

YOUR FUTURE IN FOOD

# Is Your Food Company Ready for E-commerce?



## Here Are Some Things to Consider Before You Take the Leap

With growing global competition and the increased use of the Internet, greater emphasis on convenience and product customization among all demographic segments, it is becoming more important than ever for food companies to expand their business into online marketing channels.

The common perception of creating an online presence with an e-commerce component is that it is intimidating and complex to implement and maintain in your food business with no guarantee of success. However, creating a solid e-commerce strategy can assist you in

mitigating these concerns and identifying new business opportunities to pursue while also preparing you to deal with challenges that may arise along the way.

Participation in e-commerce has many benefits including enabling food businesses to reach existing and new customers to expand their business without the need for a physical presence. Food businesses can also leverage e-commerce to bolster and diversify sales, improve production and service delivery processes, lower costs, increase brand awareness, increase their global competitiveness, and offer 24/7 service. Overall, e-commerce cannot be overstated; it has modernized the way we do business.

Before taking your food business online, take some time to objectively assess your organizational capacity, business goals and objectives to determine if e-commerce is right for you. As a starting point, review the following areas to determine your e-commerce readiness before embarking on this new initiative.





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## Organizational Capacity

- Is your management (at all levels) committed to developing a long-term e-commerce strategy to assist in growing your food business?
- Do you have the staff, time and resources to invest in and grow your e-commerce business? Do you have the capacity to:
  - research and select an e-commerce business model
  - research and select an online marketing channel
  - set-up and maintain your e-commerce site
  - manage production, inventory, warehousing, picking, packing, labelling, shipping and order tracking for your product
  - manage the accounting and administration
  - obtain export licencing and manage customs documentation (if necessary)
  - manage your customer service (e.g. assist customers in areas such as sales, product issues, purchasing process, delivery and returns to ensure they are happy with your food product)
  - create a plan to protect your intellectual property (e.g. trademark or patent)

- manage and analyze your e-commerce data to understand trends and shifts in consumer behaviour and make business decisions that will increase efficiency, margins, and online sales

If you don't have the current capacity, does your food business have the ability to build these capabilities internally or outsource these functions to a reliable and efficient service provider?

Do you have access to the necessary infrastructure, technology and services such as computer, printer, high-speed Internet, domain name, security certificate, web hosting, e-commerce platform, merchant account, payment service provider, and social media to set-up your e-commerce site and provide a secure shopping experience for your customers?

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## Market Knowledge

Have you:

- verified that your food product can be sold online and through the e-commerce site of your choice?
- conducted the necessary market research to understand the industry and market environment and trends so you know that the online marketing channel wants and needs your food product?
- thoroughly researched and vetted all potential food related e-commerce partners (e.g. Amazon.ca, Walmart.ca, Costco.ca) you are interested in working with? Some questions you may want to consider asking are:
  - What is their annual revenue?
  - How many members do they have?
  - Who are their members and what do they want and need (e.g. tastes and preferences)?
  - What are the pros and cons of working with the e-commerce partner? For example:
    - What is their selling model?

- What services do they offer (e.g. warehousing, picking, packing, shipping) and what is the cost associated with the service?
- Can you control pricing and brand messaging?
- Can you create promotions?
- What are the inventory limits?

- security certificate and software
- inventory management, warehouse, fulfillment and/or shipping
- marketing costs
- payment processing
- Have you determined your margin requirements and pricing strategy?
- Have you determined how you will place your product, what content you will present, and how you will present the content (e.g. product details such as product name, price, weight, dimensions, professional web-ready format of images/videos, product reviews).

## Marketing and Sales

- Is your food product suited to selling online? For example is your product:
  - perishable or shelf-stable?
  - available in the appropriate size for the customer?
  - appropriate for shipping insofar as being packaged in a container that is not excessively heavy and will not leak or break in transit?

*Note: Shipping costs for heavy products can be extremely high and thus eat into your profit.*

- Is your food product a good fit for the e-commerce market channel you choose?
- Will you offer variety packs?
 

*Note: Variety packs encourage customer trials and are typically top sellers on e-commerce sites.*

- Do you have a plan to follow best packaging practices to meet e-commerce shipping requirements and ensure your product ships well to the customer?
- Does your food product meet the labelling requirements of the market you are selling to?
- Do you understand all of the e-commerce fees associated with selling online? For example, what are your fees associated with:
  - domain name
  - web hosting
  - data back-ups

*Note: Your content should be concise, informative and thorough. Over two thirds of customers will abandon a product page for lack of information.*

- How will you promote your food product (e.g. use of e-mail communications, content marketing, social media, search engine optimization, content creation, search engine marketing and influencer marketing)?

*Notes: Without strong online content your promotion efforts will be wasted. Beware of antispam rules when using e-mail communications.*





Remember, e-commerce is not one size fits all and an e-commerce strategy is not created overnight. If you want your e-commerce strategy to be successful you need to properly plan and create a strategy that has a strong marketing component, but that also reflects your organizational capacity and uniqueness of your food business, and supports your business goals and objectives.

- Can you enhance your customers online experience by catering to different types of users (e.g. can your customers view your site content in different languages, pay in different currencies, select different payment or shipping methods)?

### Successful E-commerce Strategy

Preparing your company to expand into e-commerce can be time consuming and stressful. However, it can also be extremely rewarding for your food business if you properly plan and implement a well-structured e-commerce strategy that will continuously attract and engage customers.

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**Manitoba Agriculture and Resource Development can help you build your future in food and agri-products. Our business development specialists can offer consulting, pathfinding services and resources that will help you manage and grow your business.**



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