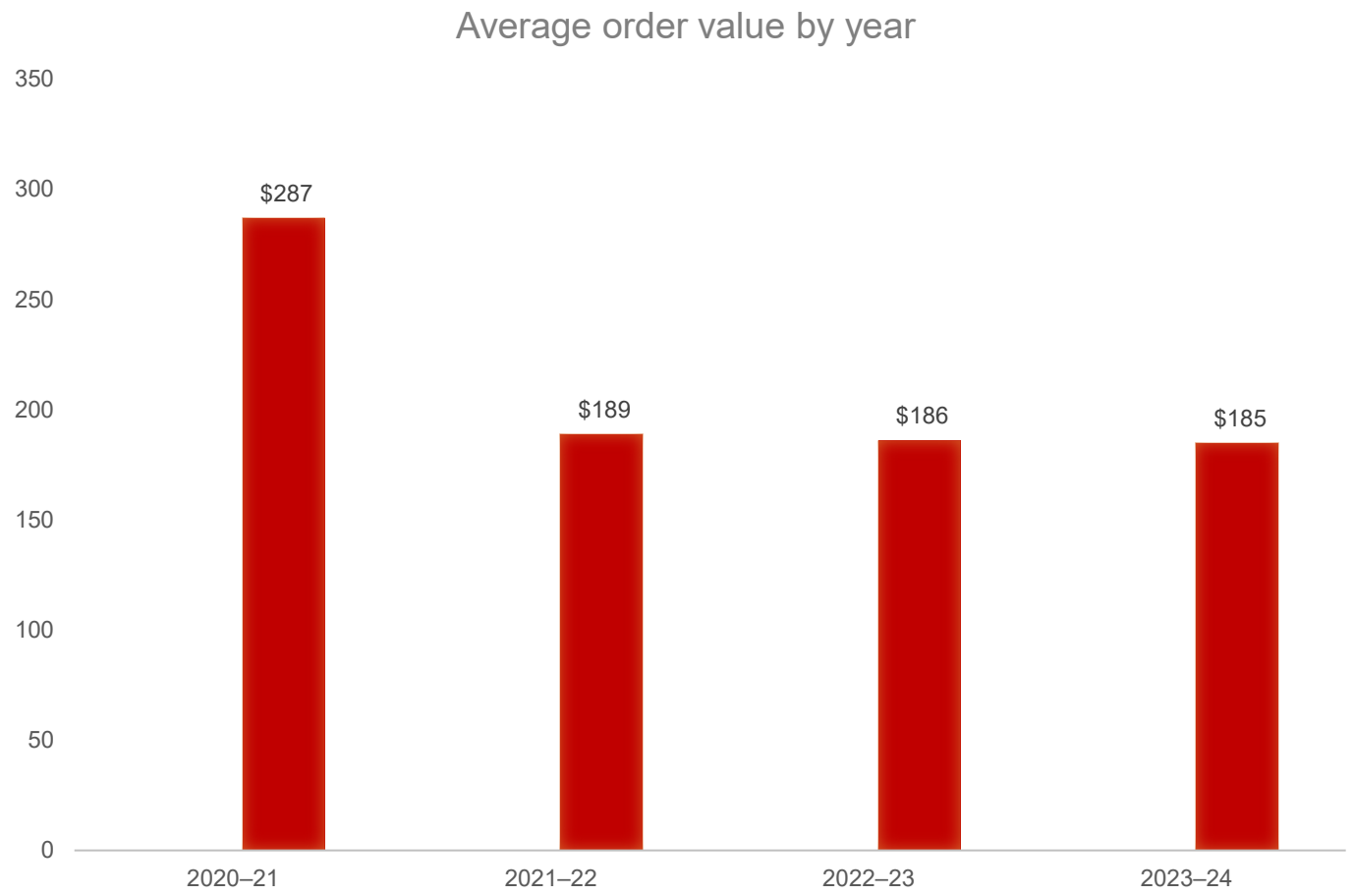
Trend:

Average order value spiked during the COVID-19 pandemic but has normalised over the subsequent years and is higher than global markets.

It is likely the decrease in 2023–24 has been driven by a marginal increase in discounting.

Focus:

Continue to focus on managing average offer pricing and pack size to maintain AOV levels. Offer customers (at their relevant activity level) order builders to drive up average order value.



Average order value by channel ($AUD)



Trend:

AOV by channel has remained consistent and shows that winery DTC customers who engage in a relationship outside of the cellar door, spend more.

The pattern of AOV by channel are the same in other markets (USA and Canada).

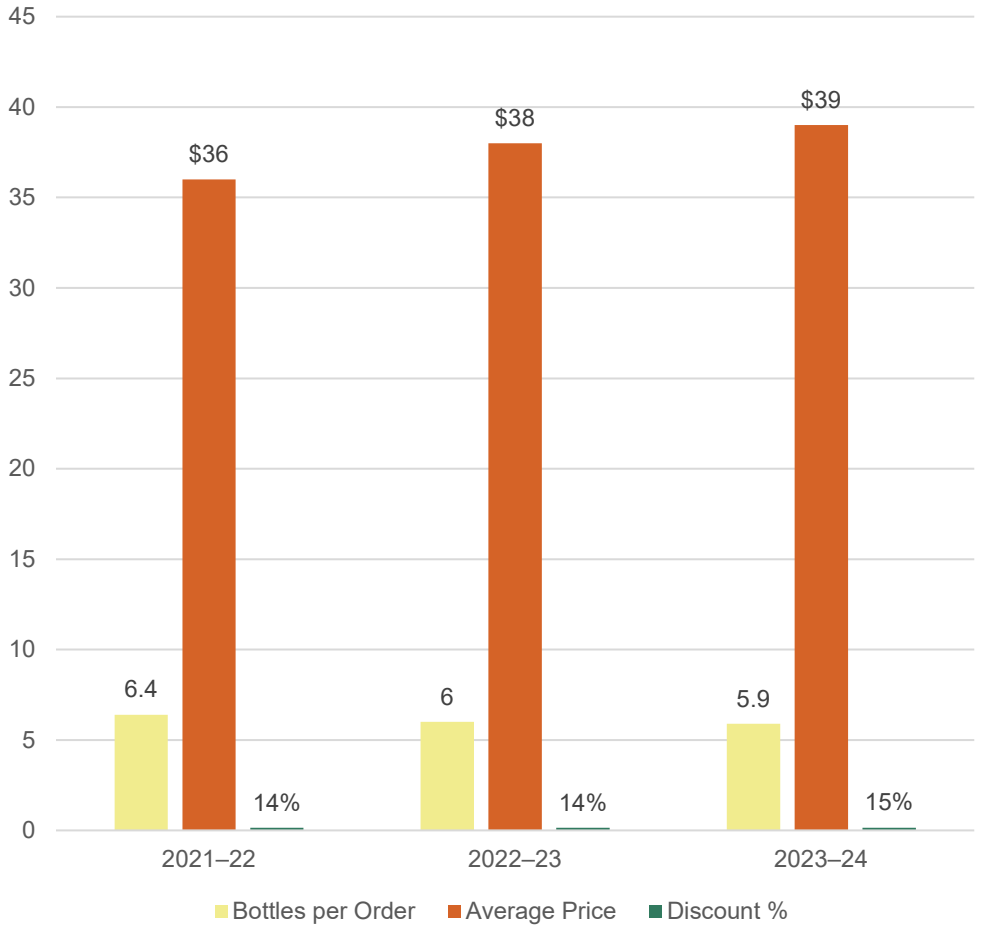
Focus:

Wineries should manage their channel mix to optimise AOV. Telemarketing should be activated as an area of focus for driving high value sales and managing retention. Consider bring top tier in-house.

