

HP digital publishing solution yields a bumper harvest for re-capturing Franciscan Estates' wine club members

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– Matt Wood

Director of Wine Club Sales
Franciscan Estates



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HP and Touchpoint open the doors to a new paradigm of direct communication with club members, resulting in a higher retention rate and increased revenues for the Franciscan Winery.

In California's Napa Valley, Franciscan Winery is situated in the heart of the Oakville viticultural area. Cabernet Sauvignon, Merlot and Cabernet Franc are the prime focus of its 240-acre vineyard, centered in the most prestigious area of the Napa Valley.

Constellation Brands' wine club membership program, better known as the "Expression of Terrior Wine Club," offers its members select wines from its portfolio of premium wineries, which include Franciscan Oakville Estate, Estancia, Mount Veeder, Quintessa, Ravens Wood, Simi and Veramount. This is a club specially designed for people with a deeper interest in wine and viticultural education. The participating wineries offer members an opportunity to taste the effects of terroir – the special combination of topography, soil, climate and people, captured in wines of singular character and personality – from different winegrowing regions.

Wine lovers and growers enjoy a perfect pairing

Matt Wood, Director of Wine Club Sales for Franciscan Estates, elaborated on the benefits of belonging to the club, "'Expressions of Terrior Wine Club' members automatically receive discount on wines they buy and are presented with unique selections each month. They receive invitations to special events and seminars, as well as VIP tours and tasting sessions. A library of information about wines and limited release bottlings also are made available to participants. Members can earn 'My Cellar Rewards' points for ongoing shipments, reorders and participation in surveys, focus groups, and certain events. These points may be redeemed for reorders, tickets for events, private lunches, merchandise, and accommodations."

The wine club is the largest direct sales channel available to Franciscan Estates and offers the winery a healthy revenue stream. Wood noted, "We aim to retain as many club participants as possible and grow the membership because each one typically brings in revenue of over \$1,000."

Fine wine on a budget

The economic decline over the last few years made customer retention in the club more challenging. Wood wanted to recapture some of the members that had recently canceled participation, believing that their historical buying data and preferences recorded by the club could be used to construct a compelling offer to return. A recapture campaign is considered the most difficult of tasks to accomplish compared to customer acquisition direct mail.

However, Franciscan Estates' expertise is in the production of fine wines, not direct marketing. Wood needed help to construct and execute a cost-effective marketing campaign to recapture the canceled memberships.

Uncorking a compelling, customized offer

Wood recalled, "In conversation with other marketers, I was recommended to talk with HP about its digital publishing solutions. I did just that, and in turn HP connected me with Touchpoint, Inc. – a firm that provides premium, highly personalized and real-time direct marketing services – to design and execute a comprehensive marketing program. The campaign, based on an HP Indigo Press 3050, focused on presenting customized offers to ex-club members."

Touchpoint was able to utilize HP software to manage the variable data, and construct a marketing campaign comprised of three customized mailings, each to the full list of 5,100 ex-members, spread across a six-week period. Wood reflected, "We discussed what data we had, what we wanted to do and what we thought would attract people back. The first piece was a very straightforward postcard with a variable picture of a red or white wine bottle depending on the person's preference and in the copy we referred to the type of wine too. The second mailing was a fold-over postcard with a tab and more information about the program and the rejoining offer. The third was a business response envelope (BRE) with

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a perforated pre-filled reply card. TouchPoint and HP did a really nice job, while the pieces didn't contain a huge amount of customized information, it was enough to make them feel personal.”

Most of the marketing pieces from ‘Expressions of Terroir Wine Club’ are hand crafted in appearance, two-color and have a matt finish. “With the importance of maintaining a brand image, the quality and finish of these mailings were very important to the winery,” noted Wood. “Although we wanted the pieces to stand out from the rest of our brochures, we didn't want them to be outside of our branding guidelines, and in particular, we wanted to use photography to recapture romantic wine-drinking moments. HP demonstrated the wide range of printing capabilities of the HP Indigo Press 3050 and the finished clarity and color of the photographs was simply terrific.”

A fruitful 9X payback

The results achieved by the 1:1 campaign were overwhelming. According to the January 2002 issue of Digital Publishing Magazine, at best, most direct mail campaigns can expect a one to two per cent response rate with a corresponding two to five per cent conversion. The club achieved an impressive three per cent response rate and 97 per cent rate of conversion.

Of the mailings to 5,100 ex-club members, the postal service returns indicated 4,200 were delivered to the correct recipients. Wood enthused, “Touchpoint, using an HP digital publishing solution, has delivered excellent value to Franciscan Estates. We had a good response to the first piece, the second had a much lower return rate, and the third offer generated more response than the first

two added together! We ended up with a total of 103 returning members, equating to a rate of 2.5 percent, worth \$164,000 in incremental sales to the winery. Our cost for this personalized marketing campaign was \$18,000 – the payback has been nine times our investment in the mailings.”

As part of the incentive to rejoin the club a bulk purchase discount for the first order of wine was offered and the first 12 returning members spent a total of \$14,000 on their initial orders. In fact the offer has been so compelling, 97 percent of returnees have placed an immediate order.

Maturing the campaign

The winery is currently undergoing an upgrade to its core information systems that will enable more data about the club members to be accessible for personalized mailings. Once this is complete Wood will refine the recapture mailing process and plans to establish the optimal interval after somebody has left before a customized invitation to return is extended. He also wants to test to see if the call to action can be delivered in fewer than three mailings. With regard to leveraging this solution to other business areas, he hopes to extend the use of personalized mailings to the bi-annual loyalty program statements to help existing members feel more special and therefore be less likely to cancel their participation.

Wood concluded, “I am delighted with the results from our variable-data recapture marketing campaign. HP and Touchpoint have opened the doors to a new paradigm of direct communication with our club members, which will result in a higher retention rate and increased revenues for the winery.”

At a glance

- **Company:** Franciscan Estates, owned by Constellation Brands
- **Headquarters:** St. Helena, California
- **Founded:** 1972
- **Telephone:** 707-963-7111
- **URL:** www.franciscan.com
- **Primary business:** Fine wine making.

At a glance

- **Partner:** Touchpoint, Inc.
- **Location:** Emeryville, California
- **Telephone:** 510-595-6775
- **URL:** www.touchpoint.com
- **Primary focus:** A leading provider of premium, highly-personalized and real-time direct marketing technology and services.

Challenges

- Improve wine club retention.
- Recapture canceled participants.
- Increase wine sales.

Solution

- Partner with Touchpoint, Inc. to design and execute a comprehensive, cost-effective variable-data marketing program.
- Utilize HP software to manage variable data.
- Deliver targeted, personalized mailings produced on a HP Indigo Press 3050.

Results

- Excellent return on investment with payback being nine times the investment in the mailings.
- Impressive three percent response rate and 97 per cent rate of conversion – with 2.5 of ex-club members returning, worth \$164,000 in incremental sales to the winery.
- An outstanding 97 percent of returnees have placed an immediate order and the first 12 returning members spent a total of \$14,000 on their initial orders.
- Continued mailings will maintain a higher club member retention rate and increased revenues for the winery.

For more information on how working with HP can benefit you, contact your local HP sales representative, or visit us through the Internet at our world wide web address:

www.hp.com/go/realtimetargetedmarketing

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