



# E-COMMERCE AND DIGITAL BUSINESS

**A GUIDE FOR  
CANADIAN  
FOOD AND  
BEVERAGE  
COMPANIES**



Government  
of Canada

Gouvernement  
du Canada

## Contact

If you have questions about e-commerce or exporting your agriculture and food products, please contact the Market access Secretariat at: [aafc.mas-sam.aac@agr.gc.ca](mailto:aafc.mas-sam.aac@agr.gc.ca).

## Copyright, disclaimer and acknowledgement

### Copyright

E-Commerce and Digital Business: A guide for Canadian food and beverage companies.

© Her Majesty the Queen in Right of Canada, represented by the Minister of Agriculture and Agri-Food (2021)

Government of Canada Catalogue Number:  
A22-275/2021E-PDF

International Standard Book Number (ISBN):  
978-0-660-39292-9

Agriculture and Agri-Food Canada Number:  
13076E

**Photo credits** - All photographs reproduced in this publication are used by permission of the rights holders.

### Disclaimer

Although every effort was made to ensure the accuracy and currency of the information in this document, the Government of Canada and AAFC do not guarantee, warrant, represent or undertake that the information provided is correct, accurate or current, and assume no liability for any loss, claim, or demand arising directly or indirectly from any use of or reliance upon the information. The Government of Canada and AAFC do not endorse or make any representations about any products, service or materials detailed in the document, which are used at your own risk.

Any authorized or permitted reproduction or redistribution of this document, in whole or in part, must include acknowledgement of Agriculture and Agri-Food Canada as the owner of the copyright in the document, through a reference citing the Government of Canada, the title of the document and the year. Where the reproduction or redistribution includes data from this document, it must also include an acknowledgement of the specific data source(s), as noted in this document.

### Acknowledgement

This guide was produced through a collaborative effort between Agriculture and Agri-Food Canada and the Trade Commissioner Service of Global Affairs Canada.



# Introduction

The marketplace for selling food and beverage has been changing. Consumers are spending more time online and e-commerce, where you sell your products online, has become a channel where more food and beverage products are being promoted and sold than ever before. Canadian Small-to-Medium-sized Enterprises (SMEs) in the food and beverage sector have options to create their online presence and develop sales in this channel. This guide will explore the online opportunity for food and beverage SMEs.

## Key concepts

**Digital business strategy** (also known as a digital strategy to business) refers to the components of your online approach to business. It should include a range of elements, such as:

- Creating an online business plan and defining a target market
- Developing a presence online, generating content, and marketing your offerings
- Selling through e-commerce, and fulfilling those orders
- Measuring results and assessing the effectiveness of your strategy

The components of your digital marketing strategy should be integrated with all of the other components of your overall company and brand strategy. Your digital marketing should reflect the same positioning as your packaging, any mass media you invest in and even your trade show booth.

**E-commerce** (also known as digital commerce) refers to the act of selling and buying via the Internet. As with other distribution channels, e-commerce could be used to sell to other businesses, directly to consumers, or a combination of the two.

**Online communities** are a group of people who have given you permission to communicate directly with them online. This can be a proprietary list such as email addresses you maintain or people on a social media platform where you can host your own group.

**Order fulfillment and shipping** are the final steps in getting your products to your online buyers. They are important considerations in e-commerce. Order fulfillment includes converting the digital order to a process where the proper item can be selected and packaged for shipping. Shipping is the movement of the product from your order fulfillment to the online buyer's address. The complexity and costs of these tasks are important considerations in your e-commerce strategy.

**Online marketplace** is a website where suppliers list their products for sale and consumers or businesses can search for items to buy. The success of the online marketplace is dependent on driving traffic to the website and buyers making purchases.



# Considerations

Prior to investing in an online presence and the platform to operate an e-commerce business, it is important for producers and processors to consider the impact on their existing business. Selling products online will require an investment to create a presence in this channel and resources required to operate your e-commerce business. Attracting new customers and selling to your existing consumers in this environment is different from a physical space.

Selling products online is crowded and competitive. Producers and processors have the option of selling their products to other businesses and/or to consumers directly. Each strategy requires a focused execution that is developed for the specific e-commerce segment. For any e-commerce strategy, there are four key areas on which to focus:

1. **Develop your online presence**
2. **Drive online traffic to where your products are promoted and sold**
3. **Establish your products within an e-commerce sales platform**
4. **Implement an effective and efficient order fulfillment and shipping strategy**

Your e-commerce strategy is a component of your overall digital marketing strategy. There are many opportunities to develop an online community and communicate directly with consumers. Because food and beverage products are especially enticing and consumable products, consumers are also looking for recipes and other information to help them buy and prepare food. E-commerce presents many opportunities to generate data about consumers and results that can be used to benefit your entire business.



With consumers more interested in buying online and improvements in order fulfillment and shipping, the opportunity for SMEs to sell food and beverage products online continues to evolve. This is a challenging channel with numerous opportunities for food and beverage producers and processors that are able to find the right business model.



# Contents

	<a href="#"><u>Executive summary</u></a>	6
1	<a href="#"><u>The online opportunity for food and beverage companies</u></a>	9
2	<a href="#"><u>Considerations before adopting an e-commerce approach</u></a>	18
3	<a href="#"><u>An overview of e-commerce for food and beverages</u></a>	30
4	<a href="#"><u>Business-to-Business (B2B) e-commerce for food and beverages</u></a>	41
5	<a href="#"><u>Business-to-Consumer (B2C) e-commerce for food and beverages</u></a>	48
6	<a href="#"><u>Implementing a direct to consumer e-commerce approach for food and beverages: A step-by-step model</u></a>	61
7	<a href="#"><u>Order fulfillment and shipping</u></a>	77
8	<a href="#"><u>Marketing food and beverages online</u></a>	84
9	<a href="#"><u>E-commerce as part of an overall digital strategy</u></a>	94
	<a href="#"><u>Conclusion</u></a>	102



# Executive summary

[Understand e-commerce for food and beverages](#)

[Determine the right e-commerce channels](#)

[Implement an e-commerce and digital business approach](#)

## Understand e-commerce for food and beverages

More food and beverages are being sold through e-commerce than ever before. Canadian food and beverage processors have an opportunity online to reach consumers and businesses who are interested in their products. In both Business-to-Business (B2B) and Business-to-Consumer (B2C) channels, buyers are searching and buying more online.

With increased use of social media and the Internet, food and beverage processors can connect with potential buyers and communicate directly with them. Selling online can lead to improved margins and a long-term relationship with customers.

E-commerce is a crowded market with buyers and sellers from across Canada and around the world. There are a number of challenges to develop and implement e-commerce, such as finding human resources with the right skill set, investing in the applications and platforms required to execute the strategy and maintaining a secure online shopping experience. There are also threats to your business that can be external such as cyber-attacks, unfounded poor product reviews and shipping companies that do not execute properly

on your behalf. E-commerce also has potential risks associated with it such as alienating some existing customers and maintaining an equitable price position across different channels. All of these factors can impact the development and successful implementation of an e-commerce strategy.

One of the strengths of the e-commerce channel is the direct relationships processors can develop with customers. Selling direct provides the opportunity to reinvest the margins made by retailers in other channels and to generate data that can be used to predict future consumer behaviour. E-commerce does offer opportunities such as selling into markets without bricks and mortar distribution, selling products to your online community and collaborating with other processors on sales and shipping.



## Determine the right e-commerce channels

Your target market will determine the right e-commerce channel(s) to pursue. The economic model is different for every sales and distribution channel. If you are selling online in B2B channels you will have different expectations from buyers in the B2C channels. In both B2B and B2C, e-commerce good product descriptions with the right keywords for searches and clear, accurate photos will help sell your products.

### B2B e-commerce

If you want to sell your products in the B2B channels you have three strategies to consider:

- Selling consumer packaged goods online to wholesalers, distributors and retailers
- Selling food service products online to wholesalers, distributors and restaurants
- Selling ingredients online to processors

Often, B2B buyers online are well informed and transactions can take longer because there could be several people in the buyer's organization to approve the purchase. Building confidence with buyers in your ability to execute can be an opportunity as these larger transactions might be conducted entirely online.

If you are selling to a retailer there is a possibility your products will be sold Business-

to-Business-to-Consumer (B2B2C). This occurs when you sell your products to a retailer and they offer them to consumers on their website.

### B2C e-commerce

If you want to sell your products to consumers there several B2C strategies to consider:

- Selling direct to consumers on your own website
- Selling direct to consumers on a marketplace
- Selling to consumers through social media

Selling direct to consumers on your own website allows you to communicate with every customer and interact with them. You can invite them into your online community and try to develop long-term prosperous relationships with them. Depending on your e-commerce sales, there can be considerable resources

required to operate this part of your business. Online marketplaces are destinations for online buyers. If you list your products on these marketplaces for sale, it is possible to take advantage of the considerable traffic some of them generate. It is even possible to sell your products to consumers visiting the marketplace for your competitor's products. Online marketplaces can be like a retail customer for your business. They require attention and resources to manage the relationship and the business you conduct with them.

Social media is emerging as a separate e-commerce channel where products can be purchased within some of the platforms. This can be an opportunity for processors if your target market is on the platform. It is possible to promote and sell your products with paid advertising or to an established online community.



## Implement an e-commerce and digital business approach

Marketing food and beverages online does present some differences from selling in other channels. Consumers have the ability to compare prices when shopping online and there are even online tools they can use to perform this function. Shipping costs can be a significant portion of the final price and these can be a reason for consumers to abandon your product in their virtual shopping cart. Margins can be higher than selling into other channels, however it is important to capture all of the fees associated with e-commerce from website hosting to transaction fees from an online marketplace. There are many opportunities to promote your product online and you can measure the effectiveness of your promotions. Your strategy can include influencers subscription boxes and/or bundling product(s) to reduce shipping costs.

If you decide to sell your products online directly to consumers, your website will be the cornerstone of your e-commerce strategy. You can learn a lot about your consumers from their visits to your website with analytics. An e-commerce platform is an important component of your e-commerce strategy. There are a number of options to explore that offer different features such as abandoned cart follow up and supporting different payment gateways. While developing your e-commerce model, security is an important consideration as this can be a concern for online shoppers.

Order selection and fulfillment are integral to your e-commerce offering. Food and beverage products can be challenging to pack and ship with specific requirements such as refrigeration or protecting glass packaging. It is possible to fulfill orders in-house or with a Third-Party Logistics (3PL) company. If you decide to sell on a marketplace, many of these platforms have fulfillment and shipping options. The best solutions for order fulfillment and shipping are effective and efficient.

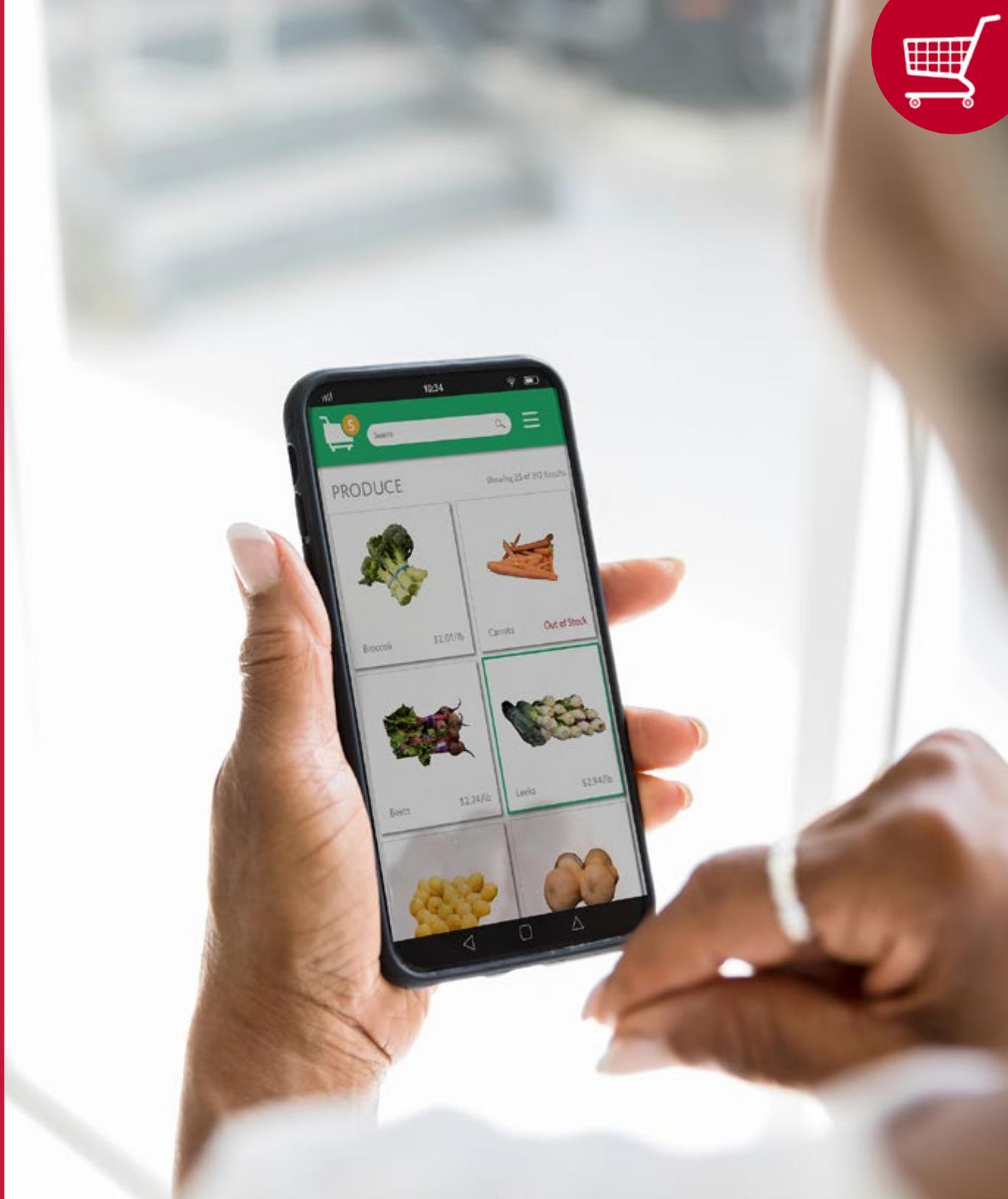
If you decide to sell your products online, e-commerce integrates with your digital marketing strategy. Sharing content such as recipes is a great opportunity to provide value to your target market and increase consumption. You can share these with your online community through your own email list and/or social media. Social media is a powerful media to reach many consumers and it is beneficial to have a strategy for owned, earned and paid content.

E-commerce is a channel that can be an opportunity for food processors. Similar to other channels, it is still necessary to offer a product that delivers value and meets or exceeds the needs of your target market. Selling products online can deliver incremental sales and margin however there are costs and resources required to develop and maintain a successful e-commerce business.



# 1. The online opportunity for food and beverage companies

- 1.1 [Why adopt e-commerce](#)
- 1.2 [A changing marketplace](#)
- 1.3 [Profile of the online food and beverage consumer](#)
- 1.4 [Developing direct relationships with consumers](#)
- 1.5 [Summary snapshot: The online opportunity for food and beverage companies](#)





## 1.1

### Why adopt e-commerce

Traditionally, food and beverages have been sold in stores or direct to consumers at farmers' markets and other venues. Online shopping for these categories has been available for many years but consumers were slow to embrace it in Canada. Despite the increases in online sales in other sectors, food and beverage continued to be dominated by a visit to a store, market or other venue.

The impact of the COVID-19 pandemic accelerated the growth of online sales in many food and beverage categories. Consumers were encouraged to reduce visits to stores, avoid crowds and as much as possible, stay home. The market responded and online sales for food and beverage increased by 107% from February to April 2020, according to Statistics Canada's research in "[Retail e-commerce and COVID-19: How online shopping opened doors while many were closing](#)". E-commerce has emerged as a viable option for many food and beverage producers and processors. The marketplace is evolving quickly where producers and processors can definitely consider this as another channel to distribute their products.

There are a number of reasons to consider adopting e-commerce as part of your distribution strategy.

## 1.2

### A changing marketplace

Food and beverage are often highly consumable items, which results in consumers purchasing these products frequently. For example, perishable products often have a short shelf life and require refrigeration. With more demand, shipping companies are adding resources to allow for reduced shipping times which enables food and beverage suppliers to offer more perishable products online. Consumers have also been more interested in ordering these products online. When changes in consumer behaviour occur, they can happen quickly.

The changing marketplace is driven by a changing consumer. During 2020 many shoppers did not feel safe in retail stores, especially where there were crowds. They changed their shopping habits to reduce trips to stores and in some cases eliminated them altogether. In certain markets it was mandated to reduce store capacity, which required consumers to wait in line outside stores. This was another factor influencing consumers to explore options to visit stores.





The increases in these products being purchased online happened and continues to evolve in four different segments of the market:

1. Producers and processors selling direct to consumers from their websites.
2. Producers and processors selling their products on third-party marketplaces such as Amazon or Local Line.
3. Producers and processors selling their products to traditional retailers who sell the products on their own online platform. For example, if your product is listed in a Save On store it is also available on their website.
4. Producers and processors selling their products to traditional retailers and the order is selected by an independent company and delivered to the consumer. For example, your product might be listed at Loblaw and it is available through Instacart.

Due to increased traffic and more volume being transacted in these channels, the offerings have improved for consumers. Many producers and processors are improving their websites, with the result being better experiences for consumers. There are options to support e-commerce that make it possible for any size company to sell their products online. Millions of consumers visit the largest third-party marketplaces every day. They are attracted to one product and enticed to buy more. Some companies offer a paid membership option that includes 'free' shipping which is very appealing to consumers.

The increased demand for online food shopping also resulted in retailers improving their offerings. Some have

adopted the click and collect model where consumers order online and drive to the store or a predetermined location to pick up the order selected by employees of the retailer. Other retailers invested in stand alone warehouses dedicated to online order fulfillment and delivery. Consumers looking for online shopping and delivery can also select third party companies to complete the shopping and deliver products. This option is not available in all markets.

Retailers across all categories are implementing changes to their offerings. Their online platforms have improved and they are promoting more offers for online shoppers. Many retailers are also investing resources to build their own online community where they communicate directly with consumers. This allows them to manage the conversation, control access to their consumer base while not being dependent on a third-party platform.

The swift rise of third-party marketplaces has changed the entire market. Consumers are now in the habit of checking prices online, regardless of whether they plan to visit a store or conduct the transaction on a website. Another factor impacting shopping habits is the availability of inventory in stores. Inventory is a cost to a retailer and some retailers are reducing inventory at the store and encouraging consumers to shop online. All of these factors are influencing how people shop for many items.

Consumers perceive they can find what they want, compare prices and enjoy the convenience of shopping wherever and whenever they want.



## Profile of the online food and beverage consumer

Consumers in Canada are changing where they shop, how they shop, why they shop and even the demographics of the shoppers are changing. The pace of change is rapid and although it is a challenge to keep up, it is also an opportunity for products that are available online.

### Consumer preferences and expectations

Prior to the pandemic, online offerings for food and beverage were concentrated in areas with dense populations and some platforms were more challenging to use than online shopping for general merchandise. This has changed and consumers coast to coast have online access to all of the items in traditional food stores. Consumers are also buying food and beverage products online from non-traditional sources such as third-party marketplaces.

Convenience has always been an important factor when considering where to buy food and beverage. Consumers now perceive shopping for these items online to be convenient. They have access to all of the items in stores in their neighbourhood or thousands more from online retailers. This selection and the convenience of home delivery in some markets has changed the consumer's definition of convenience.

As more retailers and online sellers improved their ability to execute, consumer confidence in online shopping improved. The ability of the store to select quality perishable products for online orders was a big factor in building consumer confidence. The increased volume in food stores during the pandemic has made it possible for them to invest in staff and ensure they are properly trained to select the right products.

### Adoption of e-commerce and online shopping by consumers

Online shopping for food and beverage has increased. Many consumers adopted online shopping during 2020. When they did take the time to learn the platforms and increase their confidence in e-commerce for food and beverage, greater numbers of consumers adopted this form of shopping.

More people are shopping from home than ever before in Canada. They have the option of getting their food and beverage delivered or to pick it up with the click and collect model. Many retailers offered free online shopping during the pandemic, removing the barrier of nominal fees for order selection.

Mobile friendly platforms for e-commerce have also been popular with consumers. For example, in 2018 more than 88% of Canadians over the age of 15 had a smartphone with

access to the Internet, according to Statistics Canada - [Table 22-10-0115-01 Smartphone use and smartphone habits by gender and age group](#). With social media extremely popular, retailers, third party sellers, producers and processors can communicate and provide shopping options within paid advertising or generic posts.

Penetration was low for online shopping for food and beverage prior to 2020. Consumers were skeptical of someone else selecting the food they would be sharing with family and friends. Retailers and others selling food and beverage online had to prove they could deliver the correct product and quality expected. Consumers developed confidence in a company's ability to charge the right price, select the right perishables and deliver the correct items. Despite rapid increases in online shopping, online sellers proved they could execute, which had a positive impact on consumer confidence.



## E-commerce provides a new way to understand your customers

Traditionally, food and beverage was promoted with weekly flyers and retailers used in-store merchandising to influence consumers' buying decisions. This evolved to social media with online promotions and loyalty programs that offer extra incentives for buying certain products. Consumers are still motivated by special offers, discounts and loyalty points. They are looking for them and finding them online. Consumers are enrolled in online communication and giving e-commerce sellers permission to communicate with them online.

Online shopping is different from buying in the store. When consumers shop at stores, they decide which store will be their primary destination and they compare within the category. They are limited to what is available in the store and the category. When

they shop online, they compare more between stores and might rely on reviews from other consumers they do not know. It is a different buying decision.

One feature of online shopping that differs from the store is the ability of Customer Relationship Management (CRM) platforms to maintain purchase history and use artificial intelligence to predict what consumers will buy. Many online shoppers like the purchase history because it reduces the time required to find items they want to buy again. If they are satisfied with the value the item delivers, they just want to get it into their virtual cart. Using the shopper's purchase history and other information they collect, online sellers are able to predict what consumers are interested in buying. This can result in significant incremental sales and consumers appreciate it in being introduced to new or different products.