Note: admin panel are one-off sales directed through the system without a channel attached. They represent a very small percentage of sales and are possible corporates or staff sales.

Price and discounting

Average price and discounting last 3 years



Trend:

3-year average price (RRP) in DTC Channels has increased from $36 to $39 (750ml bottle). Over the same period, average bottles per order have decreased and average discount per order has increased.

Price increases are in line with inflation, and average units and discounts are likely to reflect inflationary pressure, and a softening economy, and the increase in percentage of orders through the wine club channel as a percentage of total orders, as these attract a higher discount.

Focus:

To understand overall DTC margin implications of discounting by channel, weighted price point, weighted margin and sales volume analysis of each channel needs to be included in the ongoing financial metrics that wineries measure. By understanding and tracking these metrics wineries will be able to manage their discounts by channel to ensure average margin is maintained (i.e. margin set during fiscal year budget cycle).

Australian DTC winery discounting last 3 years

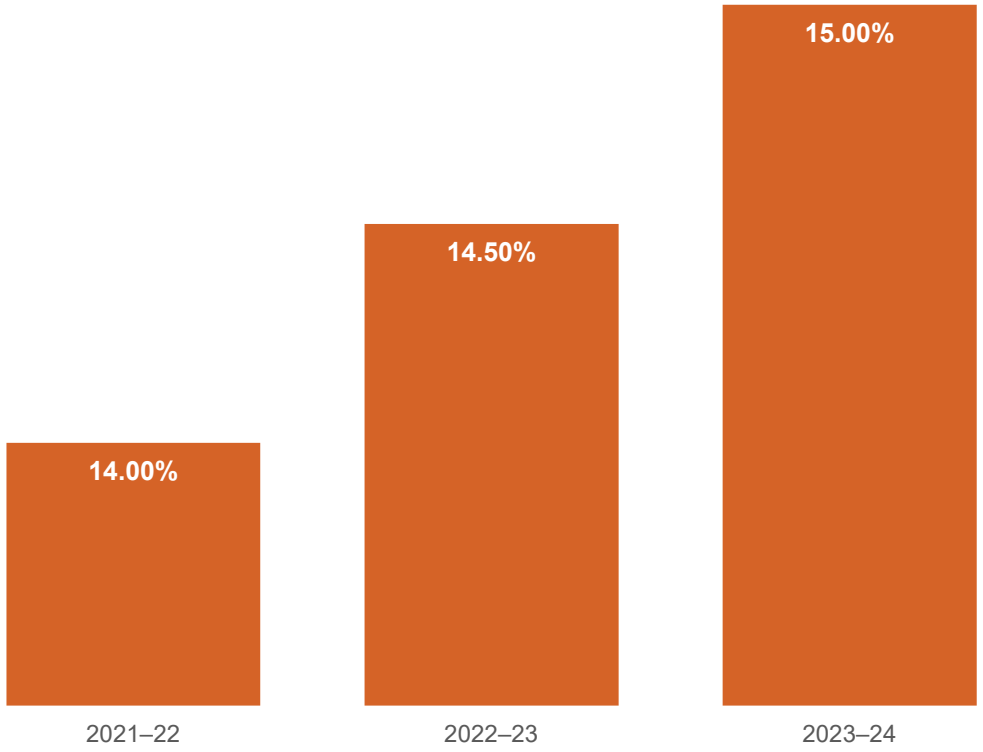
Trend:

Average discounts have increased marginally in the past fiscal year from just over 14% in 2022–23 to 15% in 2023–24. This is likely to reflect the higher percentage of sales coming through wine club members as a percentage of total sales (whereby definition higher discounts reside as a part of the club rules). Discounts were heaviest in Q4, in line with EOFY sales.

Whilst list price per bottle increased, so did discounting which suggests there was little gain from any increase in prices. Further to this, net sales per customer over the period increased suggesting wineries have traded margin for volume in some instances.

Focus:

Wineries should track and manage their discount percentages as a share of net sales by channel as a key metric, to manage margin and pricing expectations in line with fiscal year budgets.



2023–24 sales by price point and channel

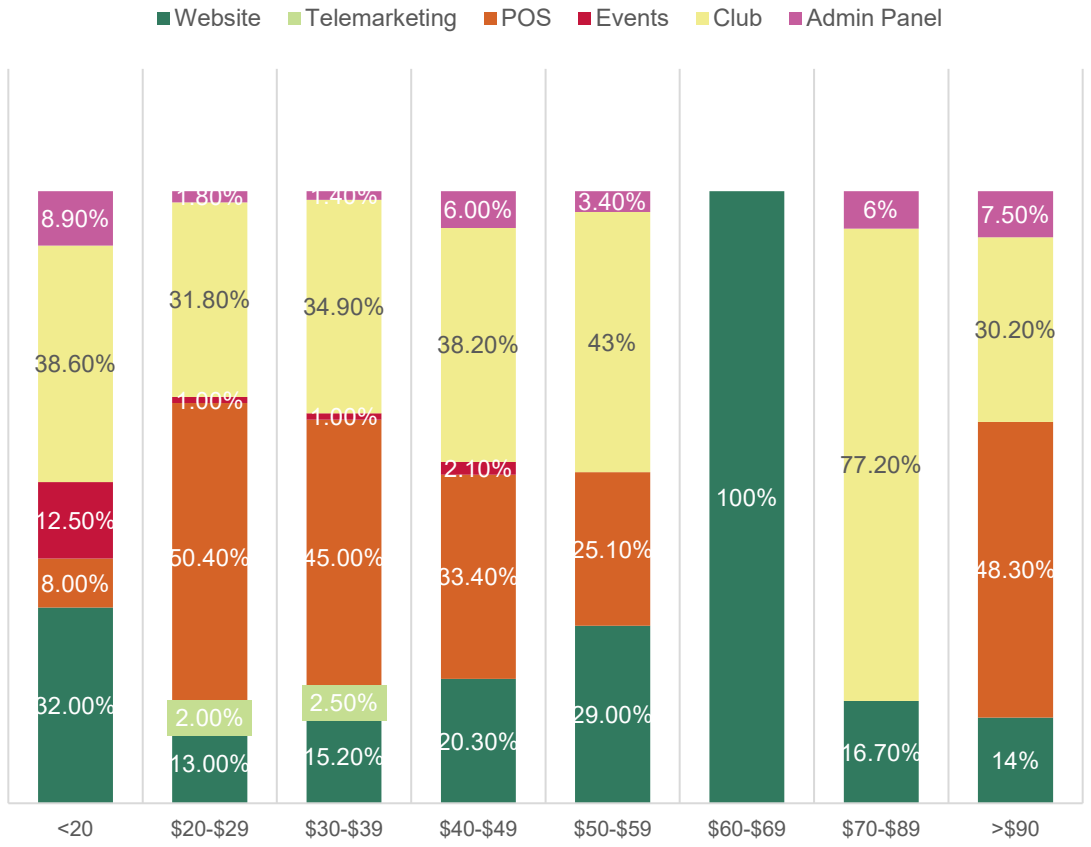
Trend:

All price points are evenly represented through all channels, with a skew as expected to the high-volume channels (POS, wine club and website).

Wine club and website over index in the sub $20 category, although this makes up a very small percentage of total. Most of the volume is going through POS and wine club. Price points in these two channels are well spread, with most sales between $20–$60 per bottle. Wine club over indexes in the $70–$79 price point (demonstrating engagement and value of these customers) and POS over indexes in the $90+ price point.

