

Demystifying Direct to Consumer Sales and How To Approach a Website Update

by Julia Herz, HerzMuses Enterprises

With challenge comes opportunity, and I am incredibly optimistic about what is ahead. Right now, I see thousands of breweries (there were 8,500 on the record before COVID-19 in March 2020) evolve in ways that show how agile and adaptable small businesses are.

In the August 2020 press release from online retailer Drizly, they shared: "As consumers migrate to purchasing alcohol through e-commerce channels, Drizly forecasts 20% of off-premise alcohol purchases — normally at liquor, grocery, and drug stores — will be transacted online within the next five years. Less than 2% of these were online earlier this year."

Letting that sink in, it's fair to say that due to COVID-19 online sales of beverage alcohol will never be the same, especially for breweries. So...what is DtC and E-commerce anyway, and what should a beverage alcohol producer keep in mind?

Direct to Consumer (DtC) vs. E-commerce

E-commerce

Anything tied to website/app sales of curbside, delivery, to-go, shipped beer, pre-sales, or merch sales is an E-commerce sale. Common e-commerce platforms are Amazon, Drizly, and a variety of other marketplace websites.

DtC

Shipped sales directly from the producer to the consumer equate to DtC. DtC is a part of e-commerce. Common DtC platforms are brewery websites using their site to process transactions for their beer sales, merchandise, food, etc. who then use a third-party carrier to ship directly to the customer's address.

For U.S. breweries, ten states plus D.C. allow out-of-state brewers shipping beer directly:

Alaska, District of Columbia, Kentucky, Nebraska, Nevada, New Hampshire, North Dakota, Ohio, Oregon, Vermont, and Virginia

Montana, Pennsylvania, and Rhode Island allow more restrictive out-of-state brewers

In contrast, consider that U.S. wineries can ship to 45 states and even wine retailers can ship to 15 states! With that, the U.S. beer industry has a lot of work ahead to ensure more states' approval to even the playing field.

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So if you are a brewery and want an expanded marketplace reach, your eye should include the above states.

**90% of customers never make it to a restaurant website.
Don't let that happen to your brewery. <Bevv.com>**

What to Keep In Mind

- A brewery website is an additional sales channel where breweries can sell not only their beer but also, where allowed, bundle their beer sales with pre-packaged food pairings, offer subscription services for regular beer delivery and ongoing credit card sales, plus open the door for 'treat me' sales that increase digital shopping carts and a brewery's bottom line.
- Look for emerging technologies like predictive personalization and SaaS (software as a service) to enhance and customize brewery and retailer online sales.
- Own (On)-premise sales in the modern world: View your website as an online taproom and its own separate sales channel. So...view it as a webstore. Set up sales goals and be on the lookout for technologies that allow you to provide a customized user experience based on each visitor.
- Contactless ordering offers the opportunity to increase sales at the point of purchase (your taproom or brewpub).
- QR Codes can be printed on marketing materials, including advertisements, menus, tables, menu board, and more. These codes take the visitor directly to your online webstore to order!
- The thirst for video is real. If you don't have videos promoting each product, you can get them produced and place them next to each product listing on your website.
- Keep in mind the future of voice search...you read that right. Get ready for us all to want to search webpages via voice just like we are already doing on our connected TVs and with Alexa.
- The use of artificial intelligence to learn about your shoppers and predictive personalization of content for website visitors is being developed. Brave new world, people. Brave new world.
- The use of chatbots is more common than ever. Does your website have one? If not, then consider looking into it. Just like your staff answer the phone, they too can be set up to answer a real-time online inquiry.

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- The ease of mobile shopping and how your site functions compared to desktop shopping are both critical. Always design for both!

Julia's Gems To Consider BEFORE Updating Or Creating Your Brewery Website

- Block out weekly meetings for the core team
- Gather analytics from your website CMS (content management system), your taproom POS system, Email/newsletter sending platform, inventory system, etc.
- SEO keywords:
 - Create your top list and synonyms. Pro tip: get access to your [Google Search Console](#)
- Summarize merchandise sales program, fulfillment process, profit, products sold, volume
- Outline current sales and or goals if a new brewery:
 - On-premise sales: xxx of revenue
 - Distributed sales: xxx of revenue
 - Online sales: xxx of revenue
- Outline loyalty/subscription program
- Consider bundling and upsell to each order
 - Pre-packaged food from area vendors, Chapstick, merchandise, etc.
 - Name your bundle packages with fun brand names and promote those as individual products in your store
 - Before checkout on each order, offer an add on, "Add xxx item onto your order."
- Catalog media and digital assets for the press
- Schedule quarterly virtual event tastings with a select six-pack to be purchased in advance. Send those who purchase a link to the virtual tasting.
- Gather user-generated reviews for addition to the website shopping experience
- Be ready to create the augmented reality of each beer - 360-degree views of products
- Address 21-Verification and liability
- Prep to offer text marketing as a channel of communications
- Plan for the website design/update process to take at least three months, if not more.

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- An incredible way to prep for your website update is to pay attention to other websites you purchase from and note how they present their products, what the shopping cart experience is like, and what offers and prompts they extend to you.

Out of State Shipping

- If you are already conducting DtC out of state, how is your current compliance handled (taxes, licensing, etc.)?
 - How are you paying out-of-state fees each month? Do you hold licenses for the states you are shipping to? If not, you are subject to fines that threaten your ability to hold a license.
 - Several states require your business to use a third-party age verification provider or store a copy of a government-issued ID for each purchaser.
 - A few states require you to report the date of birth of the purchaser and recipient by collecting that information at the point of sale
 - Be aware of product registration, TTB COLA Registration, and Excise tax requirements
 - Volume limits for each state

How do you pay for it all? Let me help you get REAL about how to pay for this new webstore.

- 1) Do you have a taproom guest check average calculated? Whatever it is, increase it by \$2 per sale x customers in a year = \$\$\$ new revenue. Get each of your staff on board to reach this new goal. Doing this one act alone could pay for your new website.
- 2) Now... what is the volume of beer, merchandise, and food you hope to sell via the new website in a year? And what is your estimated profit over cost for these sales?

Do you see where I'm going with this? With the above in mind, when done correctly, your website is not "just another business expense," but it is a solid investment in your business that has a clear ROI.

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Resource Links:

- <https://www.brewersassociation.org/association-news/brewers-association-launches-new-interstate-direct-to-consumer-member-resource/>
- <https://www.sovos.com/shipcompliant/resources/dtc-beer-shipping-compliance-rules-by-state/>
- <https://www.sovos.com/shipcompliant/content-library/dtc-beer-report/>

For more information, and to emphasize many of the above points, feel free to watch my Craft Beer Professionals presentation “[Demystifying Opportunities and Options of Direct to Consumer Sales](#)” at the Craft Beer Professional Spring Conference in April, 2021.

Let me know how I can help you with your website updates and e-commerce solutions. I have a talented and experienced team ready to deliver cutting-edge, modern, and effective website sales solutions. You can see more at www.HerzMuses.com.



Contributing Author

Julia Herz

CEO, HerzMuses Enterprises

Julia Herz is a strategic consultant & educator who supports small business & nonprofit entities. Prior to consulting, Herz was the Craft Beer Program Director for the Brewers Association and Publisher of CraftBeer.com. Herz is a BJCP Certified beer judge, an award-winning homebrewer, a Certified Cicerone®, and co-author of Beer Pairing: The Essential Guide from the Pairing Pros.