## The consumer shopping experience for food and beverages differs when taken online

For many consumers there are five major attributes that influence their shopping for food and beverage: price, convenience, selection, shopping experience and quality. There are other factors and every consumer has their own breakdown of these attributes to determine where they shop. When deciding where to shop online, they might have different priorities. Canada Post has generated a summary of Canadian consumers buying groceries online: [Is online grocery the rising star on Canada's e-commerce horizon?](#)

Shoppers in food and beverage categories put considerable emphasis on price because these products are a significant portion of the weekly expenditures in any household. With online shopping it is much easier to compare prices and some online sellers even compare the prices for shoppers. Consumers shopping online have the ability to compare prices quickly, wherever they happen to be shopping. Delivery is one component of the price equation that is variable. Some consumers will pay fees for delivery and others will exit the buying decision when they see extra shipping costs. Large third-party sellers have eliminated this barrier to purchase with annual subscription fees that include "free" shipping. An example of this is Amazon Prime where consumers pay an annual fee to be an Amazon Prime member, which includes free shipping on millions of products and other benefits.



Convenience has always been an important factor to consumers when determining where they shop for food and beverage. Convenience online is different than selecting a physical store. When selecting a physical store, accessibility, location and layout affects the decision. Location is still a factor if the shopper is participating in a click and collect model: if they choose to use delivery, location is irrelevant. Convenience online occurs when products are easy to find and they arrive in the time frame promised.

Consumers have access to almost any product they could ever be looking to find. Selection online is almost limitless. Selection in physical stores is also decreasing as retailers reduce carrying costs for inventory that does not sell quickly. As this equation continues to change, more consumers will be looking online as selection in physical stores decreases.

The online shopping experience is about the website working properly and a seamless process to checkout. Many websites now offer real time chat which is often more artificial intelligence being used to answer questions consumers ask over and over again.

Quality of food and beverage purchased online was a hurdle online sellers had to overcome. Consumers were leery of retailers, third party sellers, and producers and processor's ability to select and deliver the quality they expected. As sales are increasing, consumers must be pleased with the improvements in all aspects. Any organization selling online must have a solid process in place to work through issues with unsatisfied consumers. Consumers have options and they will find alternative choices very quickly if they are not satisfied.

With consumer behaviour changing and more food and beverage being purchased online, there are opportunities for small-to-medium-sized businesses to explore this channel. Within the channel there are options such as selling direct, a third-party seller or through a traditional retailer's online platform. There is no right solution for everyone and it is important to assess the opportunities and challenges associated with each model.

Consumers are shopping differently. Producers and processors who adapt to these new priorities and shopping patterns will have better opportunities to build relationships with consumers in their target markets.



## Developing direct relationships with consumers

A valuable asset for any food and beverage business is a group of loyal consumers who understand the product and support the brand. These consumers could purchase the products through different channels and each of these touch points allows for you to build a relationship.

In the traditional retail channel, it was more difficult to develop relationships with consumers. The transaction is with the retailer and they have been focused on building their own direct relationships with consumers.

### Understanding the online relationship with your consumer

The penetration of total sales in the food and beverage category being purchased online is growing. With this increase there is an opportunity for food and beverage producers and processors to sell their products online.

Producers and processors are discovering there are advantages to selling direct to consumers online. There is an opportunity to build a direct relationship with the end user which is very valuable. In the traditional model, where food was sold in stores, the retailer had *the* relationship with consumers. It is possible to get direct feedback, ask about experience with the products and even generate repeat sales when you have a direct relationship with a consumer.

Online also expands the market size available to food and beverage producers and processors. Consumers in any market can find and make the decision to purchase online. In the past, physical distribution was a limiting factor. Products needed to be approved to make it to the shelf with many logistical

challenges to get the products distributed. These hurdles are removed with e-commerce.

Selling products online direct to consumers or through a third party can offer increased opportunities for profit. In the traditional retail model 40% 65% of the final retail price can be absorbed by brokers, distributors and retailers. When selling direct to consumers online, producers and processors are able to re-invest some of this margin into their own programs and increase the amount they retain within their business. It is important to consider that digital marketing, order fulfillment and shipping costs are now your responsibility.

Direct selling online has other benefits such as the opportunity to generate repeat sales and to upsell. In the traditional retail environment, consumers can only select what is on the shelf and we are dependent on them to see opportunities or trade up to a premium product. During the online buying decisions, there are opportunities for you to influence the decision to buy more or differently, ultimately enhancing the transaction. When selling direct online, you can invite people into your virtual community and build long-term relationships.



## Connecting with your consumers

When selling through e-commerce there are opportunities for you to connect directly and foster a long-term relationship. Consumers buying through e-commerce are also more likely to invite the company into their online world. When there is a situation where you are building a direct relationship with consumers, this creates a number of opportunities.

The producer or processor can create the messages going to consumers through social media, email and other communication channels. Communication can be focused where it is most beneficial for the seller while reinforcing the brand promise of the products. Consumers expect communication to be two way. If they have questions or comments, they will expect a timely response. Organizations that do not live up to this expectation risk damaging the relationship with consumers.

Selling direct or through a third party also generates a lot of valuable information. This data can be used to forecast future sales and assess results of promotions and special offers. Resources are required to manage and learn from data. Responding to consumer purchases and communication can lead to better consumer relationships. Often, data is not available or very expensive to obtain from traditional retailers who perceive purchase transactions to be between the store and the consumer.

When relationships are developed with consumers, this tends to lead to more sales on existing or new products. When producers and processors are able to see patterns in buying, such as monthly purchases, it is possible for you to offer a lower price or bonus to consumers who commit to once a month orders. It can be much less expensive to offer something special than it is to find a new consumer. Repeat purchasers can be brand ambassadors and your biggest advocates. On Shopify.ca there is a summary of the importance of consumer retention: [Customer Retention 101: Grow Your Business by Selling More to Current Customers](#).

Many food and beverage companies invest resources to create online communities. These can be managed through a third-party platform such as social media or a proprietary platform. Using a third party enables you to grow your online community faster as the infrastructure is already in place. There can be millions of consumers already there you just need to entice them into your space. When a third-party platform is used, the company is dependent on their rules and ability to maintain a solid platform. It is a great resource to have the ability to communicate with your consumers when you want to promote a special offering to them.

It is possible to create an online community that is not on social media. Email marketing continues to be a popular choice for many consumer packaged goods companies. Consumers have given you permission to contact them and in many cases would be willing to provide feedback as well. In Canada there is specific [Anti-Spam Legislation](#) in place to protect consumer privacy and they must be adhered to.

There are four options for selling online; three allow producers and processors to cultivate direct relationships with consumers. Selling online direct, through a third-party marketplace or on social media enables companies to develop online communities. When selling through a retailer's website, you will own the relationship with the consumer, just as you do when the transaction happens in your store. One consideration when developing an e-commerce strategy is an essential value and return on the investment of developing direct relationships with consumers.



## Summary snapshot: The online opportunity for food and beverage companies

<b>1.1</b>	<b>Why adopt e-commerce?</b>
	Meet the needs of a changing consumer
	Develop direct relationships with the people who buy your products
	Access to new markets
	Possibility of incremental margins in your business
<b>1.2</b>	<b>A changing marketplace</b>
	More shipping options with faster deliveries
	Consumers are shifting spending to online
	Consumers are gaining confidence in buying food and beverage online

<b>1.3</b>	<b>Online consumers</b>
	Outside influences make it more likely consumers will search for food and beverage online
	Social media is a greater influence over where and how people shop
	Consumers will give you permission to communicate directly with them
	Prices can be comparable and shipping is more consumer friendly
	Millennials are more likely to purchase food and beverage online than other generations
<b>1.4</b>	<b>Developing direct relationships with consumers</b>
	E-commerce increases opportunities for direct communication with consumers
	Online selling generates data about the people buying your products
	Your online communities are a valuable asset

## 2. Considerations before adopting an e-commerce approach

- [2.1 Regulations and guidelines for selling food and beverage online](#)
- [2.2 Challenges and hurdles](#)
- [2.3 Threats](#)
- [2.4 Risks](#)
- [2.5 Strength](#)
- [2.6 Opportunities](#)
- [2.7 Resources are required to adopt a successful e-commerce approach](#)
- [2.8 Manage relationships with existing customers](#)
- [2.9 Summary snapshot: Considerations before adopting an e-commerce approach](#)





## 2.1

### Regulations and guidelines for selling food and beverage online

With more food and beverage products being bought and sold online, the Canadian Food Inspection Agency issued guidelines for businesses and consumers:

[E-commerce - what to consider when buying or selling food, plants or animal products online](#)

[E-commerce \(food, plant and animal\)](#)

These are valuable resources for any business in the sector to ensure you are in compliance with Canadian regulations.

## 2.2

### Challenges and hurdles

E-commerce is enticing and there are some who believe if you build a website and provide the option for consumers to buy, you will be successful. This is not reality for many companies. There are a number of challenges to overcome to ensure the endeavour is successful.

#### **Investments in the right resources might be needed to implement a successful e-commerce business**

Employing the right human resources to create, manage and operate a successful e-commerce business is an integral component. There are many people who have the ability to create social media posts, one component of the strategy, but this does not ensure a successful online selling segment in a business. Human resources with the right skills and experience to implement a successful program are not always easy to hire. These are specialized skills that should be considered before moving ahead with any e-commerce strategy.

There are investments in applications and platforms required to operate an e-commerce program. The level of sophistication of these systems should be

comparable to the positioning of the products and brand being promoted. Many website hosting platforms and design applications have basic e-commerce applications. It is important to offer the functionality and shopping experience that supports your brand positioning.

#### **E-commerce exists in the context of your overall digital business strategy**

E-commerce endeavours are most successful when they are part of a digital strategy. A stand alone website with an online shop will not generate much traffic and positive results will be a challenge. An integrated digital marketing strategy includes many components that generate interest, reinforce brand positioning, drive traffic to the right place and provide a secure environment for consumers to buy. This is a segment of your

business that will require constant focus and resources to deliver the desired results.

An online presence with e-commerce ensures your product is available to anyone in the world with access to the Internet. An online presence with e-commerce does not ensure they will find you and that they will want to buy your products. A solid definition of your target market is just as important online as it is in a physical store. When you know who is most likely to buy your product, you will be able to figure out where to find them online and develop relationships. A producer or processor should not assume an online presence with e-commerce capability will be enough to generate the sales desired.



## Order fulfillment and shipping could be a potential roadblock

Fulfillment of orders for e-commerce is an important component to consider when developing your e-commerce strategy. There are many options that should be considered as there is no one right solution for every product or category. Producers and processors who create their own e-commerce platform or those who decide to use a third party must determine how orders will be fulfilled. This is also a component of your business that can evolve as sales change. Small numbers of orders can be fulfilled in-house and when sales grow it might be more practical to find a third party to do this work, where they can be more efficient and cost effective.

Many online sales are lost when consumers get to the point in the transaction where shipping charges are added to the price. This can be a significant proportion of the total price and in many cases it is a barrier to purchase. When creating an e-commerce solution, one important consideration is the cost of shipping. It is beneficial to research all shipping options and determine the best solutions. Often, this can include more than one service provider as rates change, depending on variables such as destination, package size and weight. One service provider could be the best option for domestic orders while another might be preferable for international orders. When researching fulfillment options, consider the complexity to your business of working with multiple companies to ship products. This can result in more time and added costs create multiple orders for pick up or to drop packages in

more than one location. Third party sellers offer fulfillment and shipping services but there is a cost with the supplier required to maintain appropriate inventory levels.

## Consumers expect you to safeguard their information

Developing direct relationships with consumers can be a valuable asset for any producer or processor, however, it is also a considerable amount of work and resources are required to maintain the security and accuracy of information. When consumers provide permission for a company to communicate with them, they have expectations. They are sharing their contact information in exchange for something they see is of value to them. This could be information, special offers or the perception of being part of the brand. The online seller needs to deliver what the online community is looking for and maintain the security of the information your consumers have shared. Regardless of the method used to maintain and communicate with the database, it will require human resources and systems to generate the best results.

Developing an online approach to selling food and beverage products requires a solid strategy and the resources adept at executing the strategy. There are many challenges to consider prior to developing the final plan. When challenges are considered during the planning stage, often the best solution can be incorporated into the strategy to optimize results.



## Threats

There are many opportunities associated with e-commerce, however there are also some threats that can impact food and beverage businesses. These can affect reputations, and in some cases, cost you considerable funds to repair. Many can be mitigated by taking proper precautions and investing in the right security to protect information and access.

### Cyber security threats

Cyber attacks from anonymous outside hackers can have a devastating impact on any business. These malicious attacks are often targeted at information theft, used as leverage to force the business to pay a ransom. These incidents are very difficult to investigate and have impacted large corporations and public institutions. One threat to any business developing an e-commerce strategy can occur if proper safeguards are not adequate. A reputation built over many years can be destroyed when consumers do not have the confidence to shop on a website, fearing their personal information would be exposed.

Consumers making the decision to shop on a website expect the proprietor has taken proper precautions to protect their personal information. There are different models of e-commerce, including subscription based programs where credit cards are kept on file for repeat purchases. This can be a very lucrative strategy, but if the information is not protected and is released, even without a malicious attack, consumer confidence and the business reputation will be destroyed. Adequate safeguards are an important component of a digital strategy to protect all consumer information from threats inside and outside the organization.

### Other threats outside your control to be mindful of

The online world is not always a place where a country's consumer protection laws apply. Canada has extensive legislation to govern online transactions. Unfortunately, businesses are not always upfront where information is collected and there can be attacks on product reputation or reviews from anywhere in the world. If untrue or unsubstantiated, it can be difficult to have corrections made on the platforms. Online, everyone is able to express their opinions, even when not based on facts. Product and brand reputation are essential to maintain as the online reputation of products and brands influence consumers. Producers and processors selling online should monitor the postings and protect their interests.

A great online shopping experience can be negatively impacted when the product does not arrive in the right condition or in a timely manner. Some food and beverage

products require refrigeration during shipping which can add complications. When you rely on third party shipping to transport orders, there is always a risk that they will not deliver. Online sellers must have procedures in place to work with consumers who are not satisfied with the final product. Challenges can be anticipated by determining a standard operating procedure for each issue. For example, if a product arrives two days late or if it is stolen at delivery, what is the position of the company selling the product? These issues will probably happen so be prepared.

A number of threats can result in a negative experience for online consumers. Producers and processors who anticipate threats and implement proper safeguards can reduce the likelihood of threats and develop procedures in advance to resolve the issues when they happen.



## Risks

E-commerce has a lot of potential for food and beverage producers and processors, however it is also important to consider the risks associated. There are a number of risks that can be reduced with proper planning and consideration.

### **Maintaining relationships with consumers and buyers across distribution channels**

Selling online can be a good channel to include in the sales mix for food and beverage products as more and more consumers are looking to this channel for these items. When a producer or processor's sales mix includes retail, they must manage all the different channels. Retail customers will challenge you to ensure they get fair prices and saleable offerings, relative to what they can find elsewhere online. Retailers will check online offerings to ensure they believe the price they are paying for a product is fair. If they do not see the price as fair they might complain or even delist the product.

Prices in different channels can be different because consumers place a different value on going to a store as compared to having a product conveniently delivered to their home, particularly for bulk purchases. One opportunity to reduce shipping costs per unit is to encourage consumers to purchase larger amounts of products. This can be accomplished with promoting case packs or bundling products together. Product offerings can also

be different. Examples are different sizes, and different flavours available online. Producers and processors risk damaging their relationship with existing customers if consumers perceive the online offering to be superior than what they are selling. To reduce the risk of damaging a relationship with an existing customer, online sellers can share the results of these special offers with existing customers.

Retailers understand online is a channel where producers and processors will sell their products. Compare offerings regularly to ensure the prices and products you are selling are fair and equitable to each customer in each channel.

### **Ensuring your online approach is aligned with your business realities and capabilities**

Despite the growth of e-commerce, the vast majority of food and beverage continues to be purchased in stores. If you focus a disproportionate amount of energy and resources to selling online, you risk missing sales in stores. Every category is different, so careful study of consumer trends and purchase data will help determine where to put your focus and resources.

Consumers can be put into market segments by age, household income or other demographics. Some segments of the population are more likely to purchase products online. Producers and processors could overestimate the potential of online sales if your consumers are not willing or able to buy online. There are a number of factors such as accessibility to the Internet, trust in e-commerce, delivery prices and computer skills that will impact a consumer's ability or desire to buy online. These factors should be considered prior to developing and implementing an e-commerce strategy.

Selling direct to consumers online comes with the requirement of managing the buyer/seller relationship. If your buyers or consumers are not happy with the product or other issues related to the transaction, you need to be prepared to deal with it. If the resources are not in place or not capable of handling the situation, there is the possibility of losing the consumer and that they might share their unhappy experience with other online shoppers.

## Understanding the competitive realities of the online selling landscape

E-commerce strategies can include different options such as third party marketplaces. These platforms bring a lot of consumers to products but they can also assert some control over the sales process. The platform will also allow consumers to compare products which might not be equitable to all products. Producers and processors listing products on these platforms can implement a process to carefully review all details of the relationship.

One challenge to selling online is competition from products that are similar, yet inferior quality. Certain products can be developed and produced for lower prices and erode sales of your products. Maintaining a credible point of differentiation can reduce the negative impact of these products.

There are many examples of successful e-commerce initiatives in the food and beverage industry. Simply offering products for sale online is not a guarantee of success. All channels in this industry require a considerable effort and investment in time and resources to deliver the desired sales. Risk to e-commerce can come in different areas. Every product and every category is unique and the characteristics of individual products ought to be considered.

2.5

## Strengths

Every channel has strengths that can have a positive impact on a food and beverage business. E-commerce has a number of strengths that can impact sales, profit and overall direction of the business.

### **E-commerce offers greater control in the core aspects of your business**

A benefit of e-commerce is the opportunity it affords the seller to have more control over some key aspects of their business. If you decide to implement e-commerce on your own website, the entire transaction is between your company and the consumer, until the product is shipped. Although some online sellers deliver their own products, the majority are shipped through a third-party carrier.

When products are sold directly to consumers, the full retail price only goes to the producer or processor. If products are sold through traditional retail between 50%-60% of the full retail price can be absorbed by brokers, distributors and retailers. This percentage could be even higher in specialty store channels. The actual percentage would depend on the distribution model, category and retailer where the product is being sold. In a Business-to-Consumer (B2C) e-commerce model, these dollars remain with the seller. Different costs are required to generate website traffic, execute promotional programs, process orders, fulfillment, shipping and other costs – but the seller controls when and where to make the investments.



Cash flow is an important consideration in any food and beverage business. There are costs incurred to produce products and retailers do not usually pay invoices for at least 30 days after products are delivered. E-commerce payment is much quicker so the business has faster access to money. Transaction fees must be considered and third party marketplaces payment terms can vary. Overall, if a business can generate the influx of payment, faster is beneficial.

### **E-commerce enables a more direct relationship with your consumers**

Your involvement during the consumer buying decision is different than what happens in traditional retail. In stores, thousands of products compete for consumer attention and the store does not always execute every program as expected. Retailers also see consumers having the relationship with the store, not individual products. There are opportunities throughout the interaction with consumers to build brand recognition and develop relationships. When this is done properly, it can be a valuable asset to any food and beverage business.

E-commerce platforms generate considerable data for sellers to use in their business. If you decide to implement a B2C or third-party marketplace strategy you will have access to a lot of information. This information is valuable to predict future sales, assess effectiveness of promotional strategies and understand consumers better. This same data is often expensive to obtain when selling through traditional retail stores. When online sellers decide the right metrics to measure and make decisions using data it can be very beneficial.

There are a number of positive aspects to e-commerce. Online sellers need to assess the impact of each factor on their business. Some will require more resources to execute or benefit from.

[Return to Table of Contents](#)



## **2.6**

### **Opportunities**

E-commerce presents a number of opportunities for food and beverage producers and processors. These opportunities can impact sales, profitability and consumer relationships. Opportunities, such as the ones listed below, are there, but require effort and execution to ensure they benefit your business.

The most obvious benefit of e-commerce is reaching new consumers, regardless of their location. For example, when products are available online, consumers in any market are able to make a purchase. While you can focus your business priorities on a number of target markets, anyone with access to the Internet and able to use your shipping options can make a purchase. This can be beneficial to niche products or other items produced a considerable distance from consumers in the target market.

Selling online also provides an opportunity to develop and nurture long-term relationships with your consumers. This can be done through email, social media or other forms of personalized communication. The online seller knows who is buying which products so there is a great chance to solicit feedback, suggest other similar products they might like and make sure they become a loyal buyer. The long-term loyal consumer is also a great source of information as they are often willing to share opinions about your product and other brand related issues.



Physical distribution in retail is a barrier to entry in some markets with other challenges to impede producers and processors from getting to the shelf. One cost is the listing fees or slotting fees that retailers charge suppliers. These can range from you giving free product to paying many thousands of dollars for access to the shelf. These dollars are costs that can be re-invested to build your brand, develop your e-commerce business, drive more sales and increase profitability.

Many producers and processors have been cultivating online communities. This can be on a stand alone platform like social media or as part of an email list. Examples where you can be participants of and listed in different communities is being a maple syrup producer and listed as a member of a region's business community. Consumers in online communities are probably interested in your product or brand which are great starting points for e-commerce initiatives.

One opportunity for online sellers is to work with other producers and processors. It is possible to leverage the online community for both businesses to generate more sales. This works very well for complementary products that have a similar target market. For example, if consumers have young children, they will be interested in many food and beverage products that are good for their family. With shipping costs one of the biggest challenges to online sellers, it can be beneficial to work with other companies and increase the value consumers receive in one shipping cost.