Focus:

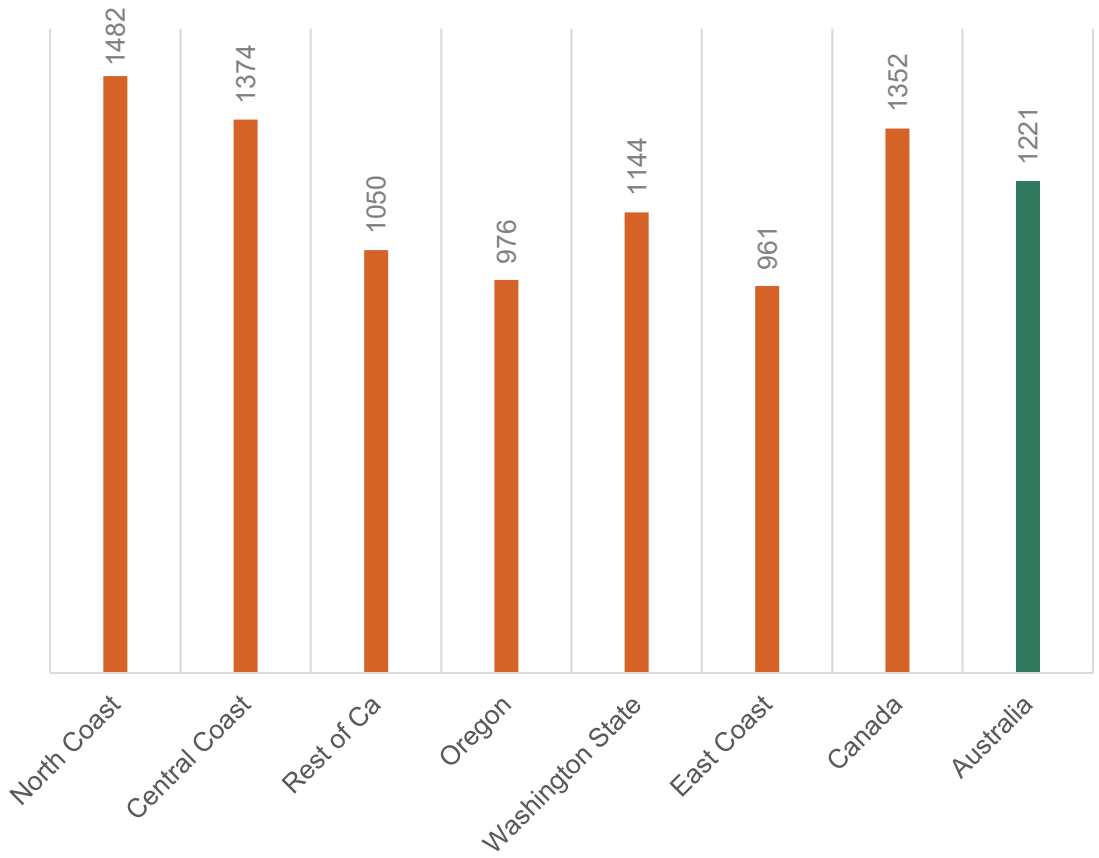
Capitalise on attracting a broad demographic through appropriate events and advertising and selling product across price points and colour.



Wine clubs

Note: for the purpose of this report, wine club data and associated commentary focuses on the traditional subscription wine club model (both fixed and flexible date delivery)

Average wine club memberships (all countries)



Trend:

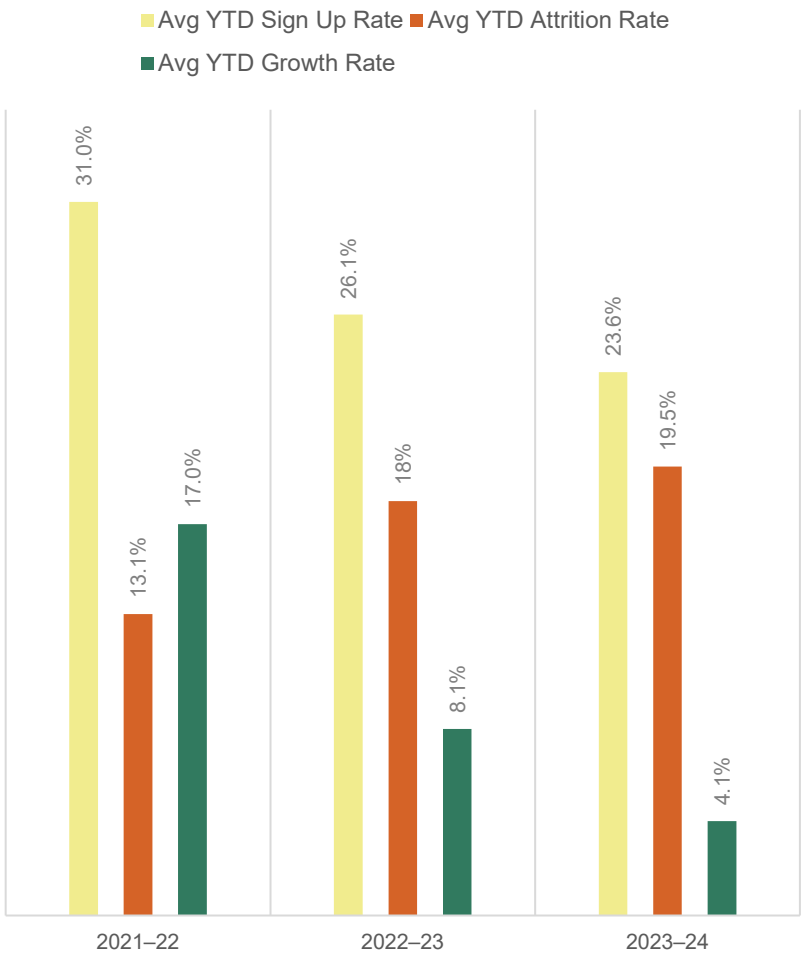
Australia performs in line with other markets in terms of average size of subscription wine club for time in market. It is likely this average will continue to increase for another 2–4 years before stabilising and potentially moving into negative territory, given the straightforward maths of acquisition and attrition and the predictable growth curve.

Focus:

Wineries should model their wine club potential to understand the size of the opportunity and where they are in the growth curve if they have already launched. This knowledge will help to wineries articulate future growth and investment.

Note: these averages should not be used as an individual benchmark for wine club size as each winery attracts different visitation numbers and performs differently with their wine club conversion techniques. Individual winery modelling is recommended.

AUS wine club membership growth rates last 3 years



Trend:

Subscription wine club growth is slowing as the DTC cycle matures in the Australian market. Contributing factors include both slowing sign up rate as clubs mature, and increasing attrition rates as tenure increases. Both are to be expected in a maturing cycle.

Anecdotally, site traffic has slowed at a number of wineries, which also effects the net new customers engaging in list and club.

Looking Forward:

It is likely organic subscription wine club growth will continue for another 2–3 years (depending on level of conversion expertise in tasting rooms). This is a consequence of the maths of acquisition and attrition - not necessarily appeal.

