



Q&A with Cracka Wines

[Cracka Wines](#) has built its online retail business by pairing a fresh product lineup with an e-commerce model that offers a novel take on the online auction.

Take us through the background of your online retail business.

[Cracka Wines](#) was first conceived in 2009 by Dean Taylor (former CEO Wine Ark) and Shane Pettiona (former COO [carsales.com.au](#)). Recognising the absence of any dominant player within the Australian online wine market, we set out to establish a platform that used content to connect wine buyers and sellers in the same way Carsales had done in automotive.

Development of the application commenced early 2010 culminating in the soft launch of the BETA site on the 20th September 2010. Since then, a considerable amount of time, effort and money has gone into refining and developing the platform to what it is today.

Our objective is to break the stranglehold that Coles and Woolworths have on the local wine industry by providing wineries with a powerful alternative sales channel.

Cracka Wines has enjoyed impressive 20% month-on-month growth since launch. What factors would you identify as contributing to this growth?

I put it down to the rare combination of convenience, value, choice, information and excitement which is all offered by our website. Until now, Australian wine websites have all pretty much been cut from the same mould. We set our right from the start to offer wine buyers something totally different. Our website provides a fully-integrated online research and buying experience not seen before in this country.

Under promising and over delivering also helps a lot. It's allowed us to build a large audience of highly appreciative customers who seem more than happy to tell their friends and family about us. It's this word of mouth marketing that has put us on the map and continues to propel our growth. No amount of advertising can buy that sort of goodwill.

How would you describe your e-commerce business model?

Our platform consists of two key sales channels. The first is where wineries list their products [for sale](#) at fixed but discounted prices and the other involving a unique [auction system](#) where the prices keep falling until all the wine has been sold.

Unlike traditional retailers, our model allows brand owners to sell directly to consumers. This creates distribution and sales and marketing efficiencies, allows the consumers to purchase at highly competitive prices and at the same time increases the margin available for producers. It provides a win/win solution which is very hard to beat.

What were the key challenges you faced in setting up your online retail business and how did you overcome these?

Our major challenge was convincing the wine industry to get engaged. They all loved the concept and could see the benefits of what we were offering, they are a very conservative lot and many were concerned it would cause them channel conflict.

While many sat back at first waiting to see how the platform would be perceived, their initial reluctance has well and truly gone. We now represent over [400 Australian wineries](#) including some of the industry's most sought after labels.

What are some of the key features of your site that differentiate your offering and improve conversions?

The obvious one is our '[falling price auctions](#)' which allows consumers to compete for a selection of premium wines over a short period of time.

Unlike traditional auctions, our prices start high (typically the RRP) and then start falling once the auction commences. Consumers have the ability to purchase their selected wine at any time by simply accepting the price displayed at the time. The longer they wait, the cheaper it gets but if they wait too long they run the risk of missing out.

Australians love to punt. They also jump at any chance to have a drink. By combining these two great loves, we've created something that seems to keep people coming back for more.

What marketing and website initiatives do you believe have been the biggest contributors to your success?

We're the first Australian wine retail site to invest heavily in content and utilising it for SEO purposes. It's a long-term strategy that we continue to invest in that's already paying dividends – with almost 60% of our traffic being generated organically.

We're also the first Australian website to compile [all the leading wine writers reviews](#) in one place. In the past consumers would need to visit multiple websites to compare reviews. The convenience of having all this information in one place is certainly very attractive.

What options do you use for fulfilment and logistics, and how do you manage your processes?

All of the auction inventory is held in our own warehouse in Sydney. Within minutes of each auction finishing it is picked, labelled and dispatched for delivery. By doing this we are able to maintain a high service level, with many of our deliveries being completed in less than 24 hours.



Given the ad-hoc nature of the fixed price wine sales, we simply pass these orders onto the winery or their nominated agents for fulfilment. While vendors are allowed to use their own logistics providers to fulfil the orders, they are expected to meet our SLA and are financially penalised if they let our customers down.

How is mobile commerce influencing your e-commerce practices?

With over 15% of our traffic coming via mobile devices, it's already having a massive impact. We expect that this will increase massively once our Mobi site and APP's go live in the next few months.

In what ways does your business engage with social media and how do you determine ROI, if at all?

[Facebook](#) is our primary 'consumer' social media tool. We use it as an education, promotion and customer service platform. We've found it quite effective and has a lower acquisition cost than many of our other channels.

We use Twitter and LinkedIn to engage with the 'cork dorks' and other members of the wine industry. We used both very effectively when launching our business to build awareness and to help position ourselves as a challenger brand.

What technologies and solutions do you use to power your e-commerce business?

Our website, CMS and back office operating system have all been custom built in .net and is hosted in the cloud. We've deliberately avoided using flash using java script instead to ensure mobile compatibility. Wherever possible we use other cloud hosted applications such as Xero and connect them to our systems using API's.

Which are the current e-commerce trends of most interest to you now?

I think the social media integration tools, which allow customers to register and sign in using their social accounts are very exciting. There are some great packages out there which also allow you to integrate user generated content and reward programs across the various social platforms too. I expect that these will quickly evolve and allow businesses to share their reward programs. Throw Facebook's own currency into the mix and it starts getting really exciting.

What's happening in mobile, particularly what can be achieved using JQuery, HTML5 and push notifications is also very exciting. It's great for businesses but a massive threat to Apple's App store business model.

What do you believe are the biggest challenges for Australian e-commerce businesses, and what could be done to address these?

The biggest issue I see is the limited market size here in Australia. We are always going to be at the mercy of international dot coms who can afford to invest more in their technology than we can here. Anyone trying to sell internationally available products is



always going to be at the mercy of those with greater buying power – particularly while the dollar is so strong.

However the beauty of the web is that we're not constrained by geographical borders. The trick is just making sure that we think about the international potential whenever we develop new technology or products here.

In this regard, I'd like to see the government establish a platform or framework that allows Australian e-commerce businesses looking to expand internationally to share resources, market intelligence and work together.

Neha Kale | powerretail.com.au | August 29, 2011

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