Where shipping costs can be a significant proportion of the total cost to consumers, there is the opportunity to bundle products. A number of items in one box can be delivered for the same cost as one or two items. Bundling is an added value to the end consumer.

Producers and processors that have a good definition of their target markets can benefit from this knowledge when selling online. Generic posts and paid advertising can be targeted at specific groups of consumers. A consumer profile can determine who receives advertising; your parameters can be demographic, geographic and by several other options. The return on investment can be much better when your target market receives the promotions.

There are a number of opportunities for producers and processors when selling online. The online strategy should be developed to capitalize on these opportunities which can be different from one product or category to another.



## Resources are required to adopt a successful e-commerce approach

Developing, implementing and operating a successful e-commerce initiative requires human resources, investments in systems or platforms and other in-house or third-party resources. There is a broad range of sophistication available in all of the elements of an e-commerce strategy. This can range from a simple

direct to consumer model with your own fulfillment to a sophisticated omni-channel approach with third-party fulfillment. There are a number of resources required for food and beverage businesses to consider implementing in a realistic program that supports the brand positioning of the business.

It is possible some of the resources are available within the organization and some will need to be outsourced. E-commerce has a number of requirements and some can be quite technical or strategic. Food and beverage businesses can investigate the skills and resources required at every stage and find the optimal solution within or outside the organization.

### Human resources

The human resources required need to have specific skills. A knowledge of social media is an asset, however it is not the only skill required. The people involved in the development of the digital strategy and e-commerce initiative should have expertise in creating an online presence and using Search Engine Optimization (SEO), social media posts and/or paid advertising to

drive online traffic to the website. The creation of the e-commerce platform is another area where there are many options for execution. The people developing, implementing and operating this segment of the business should understand how the platform works and integrates with other systems such as a customer relationship management platform and electronic payment. A thorough assessment of the skills required will illustrate the complement of human resources required.

### Technical systems and safeguards

An e-commerce offering requires an online presence and systems. The systems for an e-commerce initiative include a number of components. A website is the foundation of your online

offering. This is where you drive traffic to explain your products and develop relationships with potential buyers. Food producers and processors selling direct to consumers will need an e-commerce platform to illustrate products, share information and allow consumers to make a purchase. Once the purchase is made, there is a requirement for a payment platform where money is exchanged. These are the minimum requirements and there are many levels of complexity available. Online payment can be integrated with the company's banking to ensure money flows properly.

A priority for many consumers shopping online is the security of the websites they are visiting. There are a number of options for you to consider when investigating

online security to protect your own information and the privacy of your customers. The overall objective is to maintain a secure online interaction.

An online presence can extend beyond a website to an online community that is on a third party platform such as Facebook, Instagram, Twitter, TikTok, LinkedIn or other social media applications. Consumers who decide to follow your offering have given you permission to share content and offers with them. Another form of an online presence is to maintain an email list of consumers and other interested people who have given you permission to interact with them to share content and offers directly through email.

## Order fulfillment and shipping

If the decision is made to fulfill orders, the food and beverage business will need adequate space to maintain inventory, select products, pack orders and ship to consumers. Depending on the offering, this can get complicated. There are several factors including order sizes, product sizes, consumer destinations and volume that will dictate the requirements for order fulfillment. Another requirement for fulfillment is to have the ability to produce the proper paperwork and shipping labels. An account with a customs broker is also required for orders being shipped outside Canada.

As e-commerce sales evolve, resources required will change. For example, shipments in early stages might be most economical if fulfilled by your business. When the volume grows, the complexity of the work might be done most efficiently by a third party with the proper facility and processes in place. Assess the resources required regularly, to ensure they are adequate to deliver the volume and support the brand positioning.



2.8

## Manage relationships with existing customers

E-commerce is a separate channel for selling food and beverage products. Your offering reflects the brand positioning within this channel. If your company is selling to other channels, customers will have the opportunity to explore the e-commerce offering. For example, if a company is selling products to a major retailer, the category manager could visit your website to explore the Stock Keeping Units (SKUs) listed and pricing. Despite the channels being different, comparisons will be made.

### Maintain a fair playing field

Existing customers are important and although they understand e-commerce is a reality, they want to be treated fairly. The first thing they likely will compare is the price they are paying for your product vs. what it sells for on your website or a third party marketplace. They will take the same approach they would when they see your product in a competitor's store. Their expectation will be the landed price they pay and the final retail price in their store delivers comparable value as the new channel. This is not always a direct comparison because shipping charges and other factors can impact the final price.

They will also expect to continue to receive the focus and attention your business has been providing. If they perceive this to be changing, they will look for different options or offer opportunities to other products.

Be prepared to answer the question, "Why is our cost XX and consumers pay less on your website?" It is important to be ready for this question. When you can answer it succinctly with facts, your customer will be more inclined to respect your answer and focus on other issues.



## Ensure consistent customer service and support

Maintaining relationships with existing customers will require the same support you have always provided. This could include some temporary price reductions, participation in loyalty programs and other initiatives you have implemented to build sales. A proactive approach that illustrates your plan should alleviate the concerns they might have. Some tactics are more effective in stores and these can be included in your plan to drive sales with existing customers.

It is possible to test special offers, line extensions and other initiatives online. When you learn from the results, consider sharing these learnings with existing customers. This will build your relationship with them and reinforce your commitment to their business. Sharing results from online experiences can also deliver more sales in their store.

## Understand the needs and expectations of your customers

Given the exponential growth in e-commerce sales in food and beverage it is likely your existing customers have more focus on e-commerce within their business. If you visit their websites to ensure your products are listed properly, also check the links to purchase are working properly. They are managing thousands of SKUs and they might not have time to check every one.

During the development of your website and online offerings remember your existing customers. Some food and beverage producers and processors are looking to deliver sales across all channels. When you share the locations of your customers' stores and/or third party marketplaces with consumers, they can find your products easily. Some people might prefer to buy online this week and be shopping in a store or at a third party marketplace next week. Make it as easy as possible to find and buy your products.

# 2.9

## Summary snapshot: Considerations before adopting an e-commerce approach

<b>2.1</b>	<b>Regulations and guidelines for selling food and beverage online</b>
	Canadian Food Inspection Agency issued a summary that is a valuable resource for food producers and processors
<b>2.2</b>	<b>Challenges/hurdles</b>
	Employees or outside resources with the required skill set
	Investment in applications and platforms required
	Developing a digital strategy that includes selling online
	Order fulfillment and shipping
	Deliver a secure online shopping experience
<b>2.3</b>	<b>Threats</b>
	Cyber attacks are a challenge
	Reviews on products or brands that are not fact-based
	A poorly executed shipment of products



<b>2.4</b>	<b>Risks</b>
	Alienating existing customers
	Managing a fair pricing position across all channels
	Targeting consumers who are not willing or able to buy online
	Comparisons made between your products and inferior products
<b>2.5</b>	<b>Strengths</b>
	Direct relationships with consumers
	Opportunity to reinvest margins made by retailers
	Data generated by e-commerce can be used to forecast consumer behaviour
	Faster payment for products
<b>2.6</b>	<b>Opportunities</b>
	Removing physical distribution as a barrier to entry for new markets
	Developing long-term relationships with consumers
	Selling product to the online community you have developed
	Collaborating with other online sellers to reduce shipping costs per unit
	Reaching your target market efficiently and effectively

<b>2.7</b>	<b>Resources are required</b>
	Human resources with specialized skills
	The right applications and platforms that interact seamlessly for consumers
	Online security to protect information
	Consumer friendly and efficient solutions for order fulfillment and shipping
<b>2.8</b>	<b>Existing customers</b>
	Maintain a fair playing field
	Share online learnings where appropriate
	Review their online offering and support wherever possible

# 3. An overview of e-commerce for food and beverages

- [3.1 E-commerce compared to other distribution channels](#)
- [3.2 Comparing Business-to-Business \(B2B\) vs. Business-to-Consumer \(B2C\) e-commerce](#)
- [3.3 Understanding the e-commerce consumer](#)
- [3.4 Summary snapshot: An overview of e-commerce for food and beverages](#)





## E-commerce compared to other distribution channels

There are options for every food and beverage business to sell products into the market. The following factors can all impact the decision as to which channel or channels are best:

- Type of product: Refrigerated, short shelf life, fragile packaging, etc.
- Desired volume: Some channels deliver more volume than others
- Economic model: Margin required to deliver a desired rate of return
- Proximity to market: Products produced close to large urban markets and retailers might not need to explore other channels
- Competition: If your competition dominates in one channel you might need to explore a different one

Internal resources also impact the selection of the optimal distribution channel. There are many tasks required to ensure the success of a product and some companies are better suited to certain tasks than others. When determining a distribution strategy, producers and processors can assess their own strengths and weaknesses. For example, you might be very good at social media and interacting with consumers online. This could lead you to put more emphasis on e-commerce than other channels. Every company has the opportunity to consider the options and find their ultimate solution.

### **Selling direct in person vs. selling direct online**

Many producers and processors enter the market selling direct to consumers. This is an opportunity to generate direct feedback, implement continuous improvement during development during product launch and benefit from the entire selling price staying with the company. If you choose to do this in person, it requires someone from your business to be there when products are sold. This can

be done right at your place of production or a venue like a farmers' market. Many hours are required and the hours need to be invested when consumers want to buy, not necessarily when it is most convenient for you or your business. Selling direct online can be done at any time and with the proper systems in place, you and your employees do not need to be present for the transaction to occur.

When selling direct to consumers in person, it is more likely you will receive a proportion of your sales in cash. This generates a higher rate of return as there are no fees like you would incur with credit cards or other forms of online payment.

Selling in person does require a physical space that is inviting for consumers. Products need to be displayed to encourage people to buy and there can be some regulations you must meet or exceed. If you choose to sell at a venue such as a farmers' market, you will have to transport your products, merchandising fixtures and all other materials. Selling online does require an inviting and effective website, but does not require the physical space for merchandising selling.

Food and beverage products can be produced in many locations. Some of these are close to dense urban populations where you will find many potential consumers. Other food and beverage products are produced in remote locations, where there are not many consumers. Online selling can equalize the physical distance from the market, as consumers buy where they are and products are sent to them.



### Selling to retailers vs. selling direct online

One significant difference between selling direct online and selling to retailers is the volume of a transaction. Depending on the product and the relationship between supplier and retailer, it is possible for suppliers to deliver to one central warehouse location or direct to stores. In both models, one transaction is designed to deliver products that will be delivered and sold to many consumers. When selling direct online it can take many transactions to equal the volume of one delivery to a retailer.

In this channel, producers and processors focus most of their efforts on production and delivery to the warehouse or store while retailers focus on selling products to consumers. For this reason the selling price generated by the supplier is lower, because the retailer must earn margins to cover the cost of their operation. Table A below provides a hypothetical example to illustrate the difference in revenue for a producer or processor when selling direct online vs. selling to a retailer.

**Table A - Example comparing the differences in revenue when selling direct online vs. selling to a retailer**

Method	Selling direct online	Selling to a retailer
Cost of Goods Sold (COGS)	\$1.95	\$1.95
Shipping costs per unit to retailer's warehouse	Not applicable (N/A)	\$0.25
COGS if delivered to a retailer's warehouse	N/A	\$2.20
Selling price when delivered to a retailer's warehouse	N/A	\$3.00
Broker fees (if applicable) 6%	N/A	\$0.18
Retail margin (30%)	N/A	\$1.29
Final retail price to consumer	\$4.29 (plus shipping)	\$4.29
Return to producer or processor (if using a broker when selling to retail)	\$2.34	\$0.62





In Table A, the cost of goods sold is the same for the product (\$1.95 per unit). When selling direct to consumers, the producer or processor should be able to sell for the same price as the product appears in stores. There are many delivery methods so in Table A, we assume shipping costs will be applied after the final price to the consumer (\$4.29). This results in a return of \$2.34 per unit. The costs of operating the e-commerce component of the business must be subtracted from the return to the producer or processor (\$2.34) in this example.

If the producer or processor sells the product to a retailer, the cost of goods sold is the same (\$1.95 per unit), but you have to add shipping costs to the retailer's warehouse. In our example, this is \$0.25 per unit for a final delivered cost of goods sold of \$2.20. The producer or processor sells the product to the retailer for \$3.00 for a profit of \$0.80 per unit. Some producers and processors employ brokers to manage the sales of their products and we estimate this to be six percent of the delivered price or \$0.18 per unit. If the producer or processor does use a broker the \$0.18 would reduce the profit per unit to \$0.62. In Table A, the retailer adds a 30 percent gross margin to the product which results in a final retail to the consumer of \$4.29.

There is a different return to the producer or processor, depending on which channel is pursued. Retailers generate traffic in their stores and websites, and producers and processors can sell a significant number of

products in this channel when consumers see value in the offerings. Direct selling online can generate more return per unit, but usually selling to retailers is more volume per transaction.

Historically, some retailers have charged fees to suppliers that want products listed in the stores. The rationale has been it costs money to build stores, and suppliers were willing to pay extra for access to the shelf. It is very difficult to quantify these fees, as they range from one case of product per Stock Keeping Unit (SKU) per store (referred to as "free fill") to much higher fees in competitive categories where large multinational processors pay more. This is a barrier to entry and a cost of doing business in retail which does not exist when selling online. This practice is not in place in all stores, but it is common in the retail industry.

Most centrally structured retailers operate with a merchandising department where category managers are responsible for maintaining the listing base. Their role is to decide which items are included in the store offering. Shelf space is in demand and it can be very competitive to generate the space required for products. Category managers have the authority to decide which products will be on the shelf and this can be a challenge for some producers and processors. When selling online, there is no limit to the number of products you can offer and ultimately it is consumers who decide which will sell.

The sales process for selling to retailers vs selling direct online is very different. Once the category manager decides your product will be part of the listing base, your focus can shift to building demand with consumers and filling orders. When selling direct to consumers, it is one person at a time.

### **Selling to wholesalers or distributors vs. selling direct online**

A third path to the market is to sell products to wholesalers or distributors, that in turn distribute the products to stores. In this model, the producer or processor will deliver products to a centralized warehouse where items are consolidated and then sold to the market. Similar to selling to retail stores, one delivery for the supplier affords access to many outlets.

Wholesalers and distributors provide producers and processors with access to many retail, food service or other customers. One delivery to their warehouse is a transaction that can lead to many sales for the producer or processor. Similar to selling to retail, the volume per transaction is much higher than selling direct to consumers online.

Wholesalers and distributors have expenses to cover and will charge fees to the supplier to cover their costs and deliver a return. In Table B, we have extended the hypothetical example provided in Table A, adding a column to illustrate the return to producers and processors when selling to wholesalers and distributors.



**Table B - Example comparing the differences in revenue when selling direct online vs. selling to a retailer vs. selling to a wholesaler or distributor**

<b>Method</b>	<b>Selling direct online</b>	<b>Selling to a retailer</b>	<b>Selling to a wholesaler or distributor</b>
COGS	\$1.95	\$1.95	\$1.95
Shipping costs per unit to retailer, wholesaler or distributor warehouse	N/A	\$0.25	\$0.25
COGS if delivered to retailer, wholesaler or distributor warehouse	N/A	\$2.20	\$2.20
Selling price to wholesaler/distributor	N/A	N/A	\$2.40
Wholesaler/distributor mark-up (25%)	N/A	N/A	\$0.60
Selling price to retailer (delivered to warehouse)	N/A	\$3.00	\$3.00
Broker fees 6% (if applicable)	N/A	\$0.18	N/A
Retail margin 30%	N/A	\$1.29	\$1.29
Final retail price to consumer	\$4.29 (plus shipping)	\$4.29	\$4.29
Return to producer or processor	\$2.34	\$0.62	\$0.20

In Table B, the information in the selling direct online and selling to a retailer columns is identical to Table A. In the selling to a wholesaler or distributor column, the cost of goods sold and the delivered price remain the same as if the goods were sold to a retailer. The only difference is the product is now delivered to the wholesaler or distributor's warehouse. Retailers expect to pay the same delivered price, therefore the costs and profit of the distributor must be subtracted from the delivered price to the retailer's warehouse, which is \$3.00. The wholesaler or distributor's mark-up is estimated at 25 percent or \$0.60 per unit. This results in the producer or processor selling the product to the wholesaler or distributor for \$2.40. With the delivered price of \$2.20 and a selling price of \$2.40 the return to the producer or processor is \$0.20 per unit.

There are different returns in each channel. There are also differences between the cost of selling in each channel and the volume potential. Every product is different and the right solution for one will be different than another.

## 3.2

# Comparing Business-to-Business (B2B) vs. Business-to-Consumer (B2C) e-commerce

As you explore the e-commerce opportunity for food and beverage, there are choices to make. Similar to other channels, the right strategy might be one option, a combination of options or none at all. The optimal result is the best fit with your target market, your product and your business. When selling your products online you have the option to sell direct to a business (B2B) or direct to consumers (B2C).

### B2B e-commerce

#### Options for selling B2B

When selling B2B there are three overall categories of products and buyers:

1. Consumer packaged goods being sold to wholesalers, distributors and retailers
2. Food service products being sold to wholesalers, distributors and restaurants
3. Ingredients being sold to processors to make products

In the B2B channel, the producer or processor selling the product will list the products they have for sale on a platform and buyers will have access to the listings. It is also possible to sell B2B on your own website. Once your products are established, customers are more likely to know where to find your products and purchase directly from your website.

Your target market is a good consideration when deciding where to list your products on B2B sites. For example, if your products are developed for high end restaurants, then sites visited frequently by distributors to these establishments or the chefs themselves, would be a good choice. In another example, if your target market is companies purchasing ingredients, you can explore sites frequented by processors looking for ingredient suppliers. Your target market in a B2B transaction is a business but it is still a person making the decision to buy. More information could be found in the [guide to B2B buyer personas by AliBaba.com](#).

#### Considerations for selling B2B

Buyers visiting B2B sites are often well informed about the market and the products they are looking for. Good photos and detailed product descriptions are important to these buyers. When you understand what your customer is





looking for, this will help with the information to include in product listings. The right keywords for product searches increase the traffic to your listings on the websites. It is possible in the B2B environment to include minimum quantities which should be in line with what your customer is expecting. Often sellers include ranges of products which can include lower prices for larger quantities.

Logistics are an important component of your B2B listings. These transactions can be larger quantities and buyers can be from anywhere. Your shipping capabilities or limitations can be included in your listing. B2B websites can include descriptions of buyers and the geographic markets they represent. This is a component of your target market to consider when selecting the B2B sites to focus on. If you are selling internationally, there is the possibility you will require specific permits which can be investigated with the receiving country.

More informed buyers can have specific requirements, especially in ingredients. There could be certifications or standards, such as organic or Marine Stewardship Council (MSC) Certified, on food products that your buyers will request.

With B2B transactions usually being for larger quantities, clear definitions of expected product specifications and standards for all parties is beneficial. These can be documented and available to buyers to

ensure both businesses are clear about the condition of the product when they take ownership. In a B2B transaction, it is beneficial for both parties to understand the ownership of the product throughout the transaction. This ensures that inspections are conducted at the appropriate time and that insurance, if desired, is in place.

Payment for B2B transactions online is usually conducted as part of the marketplace where your product is listed. There are different models, the most common is the marketplace will process the payment and retain a percentage of the total sale. This is the revenue they generate for their business. When listing products on any marketplace, there should be a detailed explanation of fees and payment terms for your review.

## **B2C e-commerce**

### ***Options for selling B2C***

A B2B transaction online is very different from a B2C transaction. When selling B2C your product is packaged and ready for consumers and there are two platforms where the transaction can take place:

1. Your own website where consumers visit and make a purchase
2. A marketplace where your products are listed with others and consumers visit the marketplace to make a purchase; this can also include social media

### ***Considerations for selling B2C***

Selling direct to consumers requires you to be prepared to manage a higher number of transactions to achieve the same volume. Consumers are usually buying for their own needs as opposed to the B2B environment where buyers will resell the product to many customers.

In a B2C environment, it is important to encourage consumers to visit your website or the third-party marketplace - to make their purchase. In an online marketplace, it is also possible to generate sales from consumers visiting the site for other products or even your competitors, such as through suggested or recommended links that point to your products.

On your own website and on other marketplaces, good photos and detailed product descriptions increase the likelihood consumers will buy. When you understand what your buyer is looking for, this will help with the information to include in product listings. The right keywords for product searches will increase the traffic to your listings on the marketplaces.

When selling B2C, order fulfillment and shipping are important considerations. If you forecast your volume and assess the capabilities required to select orders and ship them to consumers, you can determine the right solution for your business. It is possible to include these functions within your own



business, outsource them to a third party or in some marketplaces, use their fulfillment and shipping services. Regardless of the fulfillment and shipping strategy, it is beneficial to consider your approach when consumers do not get the right product or there are issues with shipping.

If you are conducting B2C transactions on your own website, payment is an important consideration. Consumers are looking for a secure environment in which to purchase. Proper online security safeguards and protection of consumer information increases the likelihood they will buy. Consumers undertake a number of actions to help them make informed shopping decisions online. A range of examples are found in the [online shopping overview for consumers](#) developed by Canada's Office of Consumer Affairs.

Selling B2C provides the opportunity for you to collect a lot of information about your consumers and build long-term relationships. It is possible these people will buy your products in different channels if you have them available there. The data and your ability to analyze and learn about consumer behaviour are valuable assets of B2C transactions.

Selling food and beverage online can include many different options. It is possible to sell your products B2B and/or B2C. There are some factors such as good product photos, descriptions and keywords for search that are common. There are also many differences between B2B and B2C transactions. Once you decide the best route to your target market you can determine the best options for your business.

[Return to Table of Contents](#)

## 3.3

### Understanding the e-commerce consumer

When selling B2C online, you are selling direct to consumers so it is beneficial to understand who they are, why they buy and how they buy. Often the people who buy your products can choose to make the purchase online one week and in a physical store another week. It is the same consumer, but the buying decision online can be different.