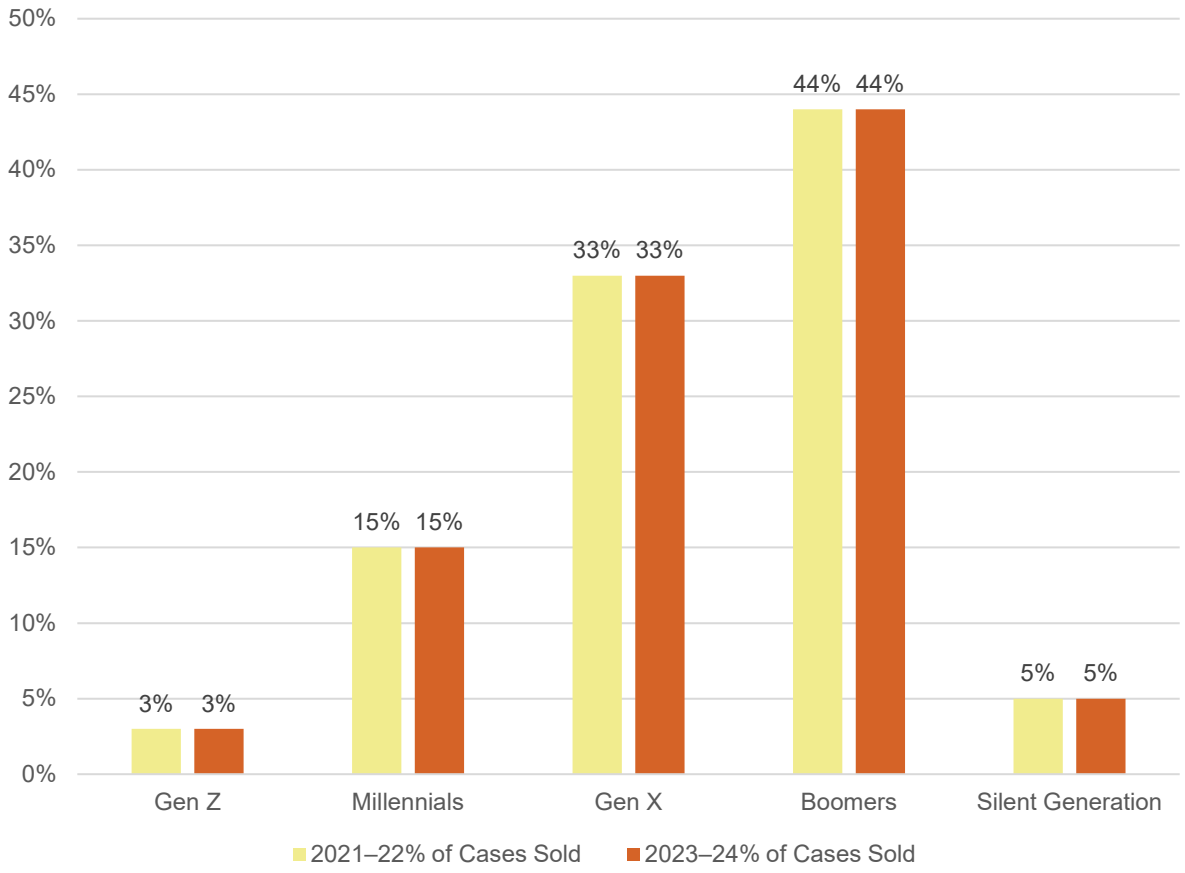
Focus:

For wineries still in growth, focus on conversion techniques in the tasting room, and for wineries who are stable or in negative territory, focus on cross selling to alternative spend based loyalty programs at the point of attrition and extracting future value through deep customer analytics.

Note: these averages should not be used as an individual benchmark for wine club size as each winery attracts different visitation numbers and performs differently with their wine club conversion techniques. Individual winery modeling is recommended.

Demographic trends and observations

Cases sold by generation 2021–22 vs 2023–24



Trend:

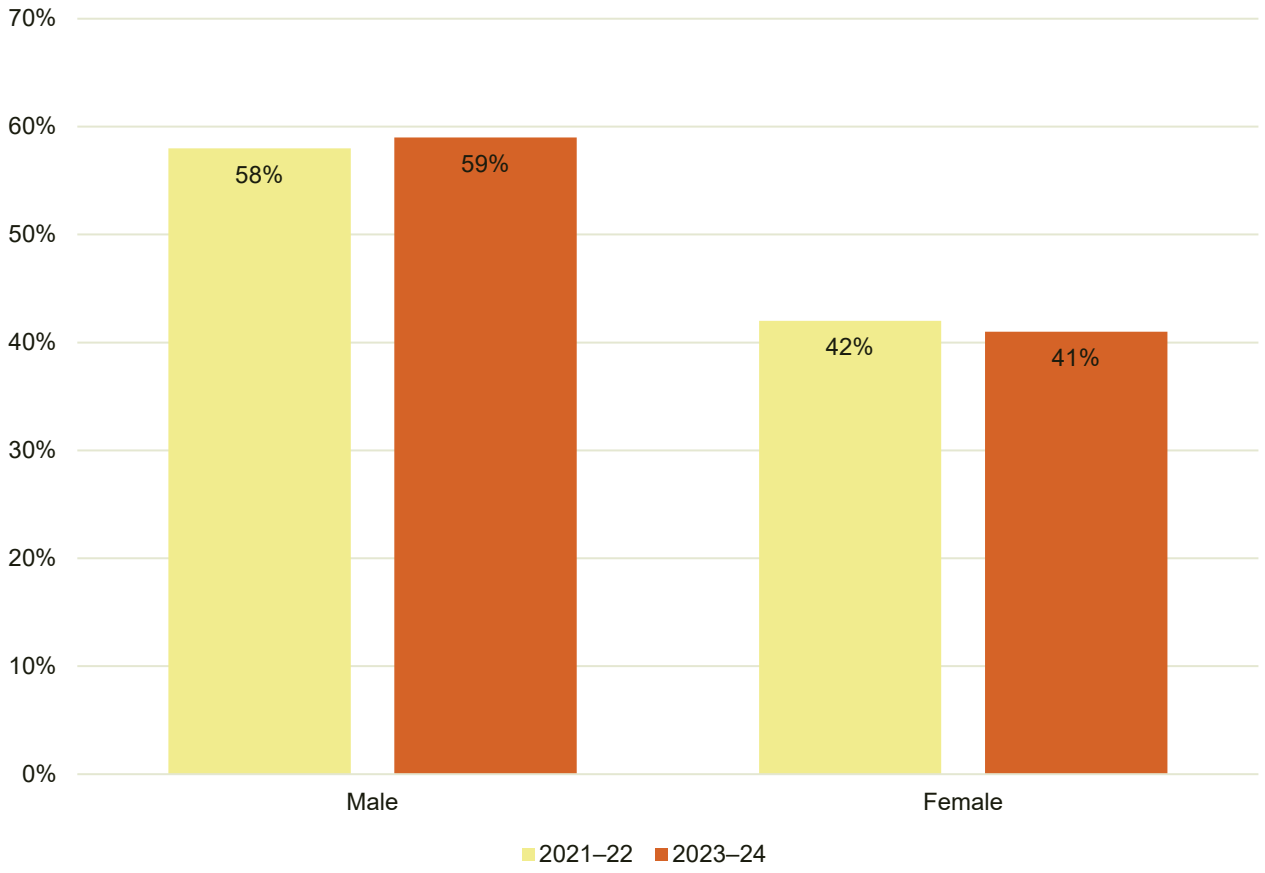
Cases sold by generation over the past two fiscal years remains steady, with no change recorded. Boomers and Gen X contribute 77% of channel volume. It is anticipated that there will be slow movement away from boomers over the coming next 5–10 years, with a steady increase in volume moving to the younger cohorts.

