

About that \$50,000 website upgrade



About to pour tens of thousands of dollars into a new website? Before you take the plunge, you may well take note of the thoughts of Dean Taylor, CEO of Crackawines.com.au, who says it's increasingly difficult for wineries to get a return on investment when it comes to expensive, elaborate website upgrades. "There are lots of wine marketers who will say to their clients 'look, you need to be online, we'll build you a great website and a great App' and they'll go off and spend that money, but then they still don't know how to drive customers to those properties," Dean says.

"It's similar to a small winery saying 'if we build a cellar door we'll be able to sell more wine because we'll get more customers'. They don't get more customers so they put in a cafe or build an art gallery or hold concerts. They continue to throw more and more of their own capital at the problem, and the scary thing is there are lots of wineries who are falling into the trap of spending \$50,000 on a website and they'll never get a return on that investment because they don't understand the dynamics of the web.

"But there are good wine consultants who are starting to encourage clients to get away from throwing more money at the problem and embracing platforms like ours. A website is just a branding proposition, it gives them a presence and in many ways it should be directing consumers to the different places where they can buy their wines and obviously encouraging sales or taking direct sales if people are foolish enough to pay over the odds. To do anything more than that, it's just more false hopes. People are getting tricked into thinking that if they go and spend big money then they too will be able to enjoy these phenomenal growth rates in online sales. But just having the website isn't even half of it, it's getting the people to your website and it's becoming more and more expensive to do that. Driving traffic is expensive. We're lucky because most of our traffic is organic. Wineries need to be harnessing other people's capital investment."

Dean says even websites designed now are going to need upgrades in coming years. "The whole space is going to evolve in the next two or three years," he says. "Even broad-screen sites are almost a thing of the past, these days everyone is chasing a dedicated mobile solution, so even

though they might go and spend \$50,000 on a website now, to maintain something similar that keeps up with technology, they're probably going to have to spend another \$50,000 in two years. I've had conversations with people and been horrified with how much money they have ploughed into their solutions. Some of these sites are a nice branding exercise, but they are not even functional, they're all built in flash, for example, which doesn't work on mobile devices which now for us represent over 25 percent of our traffic – and that will rise to 50 percent within two years."

Dean draws parallels with the car industry. Cracka shareholders include people who founded carsales.com.au. "When they launched that site, the average car dealer got one percent of their leads through the internet, now they get 65 to 85 percent of their leads through it and most of those come from carsales.com.au," says Dean. "Most of the dealers used to get most of their customers from a 20 to 25km radius, but these days they sell cars to people all over the country and the internet gives consumers the ability to shop around. So those dealers who embraced it were given an opportunity to expand their businesses immensely. If it wasn't for the internet a lot of car dealers would be long gone. When that site was launched, none of the big car brands wanted their inventory on the website because they were worried about people competing on price and they were worried about their brand – that's long gone, and the wine industry is in a similar situation.

"When we launched Cracka, less than three percent of wine was sold online, and the average winery was selling less than one percent of their inventory online. I don't know if it's ever going to get up to 85 percent like it is with automotive dealers, but I know that number is going to increase dramatically. What is driving that from our perspective is mobile devices. The power of search is something we've invested heavily in, it's going to be the thing that really drives it and my gut feel is we'll see 25 to 30 percent of all wine sold online within four or five years. Cellar doors have got the most to gain from it, really, particularly through platforms like ours. We are an extension of the cellar doors, and it's up to us to drive that traffic, we're the ones who spend the money getting people to the site. The smartest wineries are letting people like ourselves do all the work for them." ■