#### Your target market

A definition of your target market is important to ensure you focus on consumers who are most likely to buy your products. One question to consider about your target market is; how likely are they to buy online? For example, some demographics like the millennial generation are more likely to buy online than others, as detailed in the following Canada Post article: [Looking to attract the Canadian millennial shopper? Get to know them first.](#)

If your target market is less likely to buy online, you could consider some additions to your website that explain the online buying process clearly and address some of their concerns.

#### Your online community

Once you have a good definition of your target market consumer and you are confident they will buy online, you can determine where to find them. For example, every social media platform has their own

user profile and you can decide where your investments deliver the best returns. The following information from Canada Post is beneficial to compare the audience on different social media platforms: [The most effective social media platforms to target your market.](#)

You can interact with consumers on social media and also maintain your own database of email addresses and/or cell phone numbers for text messages. These are consumers who have given you permission to interact with them on their own devices. Any company in Canada is subject to [Canada's Anti-Spam Legislation](#) when creating and communicating with consumers online.

A well maintained database of your consumers is a valuable asset. You can communicate directly with these consumers and learn about what is important to them and get answers to your questions about who they are, why they buy and how they buy.



## Factors impacting online buying

The decision to buy online is different than buying in a physical store or at your own place of production. In a physical store, they can often pick up the product and examine it, whereas online they are limited to the images you provide. In a grocery store, they can compare the product to others on the shelf and make a decision about value and which product is best for them. Online, the comparison to other products is made on a screen. Consumers compare product descriptions, photos and value propositions you supply with the other items. If consumers are buying on your website, the functionality of the website is also a consideration. If it is easy to navigate and consumer friendly, they will probably stay there longer and consider purchasing more.

Security is a significant issue to most online shoppers. With cyber attacks and theft of information online becoming more prevalent, consumers are more aware of the risks. Many consumers who are concerned about security will shop on websites that display the lock beside the website address in their browser. This lock is there because the website developer has implemented a Secure Socket Layer (SSL) certificate and they are using Hypertext Transfer Protocol (https) that ensures secure transfer of data.

Shipping costs also impact online consumers. If shipping is extra or added at the point of purchase, they will consider this as part of the value proposition. When they decide not to buy after

putting your product in their virtual shopping cart, these are called “abandoned carts.” Many online sellers consider this an important metric to measure. The consumer has found your website, investigated the product and they are interested enough to put the product in the virtual shopping cart, but they do not buy.

Online consumers consider shipping costs to be part of the final price. For this reason they can be interested in bundles of products where more items can be included for the same shipping costs. This is an opportunity to increase the average purchase and provide more value to the buyer.

If you are selling your product on marketplaces, some offer annual enrollments that include free shipping. An example is Amazon Prime, where consumers pay an annual fee and any items identified with Prime on the Amazon website ship free to Prime members. For consumers who subscribe to this form of membership, shipping costs are irrelevant.

Online consumers are influenced differently than consumers in physical stores. Product descriptions are very important to the online shopper. This is your chance to explain the benefits of your product and help them make the decision to buy. Online consumers also depend on reviews from other online shoppers to assess the quality and value of products. They often seek out these reviews right on the website or in other locations they trust for information.



Another group impacting online buyers are influencers. These people have their own online community who are interested in their views, products they like and other lifestyle choices. Influencers can range from micro influencers with a small number of followers to celebrity influencers who have millions of followers. These people develop relationships with products and brands and their followers can be influenced by their recommendations and posts. Some brands pay considerable fees for influencers to promote their products.

Consumers shopping online can have expectations that are different from in store buyers. They do believe if the item is listed, it should be available. They also expect the product to arrive within the parameters posted on the website. Buying online is more convenient, in that they do not have to go to the store, but they do have to wait for the product to arrive. They pay for the product when they commit to buy, but they have to be confident the website is legitimate and that they will receive the product by the expected date.

The definition of value for online consumers is different from people shopping in stores. When a person buys in a store, they have the product and it is up to them to get it home in the right condition. Online consumers will make their judgement about value once the product arrives. If there are problems with the timing of shipping or the condition it arrives in, they expect the seller to make amends. Most online sellers have well defined policies about resolution to shipping issues. Some replace the product if it is damaged and others want more proof that the issue was with the shipping and not the buyer. Every company sets their own policy.

Consumers buying products in store and online have expectations. Some of these expectations are unique or different for online shoppers.





## Summary snapshot: An overview of e-commerce for food and beverages

<b>3.1</b>	<b>E-commerce compared to other distribution channels</b>
	Selling in person requires a physical store whereas online can be done remotely
	In person selling can require a lot of hours whereas online can be more automated
	Volume per transaction much higher with retailers and distributors
	The economic model is different with each channel
	There can be considerable costs to access a retailer's store shelf
	One delivery to a retailer or distributor provides access to many stores
<b>3.2</b>	<b>Comparing Business-to-Business (B2B) vs. Business-to-Consumer (B2C) e-commerce</b>
	Your target market will determine which channel to access
	Buyers in B2B channels are well informed
	Transactions in B2B channels are usually larger
	Consumer packaged goods or food service products and ingredients can be sold B2B online

	Consumer packaged goods can be sold direct to consumers from your website or an online marketplace
	When selling B2C, order fulfillment and shipping are important considerations
	Selling B2C will generate a lot of data about the transactions and your consumers
<b>3.3</b>	<b>Understanding the e-commerce consumer</b>
	Consider the likelihood your target market will buy online
	Determine where your target market will spend their time online
	You can maintain an online community within social media platforms and/or your own email list
	Consumers make the decision to buy online differently
	Consumers want to be confident you are protecting their information
	Shipping costs will impact consumer's decision to buy
	Online shoppers are influenced in the purchase decision differently than bricks and mortar shoppers
	The definition of value is different for online shoppers

## 4. Business-to-Business (B2B) e-commerce for food and beverages

- 4.1 Options to consider when pursuing a B2B e-commerce approach
- 4.2 Selling on B2B marketplaces
- 4.3 Understanding Business-to-Business-to-Consumer (B2B2C) e-commerce and how your products will be sold to end consumers
- 4.4 Summary snapshot: Business-to-Business (B2B) e-commerce for food and beverages





As the online channel becomes more developed, there are options for producers and processors in food and beverage categories. Similar to any sales strategy, it is important to consider all of the options and find the best opportunity for success. Given the rapid growth of the channel, it is beneficial to search regularly for new options as they gain traction in the marketplace.

When selling online, your target market will impact the strategy you pursue. The first decision to make is whether you want to sell your products primarily to businesses or consumers. It is possible to pursue both markets and you would need to list your products in different places to ensure they are found by businesses and consumers. Many B2B options have emerged. Often these transactions will be for higher volume orders and with a sophisticated buyer.

## 4.1

### Options to consider when pursuing a B2B e-commerce approach

If you want to sell your products to businesses, you can pursue a B2B strategy. Within this channel these are options to consider:

- Selling consumer packaged goods online to wholesalers, distributors and retailers
- Selling food service products online to wholesalers, distributors and restaurants
- Selling ingredients online to processors

#### Selling consumer packaged goods online to wholesalers, distributors and retailers

If you want to sell your products to businesses, there are different marketplace websites to consider. Similar to pursuing a retail strategy, it is important to find the right fit with your products, the geography you want to sell into and the pricing that you need to charge.

If your customers are distributors, wholesalers and retailers, there are a number of marketplace sites where you can list your products for sale. These websites provide the opportunity for producers and processors to create company profiles and list products. The more products available on the website, the more enticing they are to the buyers; distributors, wholesalers and retailers. The following websites are examples where you can sell consumer packaged goods to distributors, wholesalers and retailers:

[BlueCart](#) - BlueCart connects food service wholesalers to customers.

[Local Line](#) - Farms and Farmers Markets can connect with customers on Local Line.

[Tradalaxy](#) - A global trading network for manufacturers in many categories including food and beverage.

[Wegotrade](#) - Processors can sell to retailers, franchisees and restaurants on WeGoTrade.

The largest B2B marketplace website in the world is Alibaba.com. This online selling platform was started in China in 1999 and has grown to become one of the largest online sellers of goods with 2020 revenues exceeding US\$70 billion, according to their [December 2020 quarterly earning results](#).

Some retailers encourage suppliers to list their products on specialized B2B sites. This provides them with an opportunity to understand which companies are interested in selling their products in their stores. They can investigate the products when it is convenient for them. For example, a number of large retailers such as Metro and



Whole Foods Market encourage producers and processors to list their products on [RangeMe.com](https://www.range-me.com/).

If retail buyers are interested in the products, they will contact suppliers and arrange for samples to be delivered along with any other information they require. The home page for RangeMe.com states that more than 700,000 products are listed for buyers to review.

### **Selling food service products online to wholesalers, distributors and restaurants**

If you are interested in selling food service products to distributors, wholesalers and restaurants the following websites are examples where you can list your products:

[ChefHero](https://www.chefhero.com/) - ChefHero connects food service distributors to customers.

[Local Line](https://www.local-line.com/) - Farms and Farmers Markets can connect with customers on Local Line.

[Rgand](https://www.rgand.com/) - Access to over 1,000,000 potential customers in the U.S. food service industry.

[Saladplate](https://www.saladplate.com/) - Saladplate provides a one-stop solution for brands in food, beverages and hospitality to connect with buyers across Asia.

### **Selling ingredients online to processors**

If your strategy is to find customers to purchase your products as ingredients, the following websites are examples of this opportunity:

[Fieldcraft](https://www.fieldcraft.com/) - Fieldcraft is an ingredient marketplace for food and beverage companies in North America.

[Ingredients Network](https://www.ingredientsnetwork.com/) - Ingredients Network is an online directory of food ingredient suppliers and products. The site targets professional buyers of food ingredient products and services.

## **4.2**

### **Selling on B2B marketplaces**

Most B2B marketplaces will provide a profile of their buyers. This is important research to ensure the buyers on the website are a good match to the people you believe are most likely to buy your products. Once you have found the right B2B e-commerce marketplace(s) to reach your target market, there are a number of steps to follow to create awareness and generate sales:

1. Develop your company profile
2. Create your product listings
3. Sell your products

#### **Develop your company profile**

Each website requires you to create your company profile. Your company profile is something buyers will focus on because they want to understand the capabilities of your business. They use this information to determine if they want to do business with you. Your products are what they are buying, but your business will get more focus in a B2B relationship. Often these transactions are conducted through email and video conference, so developing a company profile that builds confidence in your ability to execute can differentiate your offering from others. Some websites provide the opportunity to post photos of your production facility and even videos to help the buyer understand your capabilities.

Once you create your company profile you need to determine the level of participation you want to enlist for the website. Most B2B marketplaces offer free listings to companies for a limited number of products. This is to encourage participation and increase the likelihood of this being a destination for buyers. The free listings can get noticed and if your products are in demand, buyers will also search for them.



These websites do need to generate revenue to operate. They each have their own economic model. Some of them offer a premium listing for sellers where products can be promoted to buyers or the chances of being found will be increased by listing your product along with similar products. Other websites will offer e-commerce capabilities and will charge a percentage of the total transaction. Similar to selling in any channel, it is important to investigate all of the potential fees and benefits to find the best solution.

## Create your product listings

After you determine the right level of participation for your business on each of the websites, the next step is to create your product listings. There are three components to a good product listing:

1. Great product descriptions
2. Clear photos from all angles
3. Researched keywords so you are found in searches

Your product description is your opportunity to explain the benefits of your product. You can include any certifications (e.g., certified organic or certified gluten free), points of differentiation, special ingredients, unique production process or other reasons consumers would want your product.

Buyers look for good quality photos that illustrate your product. They expect the delivered product to look identical to these

photos. Most often, product photos are on a white background with photos on all sides of the product included.

With most websites listing thousands of items, buyers will have to search for your products. To improve the possibility of buyers finding your products, proper keywords can be the difference. Consider what words your buyers will use to describe your products in their search. These are the words that can be entered first.

Some websites provide the opportunity for you to create an online storefront. This is a destination within the website where you can include branding, a listing of your products and a company profile. There can be extra fees to create the online storefront.

## Sell to informed B2B buyers

When selling B2B, your customers will expect a quick response to their inquiries. Including the right contact information on the website and keeping it up-to-date is essential. Most websites provide the opportunity for you to include pricing information, case pack, volume discounts and other metrics your buyer will need. There are a number of common terms on B2B websites:

- Freight on Board (FOB) pricing is the price you are charging to a certain point in the distribution chain. For example, if you produce your products and ship them from a warehouse in Vancouver, B.C. you would list your price as FOB Vancouver.

- Minimum Order Quantity (MOQ) is the lowest number of products you will ship to the buyer at the price you state. Often this can be a full pallet of product(s). When you are selling B2B, your buyers expect to see larger quantities and in some cases a discount for them if they buy higher quantities.
- Request for Quote (RFQ) is a term used by sellers if they want to generate a price for the buyer. Often this can be used when there is some customization required or if there is a wide variation in quantities ordered.
- Request for Samples (RFS) can be an option for some products. Online sellers usually have a process in place to provide samples to prospective buyers for a fee that covers costs and shipping. These fees can be negotiable if there is the possibility of large orders and the seller is reasonably confident the sale could happen.

Once you have created your profiles and listed your products, you are in a position to start selling products. When selling B2B, your buyers will usually be informed and expect action. Within your business, the right process will ensure proper communication with online buyers to begin the sales process.

Payment for B2B orders can be through the website where your products are listed or direct between the two businesses. Regardless of the payment method, there should be a well documented transfer of ownership for the product and payment terms should



be defined. It is possible in B2B transactions you are entering into a business relationship with a company you have not done business with before. Due diligence is important to ensure the best chance of a successful transaction and business relationship.

B2B transactions take longer than B2C because there is usually more money involved and there can be several decision makers from the various buyers and sellers. This is to be expected, especially in the initial transactions with other businesses. A lot of B2B transactions were conducted at trade shows. This is shifting to online platforms as buyers and sellers gain confidence in the opportunities and see more and more volume shifting to this channel.

## 4.3

# Understanding Business-to-Business-to-Consumer (B2B2C) e-commerce and how your products will be sold to end consumers

As e-commerce evolves, retailers and other businesses delivering value are developing relationships with consumers. Bricks and mortar retailers want to maintain their sales to their existing consumers, so they are improving their online presence and platforms. Some consumers are also interested in having their food and beverage products selected in the store and delivered. There are different options for B2B2C in this sector:

- a. Your products sold on a retailer's e-commerce website
- b. Third party shopping service providers

### Your products sold on a retailer's e-commerce website

If your products are sold on a retailer's e-commerce website your business is not directly involved in the transaction with the consumer, but there are opportunities for you to grow sales and improve your relationship with the retailer. Many food and beverage retailers have experienced growth in the e-commerce segment of their business. Usually, if your products are listed in the store they will be available on the retailer's website. Some retailers have adopted the "click and collect" model where consumers order online, an employee in the store selects the items and the consumer drives to the store to collect the order. Other retailers such as Sobey's

have invested in a dedicated distribution network to fulfill and deliver online orders.

For all of the items you have listed with a retailer you can check their website to confirm your items are in the correct department, include the correct photos and are priced right. In the past, you might have been checking stores; now you can include retailers' e-commerce sites as well.

Once you know your items are in the correct department, check to ensure they are available in any ads, themes, special promotions or specialty areas of the site. Most of what you see on e-commerce sites is system driven and retailers might not notice if one Stock Keeping Unit (SKU) is missing. When they see a hole on a store shelf, an "out of stock" is visible and usually will result in someone ordering the product. The listing of items in other areas of the website such as ads or themes is dependent on information in the retailer's system. For example, if your product is lactose free, you know many consumers will search this specialty section looking for your item, you should check regularly to ensure it is there.

Managing a listing base with many thousands of items is a challenge and now retailers need to do it in store and online. You can set up a process



## Your products sold through third-party e-commerce shopping service providers

There is one other method how your products can be purchased online – through third party shopping providers. Companies such as Inabuggy and Instacart have relationships with retailers where consumers order products and they are delivered to their house. You are not involved directly in the transaction but your items will only be purchased if they are available through the third party shopper’s platform.

Third party shoppers have an established relationship with a retailer to access their item and price data. When consumers log into the third party shopper’s platform they have access to order products from a number of different retailers. Once the order is complete and they select a delivery time, third party shoppers visit the stores and select the items for delivery. Consumers pay a fee for the shopping and delivery service, over and above the prices for the products. Often these third party shoppers offer services to a number of retailers, including food and beverage. Food and beverage are important to their business model because they are higher volume and more frequent purchases.

It is beneficial to review these websites for your products for the same reasons you are reviewing your retailers’ websites. Most of these platforms rely on data from the retailer so if there is an issue with an item or a photo they will not always know a change needs to be made. If consumers cannot find your products, they will move on to an alternative. If you find a pricing error with one of your products on a third party’s website, you will probably have the best results if you start with the retailer where there is an issue. They are supplying the data so you will have the best chance at a resolution when you contact the appropriate person to rectify the issue.

There are many different ways your products can be sold to customers and consumers online. Regardless of the B2B or B2B2C channel, they are most effective when you have great listings, keywords and photos. It is also important to check to make sure these listings, photos and keywords are in place and do their job to help sell your food and beverage products.

within your business to check photos, prices and descriptions regularly to ensure your items are correct. It is your customer’s job to present the items properly, but if you want to maximize your sales it is always good to review these websites.

Any time you find an issue with an item or the links, share this with the retailer. Most retailers’ websites include a section for the weekly flyer and other promotions. Consumers are likely to review this section and click on items from the flyer for their cart. If the link does not work, which does happen, they are not likely to search and the sale is lost.

If you do find issues with a retailer’s website, approach it from the point of view you are both losing sales. Often you will have to work with a different part of the retailer’s organization who can impact the online display. It is beneficial when you communicate directly with the person who can change the product listing information to ensure you are in, for example, the lactose free section or to update your product photo.

4.4



Summary snapshot: Business-to-Business (B2B) e-commerce for food and beverages

<b>4.1</b>	<b>Options to consider when pursuing a B2B e-commerce approach</b>
	There are online marketplaces for selling consumer packaged goods to retailers and distributors
	There are online marketplaces for selling food service products to restaurants and distributors
	There are online marketplaces for selling ingredients to processors
<b>4.2</b>	<b>Selling on B2B marketplaces</b>
	Create a company profile that will build confidence in buyers
	Develop product listings with the right keywords, good descriptions and quality photos
	Your online storefront can be a destination
	When selling to B2B buyers the right terminology will build confidence
	Payment terms should be clear
	B2B transactions can take longer
	Transactions are shifting from trade shows to B2B marketplaces

<b>4.3</b>	<b>Understanding B2B2C e-commerce and how your products will be sold to end consumers</b>
	Your products can be sold on a retailer’s website to their consumers
	Third party shopping service providers can select and deliver your products to consumers
	Check to ensure your items are listed and priced correctly on retailer’s websites
	If you are participating in any special themes or sections of the store check the same theme or section of retailer’s websites for your products
	If there are discrepancies, communicate directly with the person at the retailer who can solve the problem
	Third party shopping services receive their data from retailers
	If there are discrepancies on the third-party shopping website, communicate directly with the person at the retailer who can solve the problem
	Regular review of retailer’s and third-party shopping service websites is similar to visiting stores to check out your products

## 5. Business-to-Consumer (B2C) e-commerce for food and beverages

- [5.1 Options to consider when pursuing a B2C e-commerce approach](#)
- [5.2 Selling to consumers on your own website](#)
- [5.3 Selling to consumers on a marketplace](#)
- [5.4 Selling to consumers on social media and through social commerce](#)
- [5.5 Summary snapshot: Business-to-Consumer \(B2C\) e-commerce for food and beverage](#)





Consumers are buying more products online. The platforms are improving and consumer faith in online sellers is increasing. There are a number of different models used by retailers, marketplaces and processors selling direct. Your definition of your target market will help you understand where you have the best chance of interacting with the people most likely to buy your products.

Many B2C options are emerging. It is possible to sell your products directly to consumers from your own website or take advantage of increased traffic in online marketplaces.

## 5.1 Options to consider when pursuing a B2C e-commerce approach

If you want to sell your products to consumers there are a number of B2C strategies to consider:

- Selling direct to consumers on your own website
- Selling direct to consumers on a marketplace
- Selling to consumers through social media

## 5.2 Selling to consumers on your own website

Selling direct to consumers online is becoming more popular in many food and beverage categories. Consumers are looking for products online and producers and processors are improving their ability to get products to the consumer. Many food and beverage companies have a website to promote their products and share information with consumers and customers. It is a natural extension to begin selling products from the website.

### Your website

Your website should be the cornerstone of your online presence, an opportunity to use photos, videos and content to reinforce your brand positioning. Effective websites are developed

for your target market, functional and easy to find. Search Engine Optimization (SEO) is an important consideration when creating and maintaining your website. The proper use of the right keywords in website content, blogs and other information will raise your profile with search engines. This ensures your target market can find you when they search online.

Your e-commerce website will also require an e-commerce platform to enable the transaction of buying online. A successful e-commerce website requires traffic. If you plan to sell your products from your own website, adequate numbers of consumers from your target market are

crucial. Every product will have a unique conversion rate and that can also change with the offers you promote. For example, if 45 consumers buy your product and 1,000 potential consumers visited your website, the conversion rate is 4.5%. If your plan is to sell 100 units per week and the 4.5% conversion rate is ongoing, the traffic needs to increase to 2,222 consumers.

**Note:** The “implementing a direct to consumer e-commerce approach for food and beverages” section has more information about creating and maintaining websites, as well as a detailed description of e-commerce platforms and the requirements to consider.



## Benefits of selling on your own website

There are two significant benefits to selling on your own website:

1. You can develop direct relationships with consumers who buy your products.
2. Consumers buy directly from you so you receive the entire selling price, whereas in other channels there are distributors and/or retailers who capture a significant portion of this profit margin.

The benefits of developing direct relationships with consumers can have a very positive impact on your business. You can learn from these people about why they buy and what else they might buy. You can also test different promotions and special offers to understand what is most effective.