Focus:

Stay on top of generational movements through data. They will vary by winery and brand. Ensure that strategies around product, price, communication and offering are developed to target each cohort, to manage this generational movement.

Don’t make a wholesale move away from what has worked for Boomers and Gen X yet, as they continue to generate most sales.

Gender as % of net sales 2021–22 vs 2023–24 (cases sold)



Trend:

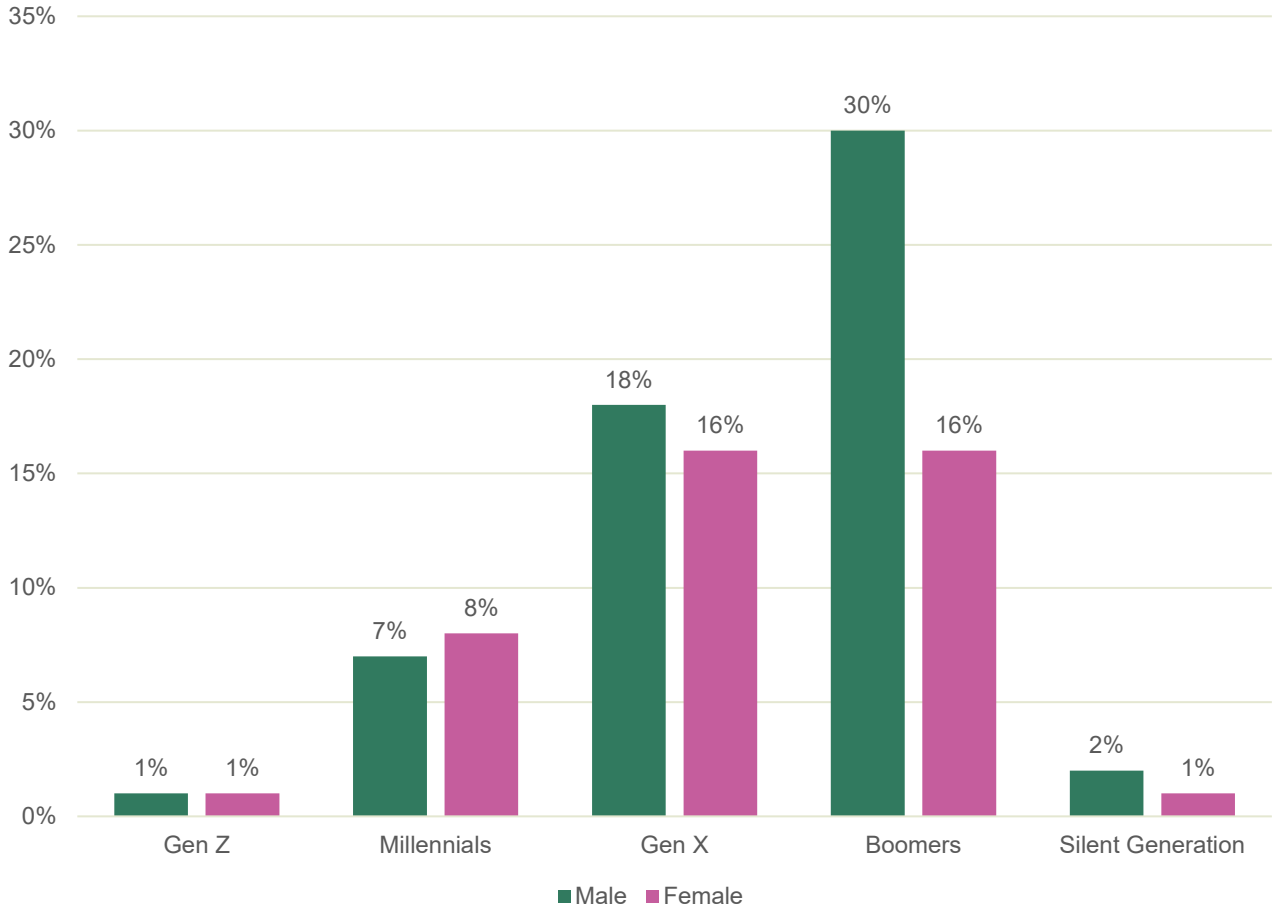
Sales by gender has remained steady, with just a small movement back to males in 2023–24.

The 2023–24 split is 59% male, 41% female.

Focus:

Campaigns targeting gender should be considered as a part of the communication offering, especially by generation, given the different varietal and price point preference data demonstrated (see slides 43–45).

Gender and generation by percent of 2023–24 net sales



Trend:

Males are buying more in every generation, *except millennials*, where women are buying at a higher percentage of sales than men.

The Boomers and Gen X continue to drive sales and volume in the DTC channel, contributing 80% of net sales (48% male / 32% female).

Focus:

Consider adopting a dual strategy. Firstly, managing the expectations of the largest market (Boomers and Gen X). And secondly, attracting and managing product, price point and communications to emerging generations, particularly to Millennials, who show different buying patterns and preferences. Whilst this means an increase in complexity of the communication strategy, it will assist in relevancy and therefore conversion.

2023–24 AOV by gender and generation

Trend:

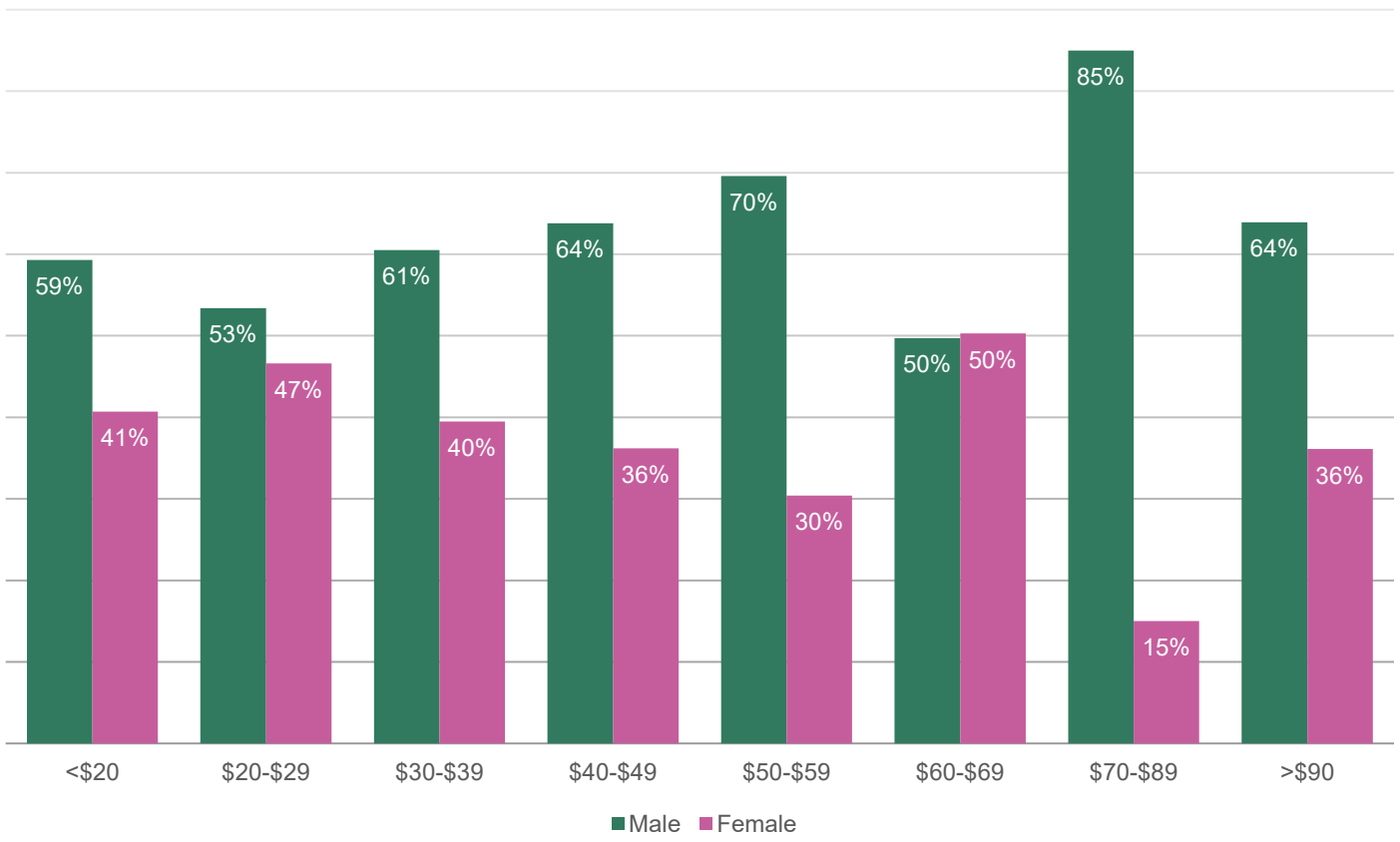
Average order value is higher for males, except for Gen Z where males and females spend the same, (noting Gen Z is a small percentage of buyers from the dataset of purchasers with 1% of total orders).

