



La Motte estate has tried to keep the conversation and brand experience alive online. Picture: Supplied

Online sales may drain wine lake

By ARTHUR GOLDSTUCK

● The beleaguered wine industry, pumelled by lockdown restrictions on restaurants and on-off prohibition of alcohol sales, has been given a lifeline by digital sales and marketing.

However, it remains a case of the glass being half empty as the industry wrestles with the nature of its product, which is at its heart entirely sensory.

"The industry is sitting on unsold inventory totalling between 250-million and 300-million litres, most of the real surplus attributable to the lockdown," says Michael Fridjhon, a wine consultant and director of the RMB WineX show.

"The impact is far greater than the actual surplus, however: wineries with unsold stock will not buy grapes – at all, or to the same extent – from the 2021 vintage.

"The country has roughly 500 wineries but 2,800 grape growers. If there are no buyers for this fruit then the value of the entire year's work will go to waste. Since grape growing has become increasingly marginal this means that several hundred grape farmers will face ruin."

Fridjhon says the limitation is that wine is both about taste and experience. "It's impossible to overemphasise the value of human interaction in the nature of this engagement. The atmosphere of a live show cannot be replaced by an online experience, though purchase preferences are known, can easily digitalise."

Despite this, last year's annual WineX show became a virtual event.

"The public embraced it. This does not mean that it was preferred to a more traditional event: social media still reflected the public longing for a gathering and the traditional wine tasting and personal engagement experience," Fridjhon says.

According to Hein Koegelenberg, CEO of La Motte Wine Estate and Leopard's Leap Family Vineyards, digital marketing and sales were important before the pandemic, but are now a "must-have".

"In China, online sales account for 45% of sales. The rest of the world is now catching up. Lockdown has changed the minds of many who were still hesitant to do everyday shopping online – also when it comes to wine. Distribution has developed and now answers consumer demands."

He does not believe digital will be implemented to the detriment of traditional as "the human element and interaction remain important in a lifestyle-type product such as wine".

La Motte introduced virtual offerings and tried to keep the conversation and brand experience alive online. "After the previous bans there is an initial surge when sales reopen. But buying patterns are changing. From a tourism perspective, normal levels are a long way off."

To spur interest La Motte created virtual events for wine tasting that included art and culture activities such as a virtual sculpture walk on the estate.

"An unexpected result was that the virtual wine tastings became popular for bigger corporate groups, team buildings and international tastings. These tastings are now more popular than the individual tastings and result in good wine sales. We are happy with the success, it just came in another way than initially anticipated," Koegelenberg says.

Meanwhile, general online alcohol sales have boomed in the wake of the lifting of a ban on sales. One of the biggest beneficiaries has been Pick n Pay, which bought alcohol-ordering app Bottles in October 2020.

Customers enjoyed being able to order their favourite drinks "and this reflects in customer demand immediately after the three bans were lifted", says Richard van Rensburg, chief technology and services officer at Pick n Pay.

"Our online platforms remain popular

throughout the year and we believe this is due to the flexibility and convenience of being able to offer same-day and next-day delivery of both liquor and groceries from Bottles or scheduled delivery on a future date from our online shop."

To support the local wine industry, he says, Pick n Pay has committed to buying 25-million bottles of wine in 2021.

"We are working closely with wine farms to help them sell their excess volumes, and our online shop will support this initiative by making these wines available to customers from March."

Bottles weathered the initial lockdown by introducing groceries, which boosted orders 400% over the previous year.

The wine buyer for online daily deals site OneDayOnly, Brad Coetzer, says the site supported the industry during the ban by running weekly promotions on wine purchases for delivery directly from the supplier as soon as trading resumed. "We did this to help local farms and distilleries hopefully be able to cover some of their overheads and retain their staff."

"Fortunately, we have incredible relationships with our suppliers, who were well aware of the backlog that we were potentially facing. Because of timely deliveries and a warehouse team that has worked through several Black Friday and festive season rushes, we mitigated the risk and avoided substantial backlogs," Coetzer says.

Nevertheless, OneDayOnly saw a considerable increase in sales when the ban was lifted last week, both for unlabelled wines and higher-priced wines. "These are great wines from local farms but are unlabelled, so they come at a reasonable price."

Specialist store WhiskyBrother also made ordering available during the ban, for fulfilment once it was lifted.

This did not rescue sales, however, says co-owner Neil Paterson. "January was officially our worst month on record. There was a small backlog which we cleared quickly. The bigger backlog is now on Mondays after three days of closure. People browse and buy Friday through Sunday, creating what is historically unusual for us: a busy Monday."

While online orders are now at the level where they were a year ago, he says, traditional methods of selling alcohol are being reconsidered by the entire industry.

"Most industries have seen the power of selling online but our physical premises offer an experience which is hard to replace with a web page. We will continue to offer both physical and online, with a focus on service and product."

In contrast, physical liquor outlets saw a substantial decrease in the frenzy for alcohol purchases after the latest ban ended. According to Lightstone, which analyses traffic data from vehicle tracking devices, there was a marked decline in visits to Makro stores the day after the ban ended last week compared to previous alcohol bans. As one of the largest mass market liquor outlets, this also reflected visits to mall-based stores.

"Makro stores saw a 40% increase in visits when the first alcohol ban was lifted, on June 1 2020, compared to pre-Covid lockdown announcements. This 40% increase was maintained for the most of the first week of allowed alcohol sales," Lightstone says.

"When the second alcohol ban was lifted on August 18 2020, Makro stores saw only a 12% increase compared to the equivalent date earlier, in July 2020, when alcohol sales were allowed."

"On February 2 2021, Makro outlets had fewer visits than they had on the first Tuesday of December 2020 and the first Tuesday of November 2020. Interestingly, however, the increase in visits was higher by the Thursday than it was on the Tuesday ... almost 60% higher than the week before."

This suggests that the new alcohol normal will be a different experience both online and offline.

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