When you are selling directly, you can benefit from collecting the entire retail price for your product. For example, if your product sells for \$6.99 in a retailer's store and they are generating a 30 percent gross margin, you are selling the product to them for a delivered price of \$4.90. If you sell that same product direct to the consumer for \$6.99, you control the \$2.09 in margin the retailer is generating. Before you count all of this margin, there are two important considerations: (1) will consumers pay the shipping costs, and (2) what does it cost you to sell the product from your own website? Every food and beverage business will have their own answer to these questions.

Creating your own e-commerce offering is a rewarding and challenging task. There are a lot of components that are required to ensure a satisfying and secure experience for your consumers. There are options to consider in every stage of development if selling direct to consumers and they must all integrate for a seamless shopping experience. There are many benefits to selling direct to consumers. You control the transaction and the relationship with the consumer. You can learn from their reaction to different products and offerings. If you decide this will be part of your business model, the right resources with the right abilities are an important consideration.

The following are a handful of the many examples of food and beverage companies selling direct to consumers online, ranging from small independent producers and processors to some of the largest brands.

[Manitoba Harvest](#) - A wide variety of products are available from Manitoba Harvest.

[Unilever](#) - Unilever offers many of their brands online and free shipping over \$35.00.

[Wise Bites](#) - Snacks free from the top 11 allergens are available from Wise Bites.



## Selling to consumers on a marketplace

Many food and beverage producers and processors are exploring the concept of online marketplaces to sell their products. The two biggest benefits for food producers are that many of these websites generate a lot of consumer traffic and consumers are more likely to buy because they can make the purchase right on the marketplace website. This version of online selling is popular with consumers because they can find many products on one website, as opposed to visiting several websites for a few products. There can also be some cost savings with online marketplaces shipping products together.

There are many examples of online marketplaces. Some of these websites, such as Amazon and eBay, sell products from many categories. They attract a broad range of consumers and there is always the possibility of selling your product to a consumer who visited the site for a different product. Other online marketplaces are more specialized; for example, [Localline.ca](http://Localline.ca) attracts consumers looking for local food products, often in a certain geographic area, while [Well.ca](http://Well.ca) specializes in natural health products and some drug store categories.

Marketplace websites rely on online sellers to list products for sale because that drives traffic to the

website. Consumers want to see what is available and shop online. Most online marketplaces charge fees to the product sellers, with the premise being they are bringing potential customers to them.

Retailers such as Loblaw, Walmart and Target created online marketplaces. They offer the items listed in store, plus other items from the same suppliers or even suppliers they do not carry in their stores.

### Benefits of selling on a marketplace

Many online marketplaces experienced significant growth in 2020. For example, in the [Amazon.com announcement of financial results - February 2, 2021](#), Amazon

reported an annual sales increase of 38 percent year over year. This is equivalent to an increase of US\$105.6 billion in one year for total sales of US\$386.1 billion.

One positive characteristic of online marketplaces is the number of potential customers on these websites every day. These are consumers who have made the decision to visit the website and at least explore the offering. There is no guarantee they will buy, but you do have the opportunity to capture their attention and sell your product. There are a lot of similarities between online marketplaces and getting listed in a brick and mortar retailer. In both places there are many consumers

going past your product and they have access to buy. The consumers are there and it is part of your job to convince them to buy.

### Factors to consider when selling on a marketplace

There are a number of factors to consider when exploring the marketplace channel:

1. The exposure your product will receive.
2. The resources within your business to support this channel.
3. The cost of selling on the marketplace.
4. The geography of consumers you want to reach, and related regulations to reach them.
5. The options available to fulfill and ship orders.



## Ensure your products will receive exposure and can be found

Some online marketplaces are very large and there will be considerable work required to get the exposure to your target market. Each online marketplace has their own method of ranking products and determining which items get the best exposure. Metrics that can impact this include sales, searches and when you pay extra fees to promote your product on the site. It can be beneficial to understand the metrics used to rank your food and beverage product within the category so you can put your efforts and resources into the areas that will generate a payback.

For each marketplace you are considering you could perform a brief category review. This would include searching on the website for any products that would compete with yours. You can assess all the products in your category to understand their offering, pricing, promotions, shipping costs and any other factors that might influence the consumer. This is where the consumer will make the decision to buy, so it is important to understand the other products yours will compete with. When you are reviewing your competition, there is a lot of information available about products other than just item and price. Read reviews and also see how the company responded to the comments.

Keywords and product descriptions are very important on marketplace websites. Often there are many products so consumers need to be able to find your food and beverage

products easily. To improve the possibility of consumers finding your products, proper keywords can be the difference. Consider what words your target market consumers will use to type into the search, when looking for your products. These are the words to enter first. In some online marketplaces, they give you the ability to check the effectiveness of your keywords. This is a powerful tool you can use regularly to ensure consumers are able to search and find your products.

Your product description is your opportunity to explain your product and the benefits it delivers to consumers. You can include any certifications (e.g., certified organic or certified gluten free), points of differentiation, special ingredients, unique production process or other reasons consumers would want your product. Your product description can be a written description of what you would say to a person if you were interacting with a consumer during an in store demo. The language is most effective when it resonates with consumers in your target market and reinforces the top reasons they will buy.

Online marketplaces depend on good quality photos to illustrate your food and beverage product. Most often they want the photo on a white background and you usually have the option to show all sides of the packaging. This can be important if some of your key messages are on the side or back of your packaging. Consumers expect the delivered product to look identical to these photos. There can be size parameters for the photos you upload



which you can check prior to having the photography done or completing it yourself.

Although your product is listed on the marketplace, ultimately it is the seller's responsibility to generate sales for products. Integrating marketplace links into your online marketing can drive traffic to your listing and increase exposure for your products.

### **Allocate the required resources to maintain the relationship with the marketplace and its consumers**

Selling on an online marketplace is like having a separate customer to manage. The initial set up for your food and beverage business and listings of products need to be done, but the work does not finish with these tasks. There are a number of components to the relationship that require attention from your business.

Some online marketplaces have metrics they expect your business to achieve. These are usually related to order fulfillment, returns and other metrics of consumer satisfaction. If you are the only company selling the

products in the marketplace, the pricing is really only impacted by what you do. If there is the possibility of distributors or wholesalers buying your product and reselling in an online marketplace, then monitoring the products and the pricing is important.

One feature of many online marketplaces is consumer reviews. This is the opportunity for consumers to rate products to help other consumers decide if they want to buy. Reviews are a great source of consumer research. When consumers rate your food and beverage product favourably, other consumers are more likely to buy. However if the reviews are not favourable, it is worthwhile to determine what is causing the issues and find solutions. A regular check of consumer reviews will ensure you understand how consumers see your products.

Many online marketplaces provide the opportunity to offer discounts, online coupons and other promotions. These will need to be initiated and executed, as they would be with a bricks and mortar retailer. One benefit of selling online is that you can

measure the effectiveness of your special offers and promotions. Try different discounts or offers to understand consumer response and determine what delivers the best return. Also try different initiatives on social media to encourage consumers to visit the online marketplace, then measure the results. This is sometimes referred to as A/B testing; they expect you to try different options and measure the effectiveness. For example, use a close up photo of your product in one post and a different photo with a person in another post. Compare the results to assess if post A was more successful than post B. Consumers can react differently to food and beverage products online so having the resources to understand and assess the results can help with future planning.

Inventory management will impact your online sales results. The right amount of inventory in the right place for shipping will ensure you can fulfill orders efficiently and get your product to consumers when they expect it. If you fulfill orders within your own business, you need the products, shipping materials and timely delivery or pick up with your shipping partners. If you choose to have orders fulfilled and shipped by the online marketplace, there is a requirement to have the right amount of inventory in their warehouse when it is needed for shipping. Forecasting demand to meet online marketplace orders can take some time, depending on how many SKUs you are selling and if there is any customization to your orders.



## Investigate the costs of selling and the marketplace's business model

Online marketplaces need products listed to sell, however they also need to generate fees to support their business model. It is often free to develop company profiles and list products. The fees are attached to sales and other features the online marketplace can offer. When you are investigating the fees, review any different levels for online sellers. A premium level can include lower per transaction fees and also access to some sales and other metrics that can help you in your business.

Fees related to sales are often a percentage of sales, with the possibility of a per unit fee as well. To calculate the fees you will have to pay, forecast the sales you expect on the marketplace and apply the fees. A sensitivity analysis with sales below, at and above your target will provide the best assessment of what the fees could be.

As you review the fees, it is beneficial to explore the options available for added features. Some of these might be beneficial to your food and beverage business while others might not be. When you are selling B2C, there are many consumer behaviour trends you can learn from that affect sales results. For example, if you work with certain influencers and they post early in the day, one feature is sales per hour, so you can determine if the influencer does impact your sales. Added features can also include profiles of consumers buying your products and even the first product they searched for on the marketplace. Online selling can include a lot of data to allow you to make decisions about where to invest time, resources and money in your future programs.

## Navigate the regulatory and legal elements of selling your products to international consumers online

When you consider the different options in this channel, the geography of the consumers will need to match the geography you are able to service. Food and beverage products can have limited shelf life or requirements for refrigeration which can limit shipping time. Your entire sales and marketing strategy is most effective when developed to support your products in the geographical area you are able to service.

Selling online provides the opportunity to sell into many markets, but does not change the regulatory and other requirements needed to export your products from Canada or be imported by another country. If you choose to ship your products to other countries, there could be regulations and requirements such as those for food and beverage labelling, ingredients or food safety. It is the responsibility of the product seller to ensure these are in place. For more information, visit the Canadian Food Inspection Agency: [E-commerce - What to consider when buying or selling food, plants or animal products online](#)

There can also be tax implications for exporting from Canada in selling into different countries. For example, the United States is the largest market where many of the shipping options are integrated. Regulations and taxes can change from state to state, so online sellers must review these prior to selling into these markets. For more information, visit:

- [Canada Revenue Agency - How the GST/HST applies to imports and exports](#)
- [U.S. Food & Drug Administration - Importing Food Products into the United States](#)

## Fulfilling and shipping your orders

One of the biggest challenges with food and beverage can be order fulfillment and shipping.

When your products are listed on an online marketplace you have three options for order fulfillment and shipping:

1. Select orders and ship them yourself
2. Outsource fulfillment and shipping to a Third-Party Logistics (3PL) company
3. Leverage the warehousing and shipping options available through the online marketplace, such as the Fulfillment by Amazon (FBA) service

There is no right answer applicable to all food and beverage products when you are considering order fulfillment and shipping from online marketplaces. Design the most efficient solutions for your business.

The right solution for order fulfillment can shift from one model to another as your business changes. If you decide to sell direct to consumers from your website and fulfill and ship your orders, consider using the same solution for your online marketplace sales. Depending on your anticipated volume and resources, in the early stages this might be the best option. This is an opportunity to assess the true cost and you will have more flexibility, for example, if you want to add trial size products or other marketing materials. Once you have orders selected and packed, in most cases you will require a third party for shipping. If you decide to sell on Amazon and fulfill your own orders, they refer to this as Fulfillment by Merchant (FBM or Merchant Fulfilled Network (MFN). Amazon will charge the shipping fee selected by the consumer and credit this back to you.

If you choose to select and ship orders within your business, processes are required for accurate orders, timely notifications of orders from the marketplace and the ability to print the order and shipping labels. Similar to orders from your own website, it is beneficial to tie order fulfillment to your inventory management system. When you select a product for an order, inventory should be

depleted to ensure you know when you need to produce more product.

If you do not have the capacity or desire to select orders you might consider outsourcing this function to a 3PL company. They can offer economies of scale and more efficient physical space to select products and prepare them for shipping. This adds one step in the process in getting the order from the marketplace to the 3PL.

If the online marketplace offers a fulfillment and shipping service, this can be a viable option. They should have economies of scale which can be a core competency in their business. The fees should be clear prior to listing your products and compare to your projections for this within your own business.

One consideration in food and beverage is any unique requirements you have for your products. If they need to have refrigeration or time sensitive shipping, this can become more complicated if the marketplace is performing the task.

Online marketplaces offer the benefit of consumers visiting one location where your product is for sale. Marketplaces have expectations for execution in areas such as order fill rate and returns because consumers see that they are buying from the online marketplace, not each individual seller.





## Selling to consumers on social media and through social commerce

Selling on social media has become a channel unto itself. Applications such as Facebook and Instagram were originally designed to provide people with an opportunity to communicate and share information online. They have evolved into social platforms where many products are promoted and sold. There are so many consumers on these social media platforms that it can be a good channel to promote and sell food and beverage products.

Some consumers are willing to belong to online communities within these platforms, where companies can share information, recipes and sell products. There are also many examples where consumers elect to be within the online community of influencers. These consumers are interested in what the influencer has to share and that can include food and beverage products.

### Factors to consider with social commerce

The first consideration when you assess the opportunity to sell your food and beverage products online is to define your target market. Most social media platforms have segments of the population they are most likely to attract. The following Canada Post blog includes some insights about users on different social media platforms: [The most effective social media platforms to target your market.](#)

There are different social media platforms where you can promote and sell your products. Four of the largest are Facebook, Instagram, Pinterest and TikTok.

You might already have been developing an online community within some of these platforms. Within these communities you can learn more about your target market. Although there is always overlap, the social media platforms appeal to specific generations. Once you identify where you are most likely to find your target market, explore the options to promote and sell your products. If you are looking for some demographics and other statistics to help you determine which social media platform to focus on, you will find many in this blog from Hootsuite: [100+ Social Media Demographics that Matter to Marketers in 2021.](#)

### Selling on social media

There are two models of e-commerce on social media platforms. On Facebook and Instagram, you are able to buy within the social media application or visit the seller's website. On Pinterest and TikTok, you leave the social media application to go to the seller's e-commerce site. Selling on TikTok is the most recent opportunity for online sellers in social media.

In the table below you can explore some of the characteristics of selling on the different social media platforms.



## Social commerce platforms and features (as of March 2021)

**Note:** E-commerce is changing frequently, fees and other features change often. Be sure to check all applications for up-to-date information.

Application	Facebook	Instagram	Pinterest
Platform	Facebook Shop Facebook Page Shops	Instagram Shopping	Shop tab on your Pinterest Profile
Cost	Free to set up	Free to set up and you must have a Facebook account to connect.	Free to set up
Requirements	Must have a commerce account in Commerce Manager and be a Business Manager Admin with Manage catalog permissions	Must be set up as an Instagram business account and connected to a Facebook business page.	Must have a Pinterest business account and a claimed website. It does not host your catalog, your data source with your available products is hosted.
What can you sell	Physical goods	Physical goods	Physical goods
Set up	On Commerce Manager or using an e-commerce platform	Connect to a catalog built in Facebook or a Facebook Partner e-commerce platform	Connect to an existing e-commerce platform with product catalog
Fees	Facebook Shop fee order processed through its in app checkout - 5% on every order or US\$0.40 flat fee on orders \$8.00 or less	Instagram shop fee order processed through its in app checkout - 5% on every order US\$0.40 flat fee on orders \$8.00 or less	Connects to outside platform
Customization	Customize your shop in Shop Builder. Select collections, feature best sellers	Customize your shop. Select collections, feature best sellers	Pinterest is a visual search engine, a focus on SEO within the app is important to expand reach. Organize pins into catalogs or boards.
Shop	Facebook Shop tab on your Facebook page	Product tag on a post or product sticker in Instagram Stories will take them to a product description page. Shop button will show all shops of the accounts the consumers follow.	Explore the shop set up on profile or tag images with buyable pins. Rich pins show price information to install buttons. Shop the Look pins allows direct link to product page.



## Paid advertising on social media

Food and beverage products are more consumable than other categories. Photography and videos are prevalent in these platforms and they often can be an integral part of promoting and selling your products. A recipe with a photo or video to illustrate the process can help consumers make the decision to buy.

In selling on social media platforms, you can learn a lot about the consumers buying your products. This might not be a definition of your total target market because it is limited to the users on the particular social media platform. If you decide to participate in paid advertising on the platform, you can use the metrics from who is buying to target this group or use a different approach to target users who are not currently buying.

Social media platforms provide the opportunity to promote products and brands. Advertising on Facebook continues to increase. For example, in [Facebook's full year results for 2020](#) the company collected over US\$84 billion in 2020; an increase of 21 percent over the previous year. In the three months ending December 31, 2020, their advertising revenue increased 31 percent.

If you decide to use paid advertising on social media, there are many demographics you can focus on. You can also decide to target your audience based on geography. Advertising rates vary depending on the amount of users your profile includes. For example, a paid advertisement on Facebook to women in Toronto would cost significantly more than a paid advertisement to women aged 35 - 49 in Toronto who have children.

As with all other e-commerce channels, considering your order fulfillment and shipping is important. If you link to your existing model, this can be a positive in terms of increased sales with the same fixed costs. If you do not have an existing strategy for order fulfillment and shipping, you can forecast your sales and find the best option. This can include doing it yourself if it is manageable or consider outsourcing it to a 3PL.



## Summary snapshot: Business-to-Consumer (B2C) e-commerce for food and beverages

<b>5.1</b>	<b>Options to consider when pursuing a B2C e-commerce approach</b>
	Selling direct to consumers on your own website
	Selling direct to consumers on a marketplace
	Selling to consumers through social media
<b>5.2</b>	<b>Selling to consumers on your own website</b>
	Your website is the cornerstone of your online presence
	Your website will need online traffic to generate sales
	Selling on your own website will allow you to generate more revenue per unit
	You are able to develop relationships with consumers
	Understand and allocate the necessary resources
<b>5.3</b>	<b>Selling to consumers on a marketplace</b>
	Online marketplaces generate considerable consumer traffic
	Consumers are more likely to buy within the marketplace environment
	You have the ability to sell your products to consumers who might visit the site for some other product



	Your product description, keywords for searches and photos will generate exposure for your listings
	Online marketplaces require resources within your business to ensure you maximize the opportunity
	There are fees to sell in this environment that will reduce your margin
	There can be different regulatory requirements for markets you are selling into
	There are options to consider for order fulfillment and shipping
<b>5.4</b>	<b>Selling to consumers on social media through social commerce</b>
	Online networking platforms are evolving into e-commerce platforms
	Some consumers are willing to join your online community within a social media platform
	Consider your target market and where they are most likely to be on social media to ensure you are investing in the right platform
	If you have an existing online community within a social media platform you might be able to sell to them
	Some social media platforms enable you to sell within the platform whereas others will link to your e-commerce offering on your website or a marketplace
	Paid advertising on social media can be an effective tool to reach your target market

## 6. Implementing a direct to consumer e-commerce approach for food and beverages: A step-by-step model

- [6.1 Establish your website](#)
- [6.2 Understand your potential consumers and consumer traffic](#)
- [6.3 Select and implement an e-commerce platform](#)
- [6.4 Fulfill and ship orders](#)
- [6.5 Summary snapshot: Implementing a direct to consumer e-commerce approach for food and beverages](#)

[Return to Table of Contents](#)





There are four basic components you need to consider as you begin selling your products direct to consumers on your own website:

- Establishing your website and online presence
- Understanding your potential consumers and consumer traffic
- Selecting an e-commerce platform
- Fulfilling and shipping orders

There are many more options and additions you can explore, but these four are the core of your ability to sell online.

## 6.1

### Establish your website

The core of your online presence is your website. This is your opportunity to showcase your products, share insights to encourage people to buy and conduct online transactions. There are a wide range of investments you can make in websites, from developing the site yourself with your own images, to hiring a professional web designer who works with photographers, designers and copywriters. A number of website design applications are listed in the table below. The best solution is one that supports your brand and your products, as you have defined them.

Food and beverage are exciting topics for websites because there are so many things you can share with the marketplace. You can help consumers understand how to use your product and get all of the benefits it has to offer. People are eating and drinking every day so there are often many different ideas and suggestions you can share.

#### The opportunity and purpose of your website

Websites can serve many purposes. The most effective support your brand positioning, provide a reason for target market consumers to visit and stay on the website and ensure consumers have a positive shopping experience. When your website design and functionality resonate with your target market, you have the best chance of success.

This is your opportunity to tell your story and explain the benefits of your products. Consumers are investing their time to visit your website, so you want to develop these relationships. Photos and video can be very effective to reinforce your story and how your products are positioned.

When you do get consumers to visit your website, provide them with many reasons to stay there. This helps you build a rapport with them and it is your opportunity to deliver value. This value can be in the form of information, how to use your products or some of the unique qualities your products deliver.

One benefit of selling products on your website is that you can learn a lot about the people buying, or not buying your products. There are a number of metrics you can review to understand consumer behaviour. It is possible to compare one offer to another to determine which is most effective. When you sell on your own website, you can learn from the results and invest in promotions on other websites you know have been more successful on your own. The following insights from Google explain some possibilities: [Back to Basics: How to measure the value generated by your digital marketing efforts.](#)



Websites need to be current and if they do not change, consumers will not be as interested to keep visiting them. This can be one of the most effective means of getting prospective buyers engaged with your offerings.

### Building your website

Prior to developing your website, you need a domain name, which is essentially your address online. There are a number of applications that access a common database of domain names. Once you decide what you want your online address to be, the next step is to search one of the applications to purchase the domain name you desire. The fees for domain names can range from a few dollars to thousands of dollars, depending on the value assigned to the online address. You can search any of these applications to determine if the domain name you prefer is available and at what cost. Once you confirm the domain name, also known as “claim” the name, you can begin to build your website.

There are many options to build websites. As above, you can build your own, hire a web designer who uses a public platform or hire a web designer who will build a custom website unique to your needs. The following table summarizes some of the choices when building your website.

### A brief comparison and overview of common website platforms (as of March 2021)

**Note:** E-commerce is changing frequently, fees and other features change often. Be sure to check all applications for up-to-date information.