Focus:

Both varietal and pricing preferences vary for males and females. Focus on building these dynamics into communication offers by gender, to increase appeal and conversion rates.

	Gen Z	Millennials	Gen X	Boomers	Silent generation
Female	$245	$239	$263	$266	$278
Male	$243	$284	$321	$310	$302

Net sales by gender by price-range



Trend:

Males spend more than females on wine. Males particularly over index in the $50–$59 and $70–$79 price points.

Taking into consideration the average gender split of cases sold in 2023–24 of 59% male and 41% female, it is interesting to note that women over index in the $20–$29 and $60–$69 price categories.

Focus:

Again, target communication campaigns online and via email (and where feasible in the cellar door) to gender by varietal and price point to optimise relevance and conversion.

2023–24 cases sold: wine colour by gender

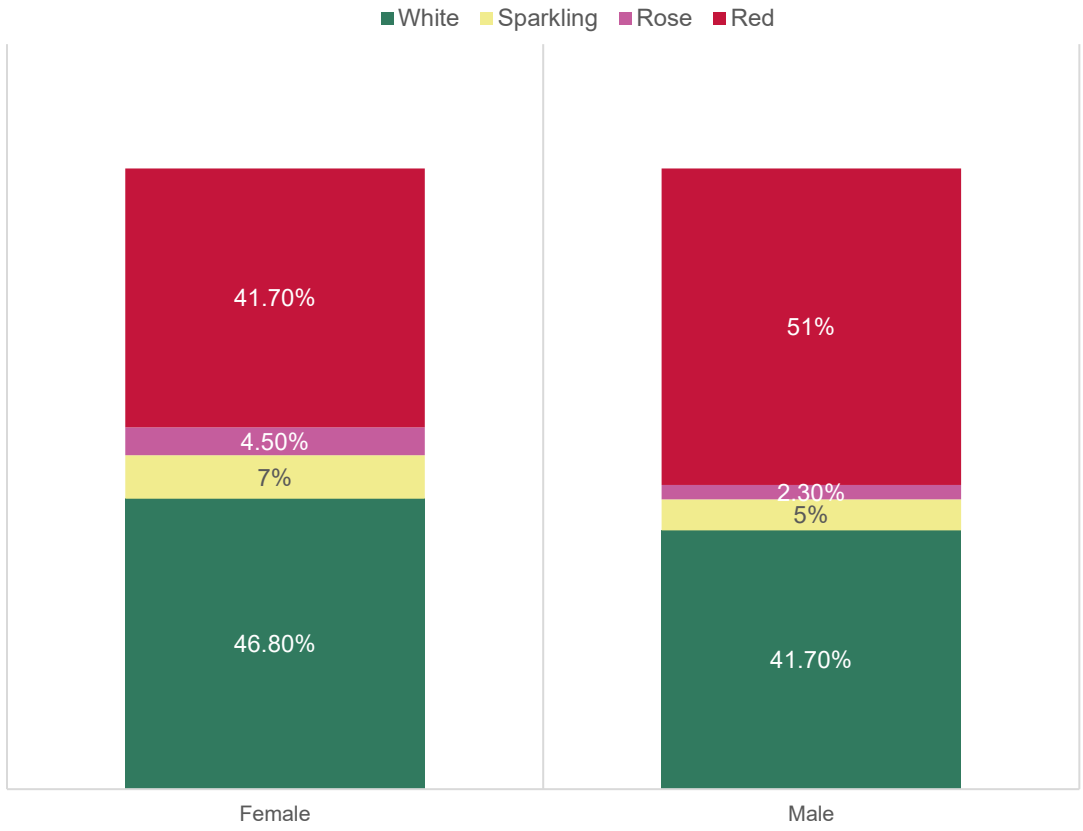
Trend:

As a percentage of all wine purchased, males purchased more red wine than females (51% to 41.7%) and females purchased more white wine than males (46.8% to 41.7%). Females also purchased slightly more sparkling and rosé as a share of total wine purchased, than men.

Focus:

Wineries to consider their portfolio and ensure a balance to optimise case sales by gender.

Target communications by gender by varietal to increase relevance and conversion.



2023–24 net sales by channel by generation

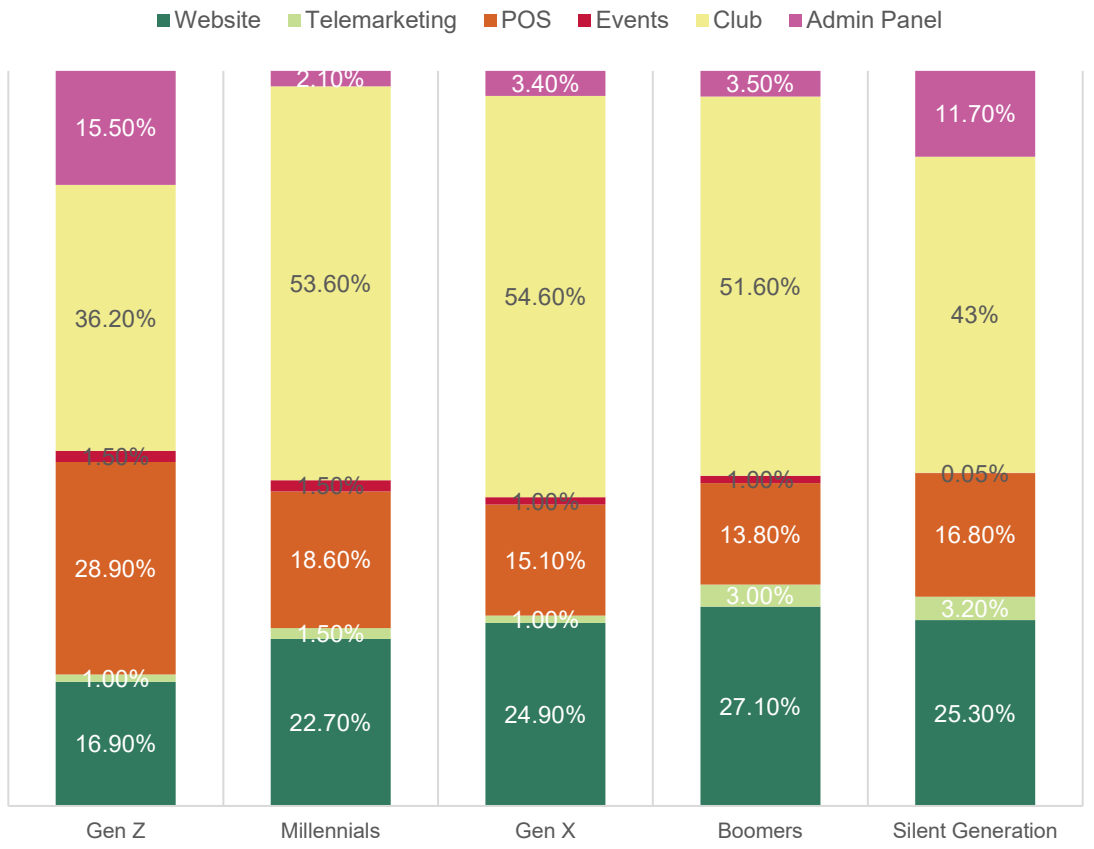
Trend:

