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> BRICK OR CLICK?

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Jul 30, 2007 12:00 PM, By AMANDA BALTAZAR

Whether focusing on personalized interactions in-store or hard-to-find items online, retailers are finding their specialized niche

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Buying groceries from online outlets has become commonplace for many time-strapped shoppers, but where does this leave traditional retailers?

A number of chains have launched their own websites or partnered with a big Internet presence such as MyNetGrocer. Others have committed to the in-store experience, focusing on what customers cannot enjoy with online shopping.

Renowned for its item selection and personalized customer service, Lakeland, Fla.-based Publix Super Markets has decided to play up its strengths in traditional settings.

In 2001 it launched its own online shopping service, PublixDirect, but shuttered it two years later because it did not meet the retailer's expectations.

"We realized that our customers enjoy the interaction with our associates," said spokeswoman Maria Brous.

"They enjoy the variety of fresh and prepared foods we offer, along with squeezing and smelling fresh produce and the aroma of bread baking," she explained.

Capers Community Markets in Greater Vancouver, British Columbia, is also zeroing in on its stores.

"In-store experience is paramount," explained Aron Bjornson, spokesman for the four-store natural and organic chain that's owned by Wild Oats Markets.

One of Capers' focuses is hiring staff who are "authentic, friendly and approachable, who engage the customers and are knowledgeable," he said. The chain also has a nutritionist on staff who runs regular seminars, both on-site and off, on topics such as feeding infants. These events are often followed by store tours.

Meanwhile, other retailers are successfully letting technology lead the way.

D'Agostino Supermarkets, a 19-store chain based in Larchmont, N.Y., unveiled a revamped website in May. Since then, about 5% of its business has been generated through the medium.

"We wanted to mimic the in-store experience online," said D'Agostino spokesman Anderson Chung. "But we are also working closely to merchandise the products that resonate with online shoppers as opposed to the in-store customers."

The retailer pared down its online item selection for quicker shopping. Its website currently offers 15,000-20,000 stockkeeping units – almost half the selection merchandised in its brick-and-mortar locations. "As customers ask for items that they can't find on the site,

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we will add them,” said Chung.

As a result of improvements made to D'Agostino's online offering, Web traffic has improved 50%, and orders have more than doubled in certain areas like New York's Westchester County.

The retailer seems to be on the right track with its strategy.

“The bulk of [online] sales will be driven by a small selection of products,” said Glenn Hausfater, managing partner of Partners in Loyalty Marketing, Chicago. He added that items shopped for online tend to be “boring” products like detergent.

Pittsburgh-based Giant Eagle has pursued a different strategy. Its online offering, which focuses on hard-to-find specialty items, is provided to supplement what can be found in its traditional aisles.

Bob's gluten-free Red Mill Hot Cereal, Romanoff caviar, WestSoy organic soy milk and Maple Grove Farm's raspberry syrup can be found on the site. Customers can also request products not currently offered. Giant Eagle works with Kehe Food Distributors to monitor and alter its selection.

“Our partner determines when requested items should be added to the offering on a case-by-case basis,” said spokesman Dan Donovan.

Some foods sold online are also available in Giant Eagle stores.

“Factors such as store size and layout dictate varied product offerings among stores,” he said.

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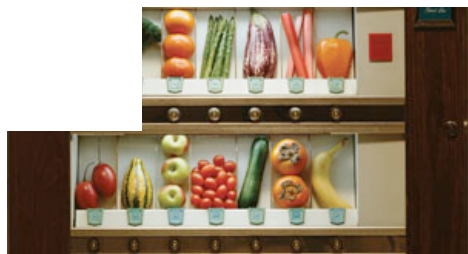
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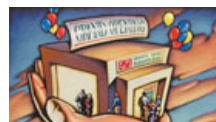
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