Platform	Squarespace	Weebly	Wix	WordPress
Pricing	Pricing packages in USD  Varies based on number of contributors to the site, marketing and e-commerce add-ons  Personal: \$16 Business: \$26 Basic Commerce: 30 Advanced Commerce: \$46	Pricing in CAD varies based on storage, site statistics, add-ons and password protection  Free (basic)-\$0/month Personal (connect to a custom domain)-\$7/month Professional (branded website for business)-\$15/month Performance (grow and integrate e-commerce tools)-\$30/month	Pricing in USD Different bandwidth, storage space, videos etc.  Connect Domain (most basic)- \$5/month Combo (personal use)- \$10/month Unlimited (entrepreneurs)- \$14/month VIP (first priority support)- \$29/month	Pricing in USD  Varies based on themes, plugins, advanced SEO, storage space  Personal - \$9/month Premium (freelancers)- \$17/month Business - \$45/month e-commerce- \$77/month

Platform	Squarespace	Weebly	Wix	WordPress
Support	All plans come with 24/7 customer support	All plans have chat/ email support. Telephone support is only offered on professional and performance plans	All plans have 24/7 customer care with priority care on the VIP plan	Support levels differ based on plans and if you are paying monthly or annually
e-commerce integration	Easy room to grow into e-commerce	e-commerce by Square and easy to grow into e-commerce	Easy room to grow into e-commerce	Cannot test the e-commerce plans for free
Features	Blogging feature	Range of apps to add and customize	Features include restaurant orders in, music distribution and appointment scheduling	More focused for bloggers or writers as a site builder
Design	Excellent templates and ability to customize templates	Collection of 50+ themes	Wide range of themes. Wix Editor with drag and drop, Wix ADI offers automatic website creator to Velo by Wix the open development platform.	Not a drag and drop visual editor. Can create beautiful sites but need to understand opensource sites.
Ease of Use	Templates make it easy to use and intuitive	Drag and Drop ease of use	Drag and Drop ease of use	Less intuitive, requires more advanced knowledge of opensource software





## 6.2

### Understand your potential consumers and consumer traffic

E-commerce is exciting because there are so many possibilities to sell your products. Millions of consumers are online all the time and many are buying products. It is also a very crowded space with new websites and e-commerce offers being added every day. To deliver the sales you desire you need your e-commerce website to be a destination for online consumers.

There are different strategies to develop an online community and encourage visits to your website. Some producers and processors rely on social media while others will maintain their own email or phone (for texting) list. The right strategy for your business will depend on your target market, products and the buying decision. For example, if you need to sell a lot of products to meet your targets, you might consider working with a high profile influencer to encourage a lot of consumers to visit your website. Recipes are great opportunities to drive traffic to your website. Consumers are eager to find new and interesting ideas with food and beverage products. With more millennials shopping in grocery stores, this generation looks to social media and other sources for information about products they might purchase.

Selling online is similar to other channels, in that there are a number of potential customers and a percentage who actually make the decision to buy. Every product will have its own conversion rate of website visitors to actual buyers. This is an important metric to understand because when you know your conversion rate and the sales you have planned for, you can calculate the number of website visitors you need to generate those sales. Conversion rates change with the value proposition and other factors, so it is a metric to track regularly. For example, if 45 consumers buy your product and 1,000 potential consumers visited your website, the conversion rate is 4.5%. If your plan is to sell 100 units per week and the 4.5% conversion rate is ongoing, the traffic needs to increase to 2,222 consumers.



## Select and implement an e-commerce platform

Online consumers need a place to buy when they visit your website. It is possible to construct your website with e-commerce capabilities that are part of the platform you select or design a website with an integrated e-commerce platform. As you explore the options of e-commerce platforms, it is beneficial to have an idea of the business you want to develop.

Each e-commerce platform has its own capabilities; find the best fit with the business you plan to build. For example, if you are going to start with a few items and plan to offer a basic online store, you could select one of the less expensive options that allows you to explore the online channel for a small investment. If you plan to sell more products to consumers from different countries with different currency options, you will need an e-commerce platform with more capabilities that likely costs more. Similar to some other choices to make when selling online, there are a number of factors to consider.

### Factors to consider when selecting your e-commerce platform

One consideration is how the e-commerce platform is hosted. This is the online engine that powers

your e-commerce application. If you want to keep your online business model simple, opt for an option that includes website and e-commerce hosting from one place, for one fee. If you believe there are benefits, such as advanced analytics available from a separate hosting provider, there are platforms that are designed for this.

Cost of the service is another factor that can influence your decision. When you sell online, there are three fees to be aware of within your e-commerce platform:

1. fees for the platform and any additional features
2. payment gateways
3. transaction fees

If you decide to integrate an e-commerce platform, you can

choose free open source software or one of the applications that charge a monthly fee. Two of the free open source software options are Magento or WooCommerce. You can also opt for one of the platforms that charge monthly fees such as BigCommerce, Shopify or Squarespace. If you decide to select one of the free open source applications there are still fees for obtaining a URL, hosting, and SSL certificates. Each of the platforms that charge monthly fees offer different pricing levels and as you increase your monthly fee you receive more services. There are many extra features and some can be very beneficial to your business. In the previous table you saw a breakdown of some features offered within each platform. This is another decision where it is beneficial to have a plan for your e-commerce business.

For example, you can assess if inventory management or currency conversion are options you should select and pay for or not.

One feature that offers benefits to many online sellers is the “abandoned cart” feature. In platforms that include this feature, you are able to connect, usually via email, with consumers who have abandoned items in their virtual shopping cart on your website. This can add to your sales because these online shoppers visited your site, selected items and went as far as putting them in their virtual cart. For example, if shipping fees are not disclosed early on or some other reason, they decided not to complete the purchase transaction. A simple reminder will sometimes entice them to buy and your investment in the abandoned cart feature will deliver a return.



Payment gateways are the applications that allow the online shopper to pay for the transaction. Some e-commerce platforms allow you to connect with many payment gateways and others are more restrictive. Shopify, for example, allows you to connect to more than 150 different payment gateways whereas Squarespace is limited to Paypal and Stripe. If you believe your target market for online shoppers will not be restricted by only Paypal and Stripe, then Squarespace can work in your business. If you plan to sell into markets where these are not as broadly accepted, then consider an application where more payment gateways are available. Payment gateways charge processing fees which add a cost to your business.

Similar to the monthly fees, your transaction fees can range from zero to a percentage of sales. Some platforms such as Shopify give you the option to select their own payment gateway or use a separate plan; they charge a fee plus you pay the payment gateway processing fees. In the table below, the different fee structures are summarized.

E-commerce platform security is an important issue. Consumers are concerned about information theft and overall confidentiality when shopping online. This is not an extra option, it is what they expect. Most e-commerce platforms support security during the online transaction, however updates can be required to maintain the latest level of security. If you select one of the open source software options, security is a factor you have to monitor to ensure you have the most up- to-date patches from your provider.

### **Options for e-commerce platforms**

The table below includes some options to consider for e-commerce platforms in your food and beverage business. These applications update their offering, pricing and features so it is beneficial to review the links and select the option that will deliver the best fit, features and cost for your business.





## A brief comparison and overview of common e-commerce platforms (as of March 2021)

**Note:** E-commerce is changing frequently, fees and other features change often. Be sure to check all applications for up-to-date information.

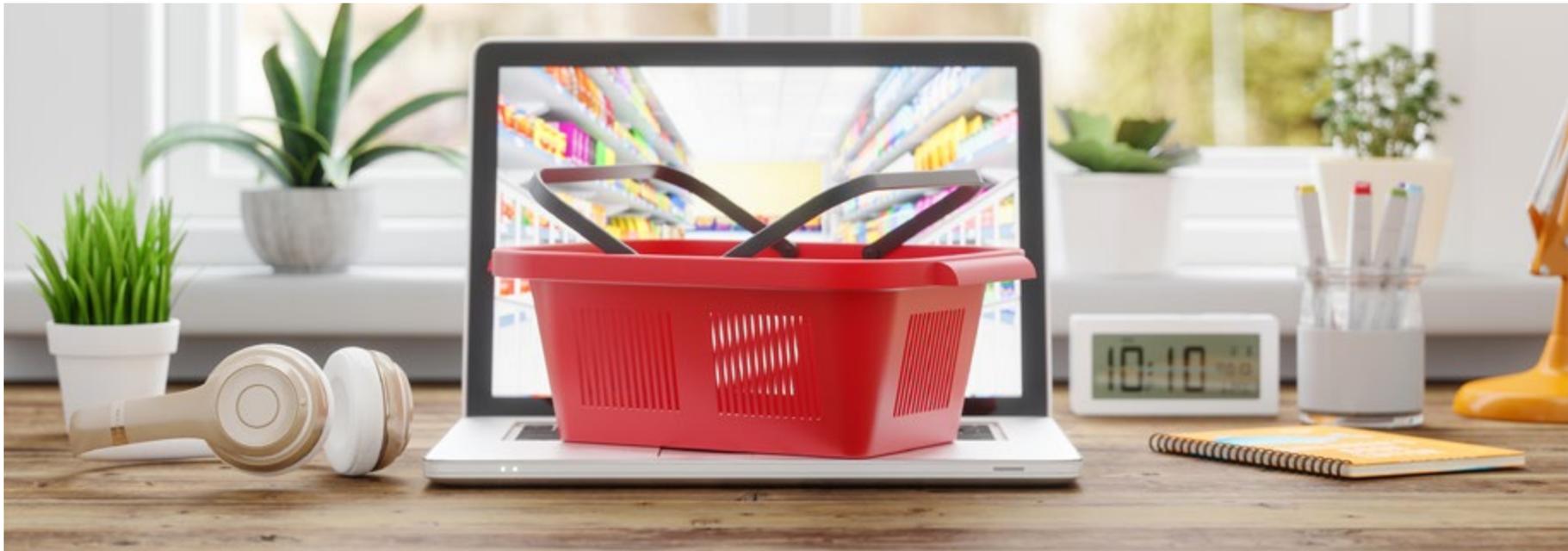
	<b>BigCommerce</b>	<b>Magento</b>	<b>Shopify</b>	<b>Squarespace</b>	<b>WooCommerce</b>
Hosting	Software as a source e-commerce: software and website in one fee	Two options: Magento Open Source requires hosting somewhere Cloud can include hosting as a monthly fee	Software as a source e-commerce: software and website in one fee	Software as a source e-commerce: software and website in one fee	Self Hosted free WordPress plugin that requires third party hosting
Pricing	Pricing Packages: Standard- \$29.95 Plus-\$79.95 Pro-\$299.95 BigCommerce Enterprise-Custom Quote	Free open source WordPress plugin. Additional costs of hosting, theme, domain, extensions, SSL certificate. Commerce Cloud has a steep price tag. Premium extensions with different options and prices available.	Pricing Packages: Shopify Lite Plan-\$9 Basic Shopify Plan- \$29 Shopify-\$79 Advanced Shopify- \$299 Shopify Plus- Custom Quote	Pricing Packages in USD Personal-\$16 Business-\$26 Basic Commerce-\$30 Advanced Commerce- \$46	Free open source WordPress plugin. Additional costs of hosting, theme, domain, extensions, SSL certificate. Premium extensions with different options and prices are available.
Transaction Fees	No transaction fees	No transaction fees	No transaction fees if you use Shopify Pay	3% transaction fees on all sales through the business plans plus credit card processing fees	No transaction fees if you use WooCommerce Payments.
Sales Limits	\$50,000 will force you to upgrade to a Plus plan	None	None	None	None



	<b>BigCommerce</b>	<b>Magento</b>	<b>Shopify</b>	<b>Squarespace</b>	<b>WooCommerce</b>
Payment Gateways	No information available	Gateway providers fees	Option to use other payment gateways. If you do not use Shopify Pay ranges from 0.5%-2% transaction fees.	Only Paypal and Stripe as payment gateway options.	Option to use other payment gateways. Fees are 2.9% plus \$0.20 for each transaction with a US credit card and outside the US an additional 1%.
Security	As a hosted site, BigCommerce is in charge of controlling your site security	Security patches through WordPress, Magento dedicated security patches can be complicated and must be updated regularly to stay secure	As a hosted site, Shopify controls your site security	As a hosted site, Squarespace controls your site security	Security patches through WordPress, patches need to be updated regularly
Features	Channel Manager to make omni-channel selling simpler, abandoned cart saver. Ratings and reviews. Currency Conversion. Reporting. Gift cards on base plan. SEO tools.	Large product catalogs, cross selling and upselling features. Extensions and add-ons to customize.	Individual product reviews, drop ship capabilities. Advanced reporting, gift cards, abandoned cart recovery and advanced plans.	Abandoned cart saver only available on advanced plans.	Many features available through WordPress extensions and plugins



	<b>BigCommerce</b>	<b>Magento</b>	<b>Shopify</b>	<b>Squarespace</b>	<b>WooCommerce</b>
Design	140 paid themes, uses drag and drop to customize layouts	All customizable through extensions and plugins	More than 60 Store Designs	Over 100 templates to choose from.	Thousands of designs and more customizable through WordPress themes
Best fit	Focused on businesses looking to scale and managing a large number of SKUs	Commerce cloud is for medium to large online stores. Robust features. Requires some web development knowledge.  Open Source is more focused on small business	Focused on smaller boutiques or drop shipping	Squarespace was designed with a focus of design and web content and has built the business on e-commerce integration. Focus on small business	New to e-commerce, require knowledge of WordPress



## Creating product listings on your e-commerce platform

After you have selected the right e-commerce platform for your business the next step is to implement and create your product listings. There are three components to a good product listing:

1. Great product description to entice consumers
2. Clear photos from all angles
3. Product reviews or testimonials

When you write product descriptions, explain the benefits of your products. Include any certifications (e.g., certified organic or certified gluten free), points of differentiation, special ingredients, unique production process or other reasons that will entice consumers to buy.

Consumers appreciate good quality photos that illustrate your product. They expect the product they receive to look identical to these photos. Most product photos are on a white background with photos of all sides of the product included.

Online shoppers look for reviews from other buyers or testimonials to reinforce their decisions to buy. Include these with your product descriptions. Some platforms provide the opportunity for consumer reviews and maintain an updated list for others to see. Online sellers must monitor these reviews carefully to ensure they are positive. They can also be a good source of consumer research about the product, for example, if a consumer suggests a different size.

Some e-commerce platforms provide the opportunity for you to create an online storefront. This is a destination within your website that is more consumer friendly than just a list of items for sale. The different themes listed in the table above are examples. These platforms evolve quickly and it is beneficial to review their offerings when you are making decisions.



Depending which e-commerce platform you select, you can generate a lot of information to help you operate your online business. The amount of information can be overwhelming, so it is a real benefit to have a person in your business assigned to monitor the metrics and develop conclusions from the results. For example, if you offer a bonus product with purchase and see a 20 percent sales increase, this might be more beneficial than a 10 percent discount that generates a 15 percent sales lift. You would want to assess the cost of the bonus product relative to the discount and any additional shipping costs associated with the bonus. Analysis of the results can be very helpful in determining what strategy to pursue into the future.



## Fulfill and ship orders

Once you have your website built with an e-commerce platform and consumers ordering products, you need to select the products they order and ship the products to them. This can be as simple as selecting one shelf stable product and shipping it, to something as complex as selecting multiple refrigerated or frozen products that fit in different boxes. Your solution for order fulfillment and shipping can be designed to deliver the most efficient solution. For most options of selling food and beverage online, this component of your business model needs to be effective and efficient.

### In-house order fulfillment vs. Third-Party Logistics (3PL)

One decision is whether you will perform the order fulfillment yourself or contract the services of a third-party. In most cases you will require a third party for shipping. The right solution for order fulfillment can change as your business changes. In early stages, the best option might be to select the items and prepare them for shipping within your business. This is an opportunity to assess the true cost and you have more flexibility if you want to add trial size products or other marketing materials.

The most important components of order fulfillment if you choose to do this within your business are to have accurate orders, timely notifications, the ability to print the order and to print shipping labels. It is also beneficial to tie the order fulfillment to your inventory management system. When you select a product for an order, inventory should be depleted to ensure you understand your available inventory on hand and when you need to produce more products.

When your business grows you might consider outsourcing this function to a 3PL company. They have more economies of scale and more efficient physical space to select products and prepare them for shipping. In this Canada Post article there are some good insights to selecting the right 3PL partner: [Is your business ready to outsource fulfillment? We asked the experts.](#)

Some e-commerce platforms have integrated order selection and shipping. This will allow you to be notified of orders when they are completed and in some cases, manage your inventory. If you decide to use 3PL, your e-commerce platform will need to notify your fulfillment and shipping partner of the orders.



## A brief comparison and overview of integrated order fulfillment and shipping options across e-commerce platforms (as of March 2021)

**Note:** E-commerce is changing frequently, fees and other features change often. Be sure to check all applications for up-to-date information.

	<b>BigCommerce</b>	<b>Magento</b>	<b>Shopify</b>	<b>Squarespace</b>	<b>WooCommerce</b>
Order fulfillment	29 applications can integrate with Big Commerce	Magento order management system is available	Shipping allows you to print labels to prepare for shipping. Integration with inventory management possible.	Integrated order fulfillment or links to 3PL	Wooshipping allows you to print orders and labels or you can use integrated applications
Shipping	17 applications can integrate with BigCommerce	No information available	Discounts available using Canada Post	Integrated using order fulfillment, can include tracking numbers with recognized carriers	ShipStation integrates with WooShipping or you can use applications that integrate with WooCommerce

### Shipping your orders

Once you decide if you will select your own orders and get products ready, there is one final step to get the product to your consumer; shipping. Given the increases in online shopping, shipping online orders has increased exponentially. Finding the right solution for your products, geography and consumers is an integral part of your online sales strategy. You need to consider cost, time of delivery and complexity of one versus many shipping options.

Shipping food and beverage might require some category specific solutions. Producers and processors are shipping frozen, refrigerated

and shelf stable products. If you are curious about how they do this, order their products online to have access to their shipping methods. If your product requires specific shipping requirements, it is worthwhile to consider the alternatives prior to developing your shipping strategy. If extra packaging is required to maintain the cold chain, that can add weight and/or size to your package, which could increase the cost. Shipping perishable products can be time sensitive, which could restrict which geographic markets you can service with your shipping provider. These are all considerations to review when determining which service provider you will use and which markets you will target.



Determining who you use for shipping is one decision and whether you will charge consumers separately is another. According to Canada Post, in their article [The Consumer Speaks: 10 trends that could define e-commerce in 2021](#), 84 percent of consumers are more likely to support a retailer or online seller that offers free shipping.

It is likely that online marketplaces such as Amazon that offer free shipping with a subscription to their Prime feature, have changed the perceptions of what consumers are willing to pay for shipping. If you decide to offer free shipping, forecast the shipping charges in an average order and include it in your prices. Shipping will impact your margin and it can be close or even more than the margin earned by retailers for the same product in a bricks and mortar store.

### Shipping costs

Shipping is a variable cost. In their blog post, [How Can I Reduce Shipping Costs as a Small Shop](#), Shopify provides some suggestions to help companies reduce their shipping costs.

Shipping costs fluctuate and some companies use different combinations of size, weight and distance to determine their rates. Once you have selected the optimal size and weight of packaging, it can be beneficial to compare shipping options. If you decided to use an e-commerce platform such as Shopify, they offer discounts with Canada Post which could be advantageous over other options. These rates change so a quarterly comparison can lead to some less expensive options.

Time for shipping can be a point of differentiation, especially in food and beverage. Some consumers are willing to pay a premium to have products delivered the same day or in some metropolitan areas, within a few hours. Some shipping companies

offer these services for a premium and they can be very expensive. Including them in your offering depends if your consumers are willing to pay the extra fees and if premium delivery is important to them.

There are a number of shipping companies you can consider for your online business, such as Canada Post, DHL, FedEx or UPS, many of which have specialized services and solutions for small-to-medium-sized businesses. You may also choose to use one shipper or a combination of multiple shipping companies.

If you decide to use more than one shipping service and don't want to compare the options regularly, there are applications and services that will do the work for you and offer logistics solutions. For example, once you enter the parameters, they will search the available shipping options and find the best solution for you. This can save some money on shipping but add complexity to your business if you are working with multiple shipping companies.

## 6.5



# Summary snapshot: Implementing a direct to consumer e-commerce approach for food and beverages

<b>6.1</b>	<b>Establish your website</b>
	Your website is your opportunity to showcase and sell your products
	Consumers are interested in your story and how your products benefit them
	Website metrics enable you to learn a lot about the people who visit the site
	Websites with enticing information, photos and videos can be a destination for consumers
	There are many options when considering a platform to build your website
<b>6.2</b>	<b>Understand your potential consumers and consumer traffic</b>
	There are many potential consumers online, so it is a crowded space to promote and sell your products
	Your online community is your opportunity to communicate directly with potential e-commerce customers
	Many food and beverage categories offer opportunities to provide information such as recipes that resonate with consumers
	Once you establish a conversion rate use this to determine the traffic you need to generate on your website



<b>6.3</b>	<b>Select and implement an e-commerce platform</b>
	Selling online from your own website requires an e-commerce platform
	There are many options for you to consider, with different capabilities, when selecting an e-commerce platform
	The abandoned cart feature can be a powerful tool to generate sales from consumers who were very close to buying
	The payment gateways supported by your e-commerce platform must be aligned with the methods of payment your target market will use
	Online security is a very important consideration when selecting your e-commerce platform
	Great product listings and photos on your e-commerce platform are important
	Online reviews from other satisfied consumers can influence people to buy
	E-commerce platforms can generate a lot of data about your e-commerce consumers and what they are buying
<b>6.4</b>	<b>Fulfill and ship orders</b>
	Fulfillment and shipping needs to be effective and efficient
	There are options such as in-house or using a 3PL company
	Your solution to order fulfillment and shipping can evolve as your business changes
	Shipping food and beverage products can require specialized solutions which can cost more
	Online marketplaces often offer free shipping to subscribers which will impact how much people are willing to pay for shipping in your website
	Regardless of the shipping option you select, e-commerce consumers will expect the product to arrive in the right condition within the expected timelines

## 7. Order fulfillment and shipping

- [7.1 Order fulfillment and shipping are important to consider early in your development](#)
- [7.2 Challenges to order fulfillment and shipping in food and beverage categories](#)
- [7.3 Fulfilling orders in-house vs. using outside or third-party resources](#)
- [7.4 Order selection](#)
- [7.5 Order shipping](#)
- [7.6 Summary snapshot: Order fulfillment and shipping](#)





Order fulfillment and shipping are important considerations early in your e-commerce strategy development. Your decisions impact the final cost to consumers and also determine the resources you might need within your business.

