



Use of the Internet by Independent Retailers

A TalkingRetail.com report

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Executive summary

Just as the internet has transformed how the general public shops over the past decade, so it is radically changing how convenience and grocery retailers operate and manage their businesses.

Key operators such as Unilever, as well as TalkingRetail.com, are reporting sharp increases in traffic and visitors to their trade websites, with retailers now going online for business advice and information and category management, as well as to order goods or services.

The evidence

Unilever's Partners for Growth category management website (www.partnersforgrowth.unilever.com) reported 7,523 individual visits in May 2008, a year-on-year increase of 87%, with page views up 24% and downloads up a massive 115% on a year ago, with 5,565 downloads carried out.

Last year it carried out a survey that found nearly two thirds of independent or symbol group convenience retailers already either

used or planned to use the internet for their business, with the primary activities being searching for new product information, ordering stock and category management.

Similarly, cash-and-carry group Booker reported earlier this year that annual online sales via its trade website had risen from £44m to £109m after it launched its new website in June 2007 (www.booker.co.uk).

There is also increased appetite for information and advice online, with TalkingRetail.com reporting site traffic increasing from about 40,000 page impressions a month in May 2007 to around 300,000 at the same point this year. The number of unique users a month has gone from 10,000 a month to more than 80,000.

In a user survey carried out on the site between January and March 2008, 60% of respondents classed themselves either as independent or convenience retailers, while 22% were multiple retailers.

What the internet is being used for

Looking up new products and accessing retail industry news remain the most popular online activities, with TalkingRetail.com seeing the majority of site traffic directed to these two sections.

Until now retailers have primarily used the internet for these purposes, along with accessing category advice, agrees Stephen Moodie, customer director for the convenience sector at Unilever. But they are now looking to do this and more besides.

Moodie explains: “What we are looking to do increasingly is to channel retailers to the website for further information, as evidenced by the increase in downloads.”

This includes activities such as uploading videos on new ideas or advice on, say, how to manage the ice-cream category, or accessing updated information on best sellers lists.

And retailers are also increasingly ordering stock and carrying out transactions online, say industry experts.

What’s driving growth

Convenience and ease of transaction has been the key, with transactional sites striving to make themselves ever more user-friendly, speed up the ordering process and remove barriers to entry.

More generally, as the internet has become more commonplace in both the home and business world, concerns over how to get online,

security and the use of credit cards online have become much less of an issue.

While the stereotypical middle-aged corner shop owner may still be around, more often than not there is now a son or daughter in the back of the shop who can complete online orders for them.

Building up trust has been another key element, argues Unilever's Moodie. "Our best sellers lists, for example, are drawn up from national sales data. In a survey we carried out, 79% of visitors said they thought our information was independent and fair."

What retailers say

The following quotations are extracted from a round-table discussion with independent retailers conducted in April 2008 by TalkingRetail.com in conjunction with Coca-Cola Enterprises:

"All my youngsters [staff] in the evenings, that's the way they're all connected now [via the internet]. I'm amazed at how much time they spend on it. It's colossal. From an advertising point of view, that's where you should be.

"If someone comes in and wants a specific whisky...I Google it. Sometimes I've bought things from the net and supply them to my customers."

David Tubby – Country Produce, Cold Norton, Essex

“I think I should use the internet more but you’ve got to advertise a website and entice people to use it. More and more I think the internet will be a prime source. It’s all about quickness.

“The bonus with a website is the information is there all the while. The problem with a magazine is you flick through and then it goes in the bin. It’s quicker for me to read on the internet. You can find what you need in seconds.”

Appean Sharma, Costcutter, south London

The future

As people’s confidence and familiarity with the web grows, so what they will want to do, and expect to be able to do, will grow too, argues Unilever’s Moodie. There will be, he suggests, more online advertisements, more use of “value added” tools such as video testimonials, planograms, shopper insights and blogs.

Shane Brennan, public affairs director at the Association of Convenience Stores (ACS), agrees there has been a clear trend in convenience store retailers increasingly using the internet for ordering goods and accessing information. But, he argues, there is still a perception gap between using the internet as a customer and recognising its potential to help manage their businesses better.

“The ACS’s website now provides a significant amount of information for retailers. But I think it will still take a while for it to become mainstream,” he argues.

There will, nevertheless, be a gradual move beyond simply ordering goods and carrying out transactional activities, experts forecast, with users wanting to identify and examine trends or, for example, getting more advice and guidance on category management.

There may, too, be demand for more refined search tools so that users can, for example, search for products that are recyclable or all products in a particular price bracket.

“It is definitely a tool that is here to stay,” adds Moodie. “It will potentially revolutionise the way retailers work.”

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