Sales by generation by channel are evenly spread, except for Gen Z, who are buying more at the cellar door, but are not joining a subscription wine club at the same rate as other generations. Keeping in mind that this cohort is 20–27 years, the commitment and pricing could well be an issue given the average spend per member is over $600 per annum.

Focus:

Maintain subscription wine club offering as they are proven high value customers with a good tenure.

Test alternative spend / loyalty programs, and target Gen Z with price appropriate offers and encourage them to join a mailing list.



Monthly sales patterns by channel

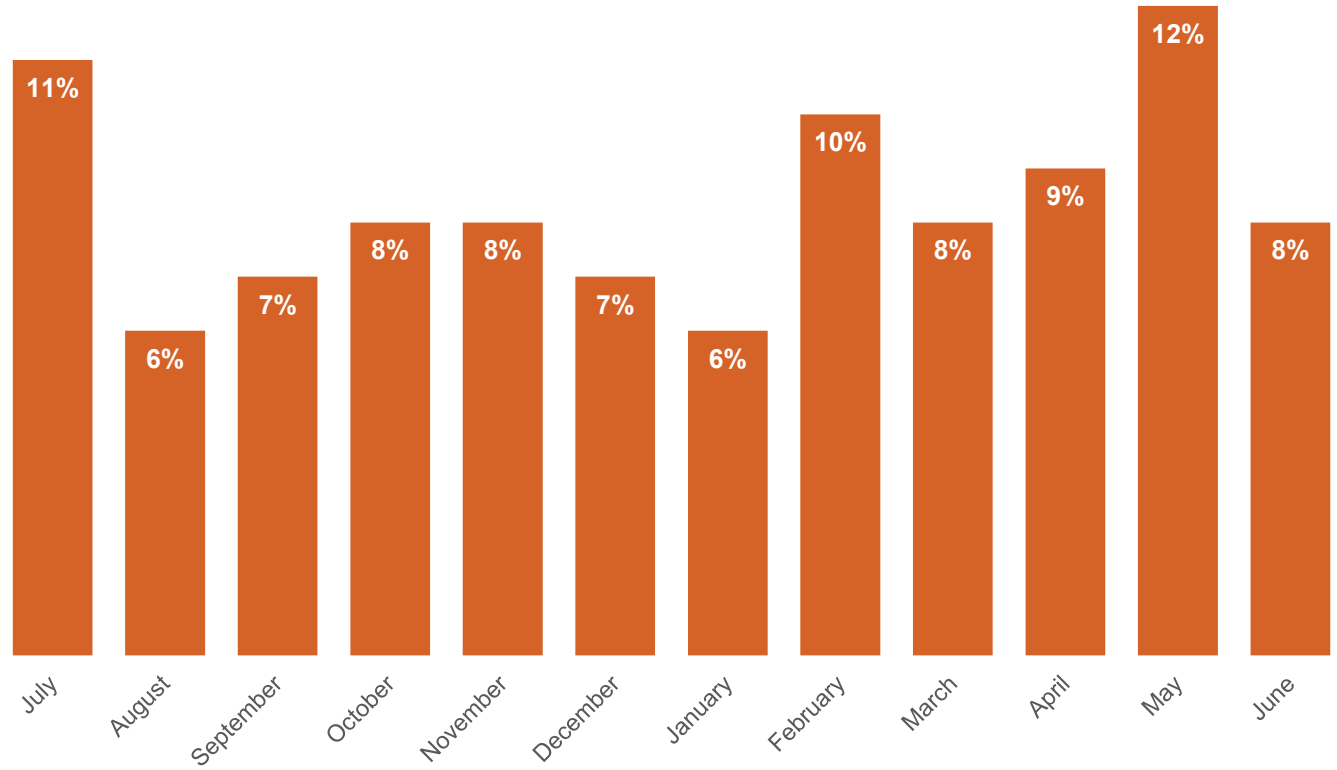
Average sales ($) by month excluding wine club sales by month 2023–24

Trend:

Wineries have evened out the non-wine club sales curve via POS (cellar door), email, website, events, and telemarketing across the year.

Focus:

Continue to manage communication strategy to present opportunities to buy across the year, noting specific opportunities around holidays, and EOFY.



Note: percentages above represent net sales % as a % of total annual net sales, less net sales from wine club shipments for each month.