## 7.1

### Order fulfillment and shipping are important to consider early in your development

Your strategy for order fulfillment and shipping will impact many factors of your e-commerce business. It is beneficial to consider the choices early in your adoption of e-commerce as they can influence your choice of e-commerce platform and even the margins you need to deliver. There are several options which include:

1. Developing the resources to fulfill and ship orders in your business, referred to as Fulfillment by Merchant on Amazon (FBM)
2. Employing a 3PL company for some or all of these tasks
3. Enrolling in the services of an online marketplace, such as Fulfillment by Amazon (FBA)

Your sales estimates, the complexity of your order fulfillment, shipping requirements and the resources you have within your business can all impact the strategy that you determine as right for your business.

## 7.2

### Challenges to order fulfillment and shipping in food and beverage categories

One challenge to building a successful e-commerce business for your food and beverage products will be to overcome any order fulfillment and shipping issues you might have. There are a number of factors to consider such as packaging, shelf life, refrigeration, product weight or even temperature fluctuations in geography or different seasons.

Packaging such as glass can add complexities to shipping online. It is likely your product will need to be wrapped carefully to withstand the abuse it might suffer during shipping. Any additional packaging for shipping will add costs and complexity in order selection.

Consumers in stores stop in the aisle to check best before dates and it is reasonable to assume

they have the same expectations while shopping online. They have to put their faith in the person selecting the product for shipment to ensure the best before date is reasonable. If your product has a limited shelf life, consumers will want to know this in advance of making their purchase online. For example, you could include the estimated shelf life when the product arrives to them in your product description. This ensures buyers have the facts to make an informed decision as to whether they buy or not.

Many food and beverage products require refrigeration to maintain their product quality. This will add complexity to your e-commerce business, but it does not make it impossible. There are many examples of refrigerated or frozen products available



online. The objective should be to ship products as fresh as possible with the correct packaging and shipping materials to maintain the temperature integrity. It might also be required to pay increased fees for expedited shipping to reduce transit times. Any additional fees should be clear to consumers prior to adding the item to their virtual shopping cart.

Some food and beverage products such as flour or beverages are heavy. Many shipping companies include weight as one of the determining factors in the final price. You might consider a smaller format for online sales that weigh less or in bundling heavier products with other lighter, complementary items. This results in lowering the shipping costs per unit for consumers.

Outdoor temperature fluctuations at the final destination or during different seasons can add challenges to shipping food and beverage online. Your beverage

might be shelf stable but if it is shipped during winter months to northern Manitoba, you risk the product sitting outside during shipping for an extended period of time and freezing. This can compromise the integrity of the item to the consumer. When shipping to certain locations or during certain seasons, you might have to invest in extra shipping materials or change your shipping providers. A less expensive ground option might be acceptable in spring, summer and fall, whereas faster overnight shipping is required in the winter.

There are many companies selling a wide array of products online who have solved some of the shipping challenges. It is possible to benefit from their learnings and discuss options with shipping companies. Your business is the customer in this relationship so shipping companies should help you find solutions.

## 7.3

### Fulfilling orders in-house vs. using outside or third-party resources

As you develop your e-commerce business model, one decision required is whether you will fulfill orders with resources from your own business or use outside resources. There are a number of considerations such as:

- Complexity of order selection and packing
- Product knowledge required
- Maintaining product inventory in multiple places
- Buying and maintaining inventory of shipping materials
- Process for orders received to be picked
- Estimated volume of orders
- Physical proximity of 3PL providers
- Costs associated with either option
- Physical space required to do the work
- Is this work **you** want to do?

Order fulfillment and shipping are tasks that can evolve within your business. If you plan to start reasonably small with online sales, you might prefer to receive orders and do the fulfillment and shipping yourself. This is an opportunity to learn about the e-commerce business and what the costs are for different components. If you are making a significant investment and expect large volumes, it might be more efficient to work with a 3PL company to fulfill and ship your orders.

Once you have established sales projections for your e-commerce business, you can forecast the requirements for order fulfillment and shipping. If you are undecided about the best solution, it is possible to calculate the costs for an in-house option and compare quotes from 3PL companies or the online marketplace.



## 7.4

### Order selection

If you plan to fulfill orders within your business, a good Standard Operating Procedure (SOP) is important. From the moment the order is received, you can set up expectations for the entire process. The following provides an example SOP to fulfill e-commerce orders:

Your e-commerce platform or the online marketplace should provide the following information:

- a. Items ordered
- b. Quantity of each SKU
- c. Customization instructions if you offer this
- d. Confirmation of payment
- e. Customer information (name, address, phone number)
- f. Shipping instructions if there are options

1. Order fulfillment should be clear for the people assembling orders:
  - a. An order they can use to select correct items
  - b. Access to inventory system to remove items then label as shipped
  - c. Packing instructions/materials for each SKU
  - d. Seasonal changes for outside temperatures if required
  - e. Proper size box to minimize shipping cost
2. Shipping:
  - a. Select best option for shipping if you use more than one company
  - b. Print labels and affix to package
  - c. Contact shipping company for pick up or arrange for delivery to shipping depot
  - d. Share tracking information with customers once order has been shipped

If you plan to fulfill orders and ship from your own business, a return policy is another consideration. Resources within your business will be required to manage any issues with online customers who are not satisfied with their order.

It is possible to promote your products on your own website with links to your presence on an external e-commerce platform, such as Amazon or Well.ca, where consumers can purchase products and have their order fulfilled. This is an option to offer e-commerce without implementing an order fulfillment and shipping strategy.

#### **Snapshot: Fulfillment by Amazon (FBA)**

If you are selling on Amazon, their robust [Fulfillment by Amazon \(FBA\)](#) process ships very large volumes of product and there are potential advantages for you to enroll in FBA. For example, participating products are eligible for Amazon Prime Free Two-Day Shipping, FREE Shipping for eligible orders and other benefits that could help you be more competitive. Another benefit of FBA is Amazon will handle all returns, which can require significant resources.

There are three variable fees with FBA. Fees are calculated based on the size of your

products, the time they spend in the Amazon warehouse (which change depending on time of year) and the shipping method.

Amazon has expectations for inventory movement. Any product with more than 90 days of inventory on hand will be considered as having excess inventory. Amazon expects sellers to take action such as price reductions or removal of inventory. Amazon also expects sellers to maintain the correct inventory to eliminate out of stock items.

There are also other expectations, policies and requirements that are administered by Amazon to participate as part of FBA, such as a minimum shelf life remaining for food and beverage categories. FBA offers many benefits, however it is also a service that requires your constant monitoring on the company's dashboard. Companies interested in this option are encouraged to conduct their own research to assess if FBA is a suitable option for their businesses.

## 7.5

### Order shipping

Shipping your e-commerce orders is the final step to getting your product to consumers. Shipping expectations should be clear to online shoppers when they complete their order. It is difficult to improve customer satisfaction with shipping, but satisfaction can be reduced if the product does not arrive in the condition or time they expect.

Depending on where you are shipping from, there are a number of options you can consider. Some shipping companies require you to drop products at a depot and others are willing to pick up your shipments (sometimes for a fee). Many factors depend on the volume you are shipping and what you are willing to pay.

An important consideration is whether you will charge for shipping separately or include it in your price. A challenge for online sellers operating independently is the awareness consumers have now for free shipping offers such as Amazon Prime.

As you plan your shipping, the packing materials and outside packaging you choose can have a significant impact on shipping costs. Your packing materials can also impact the final condition of the product when it is delivered. Canada Post shares some insights that are helpful: [5 costly shipping mistakes e-commerce merchants should avoid](#)

Some online sellers offer different levels of shipping for consumers which are usually related to the time between the order and delivery. Some people are willing to pay a premium for a faster delivery. It is possible to include shipping and charge a premium for expedited shipping.

If you want to expand your market beyond Canada, there are many considerations. Your product must be able to ship across the border, it must be legal in the destination country and that country might have unique or different regulations, laws and taxes related to the product you are selling.



It is important to review all regulatory, tax, legal and other requirements in any market you plan to sell into, as well as the requirements for exporting your product from Canada. The following resources provide additional insights into shipping internationally:

- [E-commerce \(food, plant and animal\) - Canadian Food Inspection Agency](#)
- [International Shipping - Shopify Blog](#)

Most online sellers include a shipping policy for consumers. This is an opportunity to clarify the expectations and ensure both the buyer and seller have the same understanding of what will happen when. Some food and beverage products require extra considerations such as refrigeration when shipping, so it is beneficial to clarify these prior to the consumer making the decision to purchase.

Shipping can be a significant proportion of your total product costs in your e-commerce business model. Prices can fluctuate, so it is beneficial to compare options and find the best solution for the geographical areas you are shipping to and the requirements for your products.



## Summary snapshot: Order fulfillment and shipping

<b>7.1</b>	<b>Order fulfillment and shipping are important to consider early in your development</b>
	Your strategy for order fulfillment and shipping will impact many factors of your e-commerce business such as your e-commerce platform and your margins
	Your sales estimates, the complexity of order fulfillment and shipping requirements will all impact your strategy
	Internal resources including space can impact your decisions
<b>7.2</b>	<b>Challenges to order fulfillment and shipping in food and beverage categories</b>
	There are factors to consider such as packaging, shelf life, refrigeration and product weight
	Consumers will have expectations for shelf life and the condition of the product when it arrives
	Some consumers are willing to pay extra fees for expedited shipping
	Outdoor temperatures can impact shipping during different seasons
	Shipping companies can provide solutions to some shipping challenges
<b>7.3</b>	<b>Fulfilling orders in-house vs. using outside or third-party resources</b>
	There are a number of factors that impact the decision to fulfill orders in-house
	It can be beneficial to fulfill orders in the initial stages of e-commerce to understand the process and then seek a 3PL provider as your volume increases



	Fulfillment by Amazon (FBA) is an option to consider if selling on Amazon's marketplace
	If you participate with a marketplace fulfillment option such as FBA, there are usually expectations for performance and fees associated with the service
	One advantage to a marketplace fulfillment option such as FBA is Prime subscribers will receive free shipping on these items
	E-commerce platforms can generate a lot of data about your e-commerce consumers and what they are buying
<b>7.4</b>	<b>Order selection</b>
	If you plan to fulfill orders in-house build a dependable Standard Operating Procedure (SOP)
	Order selection is best when it is efficient and effective
	Order selection can be integrated with inventory control and shipping to improve efficiencies and accuracy
	E-commerce consumers expect to see a return policy for your online business
<b>7.5</b>	<b>Order shipping</b>
	Shipping expectations should be clear to e-commerce consumers
	It is difficult to improve consumer perception with shipping, but errors or delays will hurt consumer satisfaction
	Free shipping or extra costs for shipping are important considerations in your e-commerce model
	If you plan to sell into international markets, there could be different regulations for shipping across borders

# 8. Marketing food and beverages online

[8.1 Pricing](#)

[8.2 Margins](#)

[8.3 Promotion](#)

[8.4 Influencers](#)

[8.5 Subscription boxes](#)

[8.6 Product bundles and bulk formats](#)

[8.7 An Omni-Channel approach](#)

[8.8 Summary snapshot: Marketing food and beverages online](#)





Selling your products online is similar to other channels, in that consumers will make a decision to purchase your products based on a number of factors. As you market your products in this channel, there are some differences to consider. Consumers are making the decision to buy with access to different information such as price comparisons or consumer reviews. Online marketers are aware of the differences and dedicate resources to deliver the most effective marketing strategy.

## 8.1

### Pricing

There has always been a lot of emphasis on pricing in food and beverage categories. Retailers printed weekly flyers, in-store signage in every category and even public address announcements in stores were all used to draw attention to pricing. When people are shopping online, pricing continues to be a significant factor in the purchase decision for many consumers.

In online shopping, consumers have tools they can use to compare prices. Comparison Shopping Engines (CSE) are websites designed to allow consumers to compare prices from one website to another. Suppliers register their products and the website will search for the item across a number of platforms. These sites can be popular with online consumers because they compare price, shipping options and if offered, product reviews.

CSEs are a powerful tool to compare your offering to others in the category. These can be valuable tools within your business. If you monitor them regularly, you will see the promotional patterns from your competition.

[Flipp](#) - Allows consumers to compare flyers and prices at different retailers.

[Google](#) - When an item is entered Google Shopping will compare online offerings.

If you are selling your products direct to consumers on your own website, you determine the price. Consumers want to know the final delivered price, so it is important to display shipping costs if they are extra, and options for faster delivery. If you are selling your product to retailers, it is likely they will check your website price. Balancing pricing among channels will ensure you keep your online consumers buying,



as well as maintain your relationships with existing retail and distribution customers.

If you are selling products on a third-party marketplace such as Amazon, pricing is more complicated. Although you are selling your products on their platform, the marketplace will still perceive shoppers to be its customers. The marketplace likely has rules related to pricing that are important to understand. Although the marketplace does not control your pricing, they will probably influence it. For example, on Amazon you can create a reference price. This is essentially your Manufacturer's Suggested Retail Price (MSRP), the price where you generate a substantial number of your sales. It will also be used to calculate savings if you put a deal or Temporary Price Reduction (TPR) on your product. You can also set minimum and maximum prices for your products. These will be in effect if another seller on Amazon offers the same product at a lower price. According to the [Amazon Marketplace Fair Pricing Policy for Canada](#), Amazon checks other online platforms to compare prices and they expect you to offer their customers the best deals. The system will adjust your price within the boundaries you create.

Pricing is an important component of your online selling strategy. New consumers, your existing retail customers and online sellers will likely check your price and the delivered price. When pricing rules are in place on marketplace websites, it is beneficial to have resources within your business checking these prices regularly to ensure they are priced right for the market - and your business.

[Return to Table of Contents](#)

## 8.2

### Margins

As in selling in any channel, when you sell online, a thorough understanding of all costs will ensure you can calculate accurate margins. It is possible you will have a higher selling price, but you will also experience costs that are not associated with selling to retailers or distributors. Once you calculate all these costs, you can determine if the margins achieved through e-commerce are right for your business.

In food and beverage categories, most producers and processors now have some presence online. Consumers and retail customers will search for products or information on websites or social media. There are a range of costs associated with having a presence online and selling via e-commerce that need to be included when calculating your margins. Costs include, but are not limited to the following:

- E-commerce platform for selling on your website if you sell direct
- Fees for e-commerce transactions
- Fees for e-commerce platform premiums if you select these options
- Fees for e-commerce marketplace premiums if you choose to pay for these
- Security to protect consumer information during the purchase process
- Temporary price reductions for online offers
- Social media advertising to promote your online offers

- Influencers, if you choose to pay these people to promote your products
- Packaging required for shipping to the final destination
- Order fulfillment and shipping (net of any shipping fees collected from shoppers)
- Delivery to third party marketplaces if you pursue this model
- Delivery to 3PL if you elect to use an outside resource for order fulfillment and shipping
- Customer service for B2C or B2B relationships
- Managing and allowing for product returns
- Providing samples if you are selling B2B
- Virtual trade shows for customers and/or consumers
- Human resources associated with developing and executing your online selling strategy

Opportunity costs can also be considered when determining the best overall sales strategy for a food and beverage business. If you have access to retailers and distributors, you have the opportunity to complete larger transactions to one customer, whereas if you are selling direct online or through a marketplace, you will process a lot of smaller transactions. Your business can invest more time and resources per unit for the online sales because the units are often much smaller.

Once you determine the fair market price and consider all costs associated with e-commerce you can calculate your margins.



## Promotion

Creating a presence is just the starting point for your digital marketing strategy. To generate sales, it is necessary to develop campaigns that resonate with your target market. Once you have their attention, the next step is to influence them to visit the places online where they can buy your products.

There is not one strategy that will work for every product or category. Understanding your target market, where they can be found online and providing a value proposition they see as enticing are unique to every food and beverage product and category.

Creating a presence could include some or all of the following:

- Developing your website and direct B2C e-commerce platform
- Consistently executing on social media
- Listing your offerings on third-party marketplaces
- Building your own online community
- Generating public relations, such as social media mentions that will be viewed online

Once you have created the presence that will appeal to your target market as you have defined them, the next step is to promote your products to them. Similar to selling in other channels there are many options available to promote your products. The resources, effectiveness and costs can vary from a small investment to a significant investment. The amount you decide to spend will need to be realistic, given the sales and margin expectations you have for your e-commerce business.

To promote your products online, you could consider the following options:

1. Paid advertising on social media
2. Paid advertising on search engines such as Google
3. Paid advertising on third party marketplaces such as Amazon
4. Email or text campaigns to your online community
5. Temporary price reductions on your own website or third-party marketplaces
6. Share information such as recipes or other useful information to entice your target market to click through to buy your products
7. Engage the services of an online influencer to promote your products to their online community
8. Offer enticing pricing to get your products into subscription boxes

Online promotion is a constant learning experience. You can select any or all these tactics to promote your product. The most important consideration will be what works best within your food and beverage category and fits within your budget.

A benefit of online promotion is you can determine the effectiveness of your initiatives. Set sales targets for each promotion based on what you would expect to sell at the price and the exposure you are investing in. Once the promotion is finished, consider an A/B testing approach to assess the results and determine if the return on your investment was acceptable.

There are many opportunities to promote products online. Finding the best option for your products and your category is the challenge. For most products, the learning is ongoing and needs to evolve as consumers and platforms change.



## 8.4 Influencers

One component of an online promotion plan can be working with an influencer. An influencer is a person who has cultivated an online community of followers. Consumers follow influencers because they see value in their posts, recipes and ideas. If these consumers just wanted information about your product, they would follow your social media channels.

Influencers earn revenue from product posts that generate online conversation and change consumer behaviours. They should be eager to find innovative ideas and opportunities to promote your product within their community. The most effective relationships with influencers occur when they want to use your products, not just someone with access to a group of followers to read your script.

It can be exciting to find influencers with large numbers of followers. Even with tens of thousands of potential consumers, you might not get a return on your investment if you assume some percentage will react to the post and support your products. Unfortunately, the size of their online community is not the best predictor of success. Thousands of followers who do not react or interact with the posts are not likely to become engaged and support your products.

Prior to working with any influencer to promote your products, understand the composition of their community. They should be able to help you understand if the consumers they interact

with match your target market. The influencer should also be able to provide a profile of the people within their online community. There are a number of ways to increase followers, even adding 'bots', as in robots or internet bots, to increase the number of followers. They are not always real people who will purchase products.

If the influencer is working with some food and beverage brands, review what they are saying about the products and what they share with their community. Their posts should be in line with your approach. If your item can be used as an ingredient, the recipes they post for other products should be comparable to the level of complexity you expect to see for your target market.

Influencers who are leaders in their segments want to develop relationships with products and keep their community engaged. They do this with posts that add value to community members and the right products. When you find a great fit and you can trust them to build on your story, it can be very powerful.

If you decide to work with an influencer, it is beneficial to pay close attention to the interaction and reaction to their posts. When people in their community take the time to comment and interact positively, you know they see value in becoming involved in the conversation. When you see consumers share posts, it is a good indication they like the idea or product and want to communicate

this to their online connections. This is positive for your business and the influencer. This is an indication they are interested and there is a potential they will buy.

There are a broad range of influencers with online communities. To have the best chance of success it is important to find the right fit. For instance, you could take one or a combination of the following approaches:

1. You could work with a number of micro influencers who each have small online communities that are very targeted. An example is working with an influencer who is known for engaging with people in Alberta who like to bake at home with local products.
2. You can also work with macro influencers, such as celebrities or athletes who have developed huge online followings because of the public awareness surrounding them. An example is working with an Olympic athlete influencer who has more than 100,000 followers with a more general profile, but is interested in healthy eating and shares diet and nutrition information.

Fees associated with influencers are usually tied to the size of their online community and the effectiveness of their posts. Similar to other promotion strategies you can invest resources with different options to find the best results for your product and your category.

## Subscription boxes

One method of selling online that has been increasing in popularity is subscription boxes. Some consumers purchase subscription boxes as gifts while others buy them for their own personal use. The more category specific options are more likely to be purchased for a buyer's own consumption. The convenience of having products delivered when and where they want can be beneficial to people. There are three different business models for subscription boxes:

1. Offered by companies selling one particular product or line of products, the boxes are delivered to replenish a consumer's supply at regular intervals, like monthly. An example is a baby food company providing a well-balanced selection of different foods to feed the average 18-month-old for 30 days, or a speciality snack company preparing a selection of healthy food items for a specific diet or fitness plan.

2. Meal kits, which include all of the ingredients, in correct proportions with step-by-step recipes. An example is a box that contains four meals for a two-person household, delivered weekly.
3. A curated box of different products assembled around a theme. An example is a box grouping a number of food and beverage products produced in Atlantic Canada for summer bbq's or a bi-monthly gift box for pets that includes samples of food, new toys and treats.

Subscription boxes are popular with online sellers because they result in many sales to one customer. If you can entice the online baby food shopper in the first example to enrol in your subscription box program, you will have them buying your products - conveniently for them - while they need them. You reduce the risk of losing the consumer to a lower priced alternative or switching brands for one of many other reasons.

Curated subscription boxes can include a number of different products from different producers and processors. This is an opportunity to generate product trials, with new consumers who might not have purchased your product previously. Some curated subscription boxes are very popular and there is competition amongst suppliers to have their products included. If you decide to pursue curated boxes, it is beneficial to ensure consumers receiving the boxes will be able to also purchase your products separately. For example, if the curated subscription box is being distributed across the United States, you will need to ship there from your own website or have your products available on a marketplace such as Amazon.com. If you plan to offer your own subscription boxes, your e-commerce platform must be able to manage the different transaction types. One benefit to you is that consumers pay in advance. Your e-commerce platform will need to generate orders at the appropriate

time to have the product selected and shipped to the right place. It is beneficial to be paid at the beginning of the cycle and as you have some indication of the product inventory that will be required.

