

The Online Opportunity

GROCCERS SHOULD HARNESS ECOMMERCE AS PART OF THEIR PET CARE BUSINESS.

By Princess Jones Curtis

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andy Bayer, a digital strategist for various pet brands, including Organic Oscar and JoJos, notes, "We know a lot about pet people from the years of research and data compiled on them."

He goes on to tick off that information: "They spend millions and millions of dollars a year on their animals across the board, including food, grooming products and services. They're choosy about brands but still price-conscious. Upsells are effective. Convenience is

a big draw. And when they get home from working all day, they want to unwind and play with their puppy — not down to the grocery store to stand in line for a bag of dog food."

The Amazon Effect has touched nearly every consumer industry in the world, and pet products haven't been spared. Consumers have been trained to expect online and delivery options everywhere.

"I don't subscribe to the hype that retail is dead, but it is changing quickly — very quickly," asserts Danny Halarewich, founder and CEO of Vancouver, British Columbia-based LemonStand, an online retail platform that powers fast-growing ecommerce businesses. The company works with online retailers across various verticals and has seen firsthand how industries have changed. "Businesses

who don't adapt to these changes will die and be replaced by digitally competent entrepreneurs who capitalize on the missed opportunity," Halarewich adds.

"More than ever, today's consumers are more digitally connected and informed, using multiple channels simultaneously," says Don Yee, senior consultant for Short Hills, N.J.-based FitForCommerce, a boutique ecommerce consulting agency. With nearly 20 years of retail and ecommerce experience, he knows what consumers want. "They expect a consistent experience, and are in the driver's seat as to how, when, where and whom they shop with," Yee observes. "If their needs and shopping experiences are not met, they will shop elsewhere."

Ready for Growth

Traditionally, food retailers have been slow to enter the online grocery realm in general.

"When you look at the way grocers are entering the ecommerce space, most are sticking with the order-online-and-pickup-in-store



model, because it is the path of least resistance in grocery," Bayer explains. "But if they want to get deeper into a traditional ecommerce model, there's no better space to start than pet products. Pet people are busy but have a recurring need for the items they're buying. Those items are generally nonperishable, so transport is easier. And unlike someone who is looking for or grapes or melons, a pet person isn't looking to taste or smell the product before buying it."

The landscape for ecommerce in grocery categories is primed for disruption, because there's incredible room for growth. "Ecommerce is important and an essential channel to survive and thrive in today's and tomorrow's retail environment," Yee notes. "The numbers prove this point: U.S. online grocery sales amounted to about \$14.2 billion in 2017 and are expected to rise to nearly \$30 billion by 2021. Ecommerce accounts for about 20 percent of all apparel sales, but only 2 percent for groceries. To me, that signals great opportunity, especially as logistics, infrastructure and technology improve."

Pet product consumers have embraced ecommerce shopping for a number of reasons, including the ability to shop 24 hours a day from the comfort of their own homes, and more choice both in products and brands. Convenience is a high priority for today's shoppers, so avoiding parking and long checkout lines is a big plus for them. Online shopping can also be incredibly efficient, considering that the online shopping portal can store various data. This makes features like reordering favorites or storing digital coupons possible.

But retailers are reaping the benefits, too. The most obvious one is that product sales are no longer limited to local buyers. "Ecommerce opens you up to a much larger customer base," Yee says. "You don't have to only sell to people who live nearby, but can sell nationwide or even worldwide. That is very powerful."

He also wants grocers to remember that ecommerce is conducive to harvesting information from customers in ways that local retail purchases aren't. "Retailers gain access to more real-time customer data that can be leveraged to personalize experiences and optimize business performance," Yee points out. "Since ecommerce transactions capture customer email information, sending out automated and customized emails is quite easy."

Customer data has proved to be an invaluable asset in marketing to new and returning customers over a number of industries. Imagine knowing the size, breed and age of a customer's pets as well as their buying frequency for items like food or grooming products. Grocers could use that information to retain current customers, market new products to the current customer base and gain insight into what marketing tactics might be necessary to bring in new customers.

Avoid the Common Pitfalls

That's not to say that ecommerce is the perfect answer to every grocer's pet product needs. There are still plenty of mistakes to be made. For instance, Bayer warns grocers to avoid trying to reinvent the wheel when selling pet products online. "The best ecommerce efforts will tie the in-store experience with the online experience," he cautions. "It should feel like an extension of the shopping they already do with the company, not a brand-new, completely unrelated experience."

According to Halarewich, marketing efforts should be thought of in terms of the big picture rather than



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short-term gains. "A common pitfall that I see is underestimating the role of marketing for your brand and website, and not committing to it for the long haul," he says. "Driving quality traffic to a website takes a lot of work, and doesn't happen overnight. I see many businesses get frustrated and give up when they don't get results quickly."

Halarewich further notes that putting the marketing pieces together can yield exponential results, "but the amazing thing about building an ecommerce business is that good marketing is compounding. Creating quality content, engaging with your customer and nurturing raving fans through excellent customer service have a snowball effect."

The logistics of building and maintaining an ecommerce website, or adding a pet product section to your existing website, can also be expensive in regard to money and manpower. There are also concerns about branding, security and user interface to be addressed. And all of that comes before delivery/pickup logistics are even added to the equation.

To avoid overwhelming the organization and burning through current resources, Yee advises grocers to explore their options using the existing infrastructure. "It's OK to test and learn," he notes. "Grocers can leverage their physical store locations to fulfill customer orders, and fulfill the last mile with delivery and pickup (click-and-collect) services. These services are also provided by third-party companies, which allow grocers to quickly test the waters, and with minimum upfront investment."

Even with all of the possible pitfalls, however, Yee believes that it's all worth it, because the future and the internet go hand-in-hand. "The evolution of technology and the internet has a direct correlation with the acceleration of digital commerce, challenging the survival of traditional retail," he asserts. "There is more pressure than ever for retailers to reinvent traditional retail by assigning greater focus on digital channels and delivering a complete and unified shopping experience." **PG**