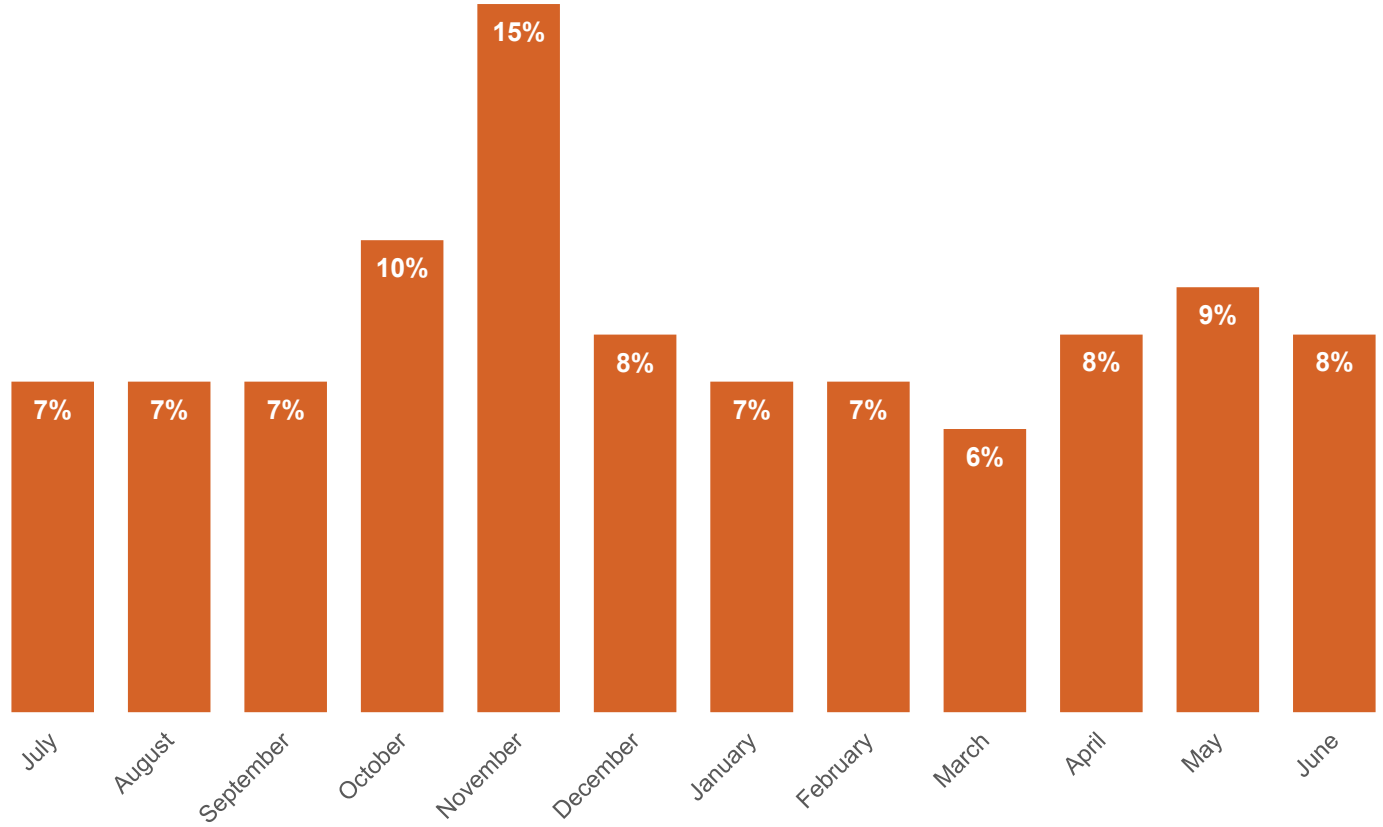
Website sales ($) by month 2023–24

Trend:

Website sales (which include email sales) are fairly even across the calendar year, with a predictable spike in sales over the November period, in line with holiday sales, and increased email activity.

Focus:

Continue to look for opportunities to drive sales in non-wine club shipment months. Consider frequency of contact, and occasion-based selling, including release schedules. Consider outbound telemarketing campaigns in slower months.



Note: percentages above represent website net sales, as a percentage of total set sales for each month.

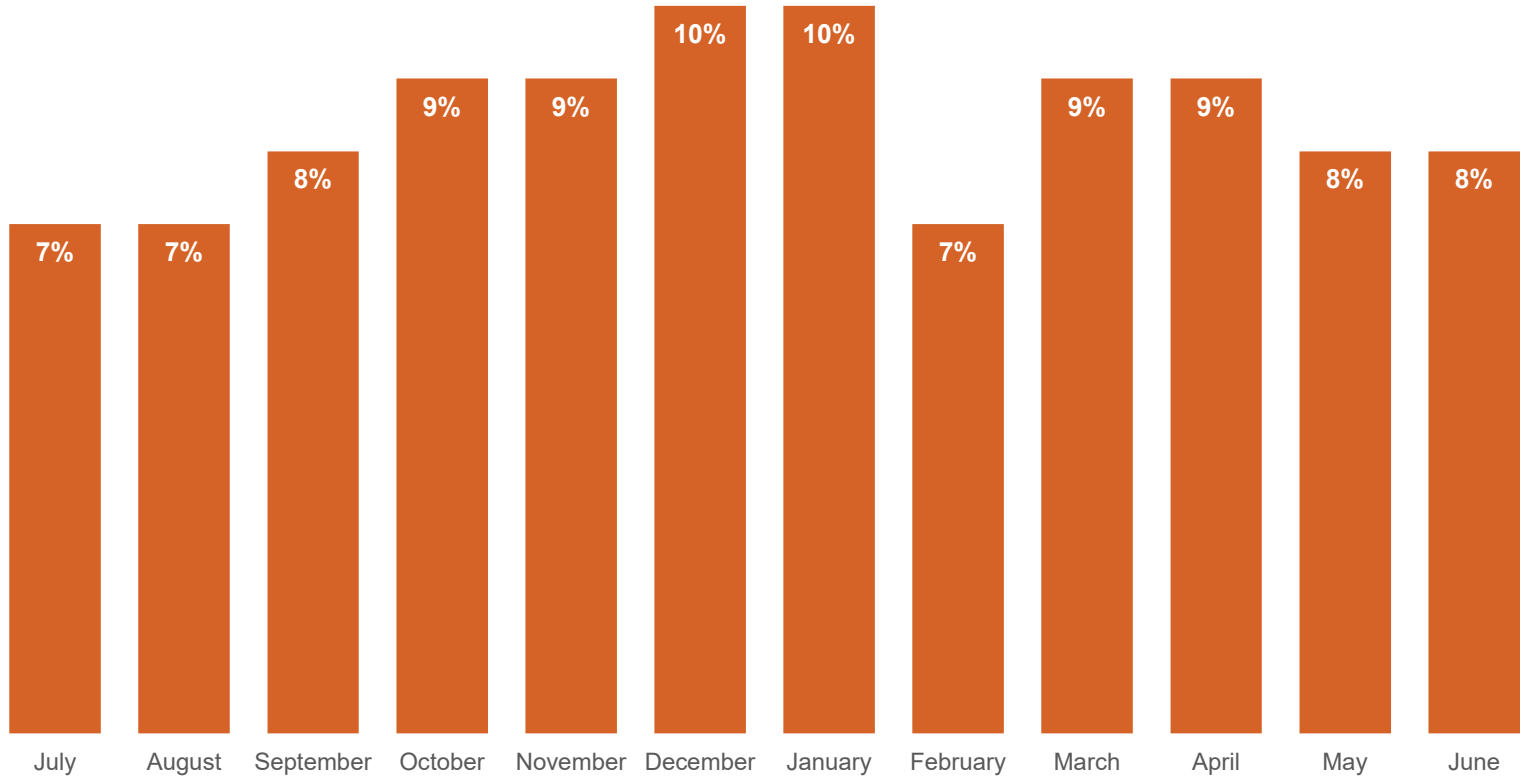
Cellar door sales ($) by month 2023–24

Trend:

Cellar door sales distribution by month are as expected, with stronger sales recorded in December and January, followed by the Easter break and the spring break, reflecting increased visitation in those months. February and the winter months are the slower months.

Focus:

Tourism opportunities to drive traffic with events targeted to quieter non-peak months.



About the author



- Georgia Rasmussen is a DTC specialist in the Wine Category.
- She has unique and extensive experience having worked in, built, and run, businesses in the channel in Australia and the USA (Napa Valley). She has worked in listed corporates and in privately owned businesses. These have included vertically integrated DTC retail businesses, and multinational trade businesses growing their DTC presence for both boutique, and global brands.
- On the back of this experience, for the past 15 years she has worked directly with Australian wineries and Australian Regional and Governing bodies to help grow the channel. Along with her practical, profit driven approach, she also provides broader education to the market about the opportunity in the DTC Channel. Inflection points for growth and understanding in the channel have been the first dot com boom (2001), the introduction of social media (2008) and COVID (2020). The post COVID market conditions remain challenging, and DTC has never been more important.
- Georgia focuses on the numbers and the data, to understand and model the size of the business opportunity (as it differs by winery), and to develop the infrastructure, resources and marketing strategies to meet and maximise that opportunity.
- She is a uniquely positioned consultant in the Australian market with unrivalled experience in this channel and is passionate about continuing to push wineries to optimise this part of their go to market strategy.