Subscription boxes can be an integral component of your online strategy. The assurance of orders months ahead and the opportunity to have consumers see your products in new markets can deliver a return on your investment.





## Product bundles and bulk formats

Order fulfillment and shipping can be significant challenges for selling food and beverage online. Consumers are familiar with retail prices they pay in stores. If you are selling the same product online, shipping costs can be a significant proportion of the final delivered price. For example, if a company producing honey in B.C. is selling 500ml jars for \$9.99, the cost of packaging and shipping could be equal to the cost of the product.

According to Canada Post, three out of four Canadian online shoppers abandon their carts before they buy. This means they have made the decision to put the item in the virtual shopping cart, but they leave the website without buying. One reason for abandoned carts is that shipping costs are too high for buyers as a percentage of the total delivered price. For more details and ideas to avoid cart abandonment, see the following article by Canada Post: [Selling north of the border - How to prevent Canadians from abandoning their online carts.](#)

One method of reducing shipping costs per unit is to bundle products together, so if you have more than one Stock Keeping Unit (SKU), create bundles. If you only have one SKU, it might be possible to consider working with producers and processors that have complementary items. You could create bundles that are more enticing to consumers, such as a product sampler selection of four of your most popular offerings. You could also create a bulk grouping of one SKU, selling a six-pack of the same item to your consumers.

With \$50 worth of product, a \$10 shipping fee is much more reasonable to many consumers. Often you can add more product to the same box without proportionately increasing the shipping fees. The cost to process an order with \$50 worth of product is not five times the cost to process a \$10 order. The following are a range of examples of companies that have bundled their products:

- [Chickapea](#) - Provides six-pack bundles of their products, as well as various bundles.
- [Clearwater Seafood](#) - Offers consumers dinner packages.
- [Ethical Bean](#) - Ethical Bean offers incentives for consumers to buy bundles.
- [Floating Leaf](#) - Consumers can purchase 6 packs of various SKUs at Floating Leaf.
- [Made with Local](#) - Combinations of different products at Made With Local offer better value for shipping.
- [Smak Dab](#) - Multi packs at Smak Dab give consumers the opportunity to try different SKUS.

Another benefit of bundling products together is it can provide more products to consumers and reduce the need for them to buy elsewhere. They have more of what they need which will either increase their consumption or remove those products from the market to buy later. They have your product, so they do not need to consider a competing brand.

Bundling can be an effective strategy to reduce order fulfillment and shipping costs per unit, increase your average order and ensure consumers are using your product for longer periods of time.





## 8.7

### An Omni-Channel approach

Most consumers used to look for food and beverage products in bricks and mortar stores. This is changing as these products are available across many channels, while also being promoted online. Consumers expect to be able to buy products when and where they want, be it online, at a physical store or other channels. For this reason, many food and beverage companies are shifting their marketing and sales to an omni-channel approach.

This strategy is developed around the consumer with the emphasis on trying to make it as easy for them to buy as possible. Consistent branding is key to ensure consumers recognize your products each time they encounter them, regardless of whether it is in a physical store, social media or an online marketplace.

If your product is available in many places, your strategy is most effective when you are able to anticipate the consumer's needs in that channel. For example, in a bricks and mortar store, they

might need a recipe to use your product that night in a meal, whereas if they are visiting an online marketplace they could be shopping for gifts and want the product gift wrapped. If you are able to anticipate these consumer needs, you have a better chance of getting them to buy.

A multi-channel strategy is having your products available in many different channels such as traditional food retail, mass market retail, specialty stores, your own website and online marketplaces. An omni-channel strategy anticipates the needs of the consumer when they are in the specific channel.

This strategy is complicated in that you must have the resources to anticipate and offer the right promotion, information and/or value to consumers in each channel. Consumers can change quickly so this is a strategy that requires constant focus and updating. Each time you alter one channel it can have an impact on other channels.



## Summary snapshot: Marketing food and beverages online

<b>8.1</b>	<b>Pricing</b>
	Consumers are aware of pricing when buying online as they are in store
	Comparison Shopping Engines (CSEs) allow consumers to compare prices online
	Shipping costs impact the final price and influence a consumer's decision to buy
	Research pricing rules if you are selling in online marketplaces
<b>8.2</b>	<b>Margins</b>
	There are different costs to selling online that will impact your margins
	Cost per transaction is different online, especially when selling B2C
	Some fees for selling online are for a period of time and others are per transaction
	E-commerce fees can be lower however they can be recurring
<b>8.3</b>	<b>Promotion</b>
	Develop online promotions to resonate with your target market
	There are many options to promote your products such as social media, within marketplaces or your online community
	Test the effectiveness of your online promotions by measuring sales and other metrics
<b>8.4</b>	<b>Influencers</b>
	Influencers can promote your product to their online community



	Finding an influencer who has an online community that is aligned with your target market will be most effective
	There is a wide range of influencers from people who can reach a community of a few hundred to millions
	Cost of working with influencers will relate to the size of their online community
	Review the influencer's posts about your products and monitor the interaction with consumers
<b>8.5</b>	<b>Subscription boxes</b>
	Some processors offer subscription boxes to consumers to supply their products at regular intervals to replenish their needs
	Meal kits are supplied to consumers with recipes and prepared portions
	Curated subscription boxes bring a number of products together from different processors
	Subscription boxes can be an opportunity to promote your products to new markets
	When consumers subscribe, they are less likely to consider competing products during this time
<b>8.6</b>	<b>Product bundles and bulk formats</b>
	One opportunity to reduce shipping cost per unit is to sell bundles of products
	If you have a limited number of products it is an opportunity to ship your products with other processor's items
	When consumers buy a bundle of your products, they are less likely to search for your competitor's products during the time they have a supply of yours
<b>8.7</b>	<b>An omni-channel approach</b>
	Offer your products in different channels to make it as easy as possible for consumers to find your products
	Anticipate why they might buy in each channel and develop your promotions to appeal to these needs

# 9. E-commerce as part of an overall digital strategy

- [9.1 Overview of digital strategy](#)
- [9.2 Generating and sharing content](#)
- [9.3 Digital marketing](#)
- [9.4 Key Performance Indicators \(KPIs\)](#)
- [9.5 Summary snapshot: E-commerce as part of an overall digital strategy](#)





Integrating e-commerce into your overall digital marketing strategy is beneficial for your business and consumers. Consumers who want to buy in this channel expect to migrate from a social media post to the point of purchase if they are interested. When your e-commerce is integrated it provides the best opportunity for you to sell more products.

## 9.1

### Overview of digital strategy

#### Define your target market

There are many opportunities to build your brand, tell your story and promote your food and beverage products online. There are so many opportunities it can be a challenge figuring out where to start. An accurate, concise definition of your target market consumer is a key component of your successful digital strategy. No product appeals to everyone.

Your definition can include demographics such as age, gender, household size and as many more as you can identify. Psychographic characteristics are also helpful when determining who will be in your target audience. If your consumers are price conscious or have a predisposition to buy local, these aspects help you develop an effective and cost efficient digital marketing strategy. Once you have a definition you can create an avatar for your target market. This is the online persona you are trying to reach.

One benefit of digital marketing is that you can be very specific about the target market you are trying to reach. The more specific you are, the lower your cost will be because in most paid advertising, it is the size of the audience that will determine the price.

#### Integrated strategies

The components of your digital marketing strategy should be integrated with all of the other components of your brand strategy. Your digital

marketing should reflect the same positioning as your packaging, any mass media you invest in and even your trade show booth. Many of the other forms of marketing and advertising are static, whereas in digital marketing you can use video and other components to bring it to life.

A consistent message is most effective. There are millions of messages in the digital space which makes it very crowded. When your digital marketing ties into your packaging or another component of your strategy, you have a better chance of consumers taking note and perhaps taking action.

#### Goals for your digital marketing strategy

To assess the effectiveness of your digital marketing strategy it is beneficial to outline goals for the investments you will make. These goals can be related to building your brand, differentiating your product in the market, telling your story or many other initiatives that will build your business and generate sales.

If you plan to generate sales through e-commerce, one of the goals can be to drive online traffic to the place where consumers can buy your products. This could be your website, online marketplace and/or a retailer where your product is available on their website.



## Generating and sharing content

In the digital marketing world, you have many opportunities to generate and share content. Many of these opportunities, like a Facebook post, do not cost any money. You might pay to produce some of this content, however organic posts are free to share. One of the great benefits of the food and beverage industry is that there is a lot of content and because people have to eat every day, they think about these products often.

### Recipes can be very effective

One great form of sharing content is recipes. Recipes help consumers use your products properly, increase consumption and if they like the end result they see value in them. You can collaborate with other food and beverage companies and chefs to develop and produce recipes. One opportunity with collaboration is for all of the companies to share the recipes with their followers to increase the exposure.

Recipes can be shared as printable documents and mobile friendly versions. If you decide to develop recipes for your digital marketing strategy, they are most effective when they are designed for your target market. For example, if your target market is young parents who are on the go, a recipe with fewer ingredients that is prepared relatively quickly, is likely most effective.

### People want to know the story

Consumers are interested in food and many of them are interested in where food comes from. If consumers in your target market have these characteristics, you can share lots of information about your ingredients, your business and your people. If your business has an interesting history to share some consumers want to know. This is the type of content that can separate you from other online sellers who are just focused on a “buy my product” message.

When you are able to share interesting information, that adds value and you have a much better chance of building a long-term relationship with your customers. For example, if your product is produced using a proprietary process one of your employees developed, consumers will be interested in that. It is a chance to share the benefits of your process and celebrate your employees.

### Use the power of photos and video to add value

Photos and video are integral components of your digital marketing strategy. If you are sharing a recipe, you can include photos at each stage of preparation or create a video for the entire process. Some consumers also like to see photos or videos of where or how their food is produced. You can share some images of your production facility to give them a virtual tour.

When people see content online they perceive to be valuable, they will share it with their own online community. For example, if you develop and share a recipe and a consumer makes this for their family then shares it with all of their friends on Facebook, that can be very powerful. It is a testimonial and your recipe is now available to a new online community you might not have reached. This is referred to as share-worthy content.



## Develop content with a purpose

When you develop content to share online, it is important to include the right keywords in your descriptions and information. These keywords will be picked up by search engines, such as Google. The better your SEO is, the higher your website will rank in searches.

People consuming content online prefer content in smaller, shorter doses. It is often more effective to share content in five posts than to try to compact it all into one big post. For example, videos on TikTok are 15 seconds long so to share a recipe, you might find six videos, all illustrating a different component of the recipe.

One benefit of sharing content in your digital marketing is you can drive traffic to the point of purchase. If your product is listed in bricks and mortar retail you might say 'available at' with a list of stores. When you share content digitally is the same concept, there should be an opportunity for consumers to link to the place where they can buy your products. If you are selling your products on your own website you can include a link to that and/or to encourage them to visit a third-party marketplace and include that link.



## 9.3

# Digital marketing

There are a number of components of digital marketing. You have control over some such as your website, while others are platforms where you participate as part of the online social media community. Within some social media platforms, you can create your own space such as a Facebook group, but you are still subject to the guidelines and policies of the social media platform.

### Your website

Your website is the cornerstone of your digital marketing strategy. You control the content and the creative look to tell your story and within your e-commerce platform, sell your products. Websites that continue to change and deliver value for visitors are most effective. You can share blogs or video blogs (vlogs) with visitors. The keywords you use within the blog titles, descriptions and content will all contribute to SEO.

When designing and maintaining your website, it is important to consider the definition of your target market. The creative design and the functionality of your

website should be enticing for the people you are most likely to sell your products to. For example, if your target market is 25-40 year olds interested in health and nutrition, your website should include imagery and content they will relate to.

If you do offer e-commerce on your website and one of your goals is to maximize sales, it should be obvious for any website visitors where they can buy products.

Cookies and pixels are online marketing tools that enable marketers to understand who is visiting websites and what they are doing while they are on the website. These are short pieces of code embedded in the website (retargeting pixels), that allow you to promote your products to these people based on their online behaviour. For example, if you sell honey and you share a recipe when a consumer visits your website where you have a retargeting pixel installed, you can promote this product to them on a social media platform like Facebook.

## Social media

Social media has become a very powerful medium to promote many products, including food and beverage. In October 2020, Statistics Canada reported 41 percent of Canadians were spending more time on social media since the beginning of the year - [Canadians spend more money and time online during pandemic and over two-fifths report a cyber incident.](#)

With more Canadians on social media there is a greater chance to reach people and influence their purchases.

Most social media content can be broken down into one of three categories:

1. Owned content is the content you create and share. This can include recipes, information about your product or any other content you develop.
2. Earned content is the pieces of content you create that are shared by other users. This can be very valuable because it is similar to a testimonial. Users see value in it and they want to share it with their friends and followers.
3. Paid content is the posts you pay to promote. Many social media strategies will benefit from all three categories.

If you decide to develop your brand presence on social media you have options. You can create a free account which provides the opportunity to create posts and begin to connect with other users on the platform. Many businesses will use this medium to share recipes, information about their products and other content that delivers value to their target

market. If consumers see value in the posts they will “like” them and/or share them with their own online community. Most social media platforms have complicated algorithms to assess the response from posts and if there is more activity you usually have a better chance of your post getting more exposure.

Most social media platforms have the option for you to participate in paid advertising as well. You can define the parameters of people to receive the ad which will determine the reach and the price you pay. Paid advertising can be used to broaden your reach and grow your online community.

One option within paid advertising on some platforms is to geo target users. You are able to specify very specific geographic areas to deliver the paid advertising. This can be effective if you know your target audience is in certain neighbourhoods or you want to support the launch of your product into a new market where you can ship through your e-commerce offering.

Some social media platforms such as Facebook allow you to add “buy buttons” and to create an online shop. This is an opportunity to showcase your products and give the users on the platform the opportunity to buy without leaving the application. This can be effective because people do not have to leave the platform and visit a separate website. For example, you can post a recipe with a link to your online shop. If they like the recipe and want to buy your product, it is very easy to finish the purchase with very few steps.

[Return to Table of Contents](#)





## Developing your online community

Online communities are your opportunity to get permission from people to share information with them. You can develop your own online community where you collect and maintain email addresses of people who agree to receive communication from you.

This requires some resources to develop and maintain, however you also control the content and the guidelines of the community.

You can also develop an online community on an established social media platform such as Facebook or Instagram. There are millions of people on these platforms but the platform does control the environment and other parameters. Once you have followers in your online community consumers are more likely to see your posts.

Regardless of the strategy you develop, digital marketing is often interactive. Most online marketing enables consumers to review products, comment on content and provide their feedback. When they do post questions or comments they expect a response from the brand. This can take resources and the right skills to manage the communications.

In food and beverage categories, one strategy that can generate goodwill online is to encourage and support user generated content. For example, if one of your followers posts a photo of a tart they made with one of your products as a featured ingredient and a

positive comment, and you share the post with your entire online community, this can be very powerful. You are recognizing the person who took the time to post their photo and your other online followers might get inspired to do the same thing.

## Influencers

One component of your digital marketing strategy can be working with people who are influencers in the online space. Influencers develop a community of online followers, on a social media platform they communicate with regularly. They create posts and share their opinions about products, which can impact behaviour and purchasing patterns of their followers.

There are a number of categories of influencers, from micro all the way to mega. Micro influencers have a small number of followers, often in a niche market. An example of a micro influencer could be a person in Saskatchewan whose followers are interested in plant based proteins. At the other end of the spectrum are mega influencers who have hundreds of thousands of followers. You can generate posts and exposure with product donations to some micro influencers or you can invest significant amounts of money with mega influencers to post about your products. It is important for you to find the best fit, which will lead to the best level of engagement and results for your efforts and investment.

Similar to every component of your digital strategy, the selection of an influencer should resonate with your target market and complement the positioning of your brand products. For example, if your target market is people who like to cook at home with local ingredients, a young celebrity singer might have a huge number of followers, but they will not be the right online community for you to reach.

You can learn about influencers by following them to understand their style and other products they work with. When you see posts that will resonate with your target market and the message they share would be a good fit with your brand, then this might be a person you would want to work with.

If you decide to work with an influencer, it is possible to measure the results on their social channels and your own. Sales and other metrics will help you understand if the posts impacted your community. The best relationships between food and beverage companies and influencers occur when both parties generate more revenue and grow their online community.



## Key Performance Indicators (KPIs)

One challenge when investing in advertising and promotion is to understand the return on your investment. With e-commerce and digital marketing, you do have the ability to measure the results by using a number of metrics. There are many opportunities for analysis of results. You might have to prioritize your efforts to ensure you are not investing too much time in analysis.

### Types of online KPIs

The following are five groups of performance indicators to consider:

#### Search Engine Optimization (SEO)

All of the content you post, share and build into your website will be used to help the search engines send people to your website. You should assess the number of links, traffic, leads and conversions to e-commerce purchases you generate from the keywords and information on your website.

#### Website and traffic

Your website is an important component in your digital marketing strategy. You can use Google Analytics and other tools to assess the number of visitors to your site, your conversion rate from visitor to e-commerce buyer and see if specific recipes you develop are effective. There are many other metrics such as time per visit, click through rate and even where the visitors are located that you can explore.

#### Lead generation

If you invest in digital marketing, a goal might be to grow your community then convert them into loyal followers and e-commerce buyers. It can be very informative to assess where these people are logging on from and why they decided to become part of your online community and buy your products. You can measure the number of new leads and if they turn into followers and buyers. A more in depth analysis will also help you assess

the cost to generate these leads and what content converted them from a visitor to a buyer.

#### Paid advertisement

Social media platforms offer many opportunities to subscribe to paid advertising. It is possible to create a profile of your target market and promote your brand or products to them. If you decide to make these investments, you can assess their effectiveness by measuring how much it costs to generate new leads, how many people click through from the ad and ultimately buy from your e-commerce offering.

#### Social media

It is relatively easy to measure your audience size (followers), engagement (likes, shares, etc.) and e-commerce sales. Audience size is important but you need to convert them from followers to engagement to buyers.

#### Measuring performance

Once you establish which KPIs you will measure, you can set targets and assess your performance regularly. It might be necessary to adjust your strategy and your content if you are not generating the results you desire.

To assess the performance of your posts and campaigns can require persistence and investment in time and resources. It might be necessary to make changes and test the changes. Consumers do not always react or interact the way you expect them to. One of the best benefits of digital marketing is the ability to measure results and make improvements to your next campaign.



## Summary snapshot: E-commerce as part of an overall digital strategy

<b>9.1</b>	<b>Overview of digital strategy</b>
	An accurate description of your target market will define who you want to reach and where you can find them online
	Integrate your digital marketing with all of the components of your brand strategy
	Consistent messages have the best chance of resonating with consumers
	Define goals for your digital marketing to ensure you can measure results
<b>9.2</b>	<b>Generating and sharing content</b>
	Recipes in food and beverage categories can deliver value and increase consumption
	Develop recipes that will resonate with your target market
	Many consumers are interested in where their food and beverages are coming from
	Photos and videos can be very powerful to share your story and other information
	Develop content with a purpose such as teaching consumers how to use your products or educate them about where you are producing the products

<b>9.3</b>	<b>Digital marketing</b>
	Your website is an integral component of your strategy
	Develop a strategy for owned, earned and paid content on social media
	An online community can be your own email list and/or your community within a social media platform
	User generated content can be an effective strategy
	Relationships with influencers can be effective to reach new consumers
<b>9.4</b>	<b>Key Performance Indicators (KPIs)</b>
	Measuring the right KPIs can be very beneficial
	Initiate change from the learnings



# Conclusion

Selling food and beverages in Canada continues to evolve. Consumers and the marketplace are changing and e-commerce is a channel food and beverage companies should consider to sell their products. It is possible to reach Business-to-Business (B2B) and Business-to-Consumer (B2C) markets with an e-commerce strategy.

With an integrated digital marketing strategy, food and beverage companies can develop relationships with consumers online and sell products. E-commerce can complement sales in other channels or be used as the only method of selling products. When a multi-channel strategy is implemented it is important to compare the value from channel to channel to ensure it is equitable.

Selling products online requires resources and investments in your online presence. There are specialized skills required to develop, implement and operate your e-commerce strategy. There are many opportunities within websites and e-commerce platforms to generate information that can be used to assess results. To benefit from the information, the right resources are necessary.

Companies selling in the B2B channels have three strategies to consider:

- Selling consumer packaged goods online to wholesalers, distributors and retailers
- Selling food service products online to wholesalers, distributors and restaurants
- Selling ingredients online to processors

Companies selling in the B2C channels have three strategies to consider:

- Selling direct to consumers on your own website
- Selling direct to consumers on a marketplace
- Selling to consumers through social media

There is also the Business-to-Business-to-Consumer (B2B2C) channel where you sell your products to a retailer and they in turn sell them on their website.

Although there are differences between B2B and B2C buyers, one requirement in any of the channels is an effective description of your products. These descriptions should include information that resonates with your buyer, keywords to ensure products are found in searches and quality photos.

Selling direct to consumers does allow the processor to retain a higher percentage of the retail price, however there are a number of investments required that will impact these margins. A secure online shopping platform, that is integrated with your website, will need to become a component of your digital marketing strategy. Your digital marketing strategy can include your online community, paid social media and other opportunities to connect online. There are many consumers online and it is a crowded medium where you need an effective strategy to generate awareness and traffic.

There are challenges to selling food and beverage products online. Many of the items are available in stores and consumers have resisted the extra cost of shipping. Online marketplaces such as Amazon do have many thousands of items available and competition can be intense. Consumers do have the ability to compare prices and product reviews can have a negative impact on your sales, even if they are not factual. Order fulfillment and shipping can be very difficult with some food items. The incremental costs can be too high to ensure consumers see value in the final delivered price.

Similar to any sales channel, e-commerce offers opportunities and challenges. Your target market must be willing and able to buy online and they must have access to the Internet. E-commerce does require resources and focus to ensure your brand is positioned properly and that all of your online presence supports your brand strategy.