

and encourage new trial. Projecting ahead, eFlyers will soon be integrated with loyalty programs.

What other changes have you made?

Peachtree Network recently entered into agreements to acquire two of our competitors: eGrocer and MyButler.com. As a consequence, we are providing online grocery solutions to 35 grocery banners and a potential 800 grocery stores – mostly in larger centres across North America. This is significant because it corresponds with the period of growth in customers going online.

Also, we have found that consumers have been interested in ordering their groceries online and picking up their groceries at the store. This enables the consumer to control the time of receiving

the groceries. Grocers have therefore introduced the "pick-up at the store" option for online consumers.

I can also tell you that the participating grocers are keen because they know they are selling more groceries and gaining new customers along the way. Their zeal also means they want to do a great job at order fulfillment and they want to work with us on new ideas. As a result we introduced a new product to help with in-store fulfillment. It enables multiple picking and packing of orders and also helps with order accuracy.

Can you foresee the E-Grocer trend being helpful to producers and small processors who are disadvantaged by consolidation in the retail sector and high listing fees?

Yes I do. It's not a panacea, but I think it can help. If you've got a product that I know hits

the hot button for customers, there are opportunities to test the demand for the product online. It can be done relatively inexpensively.

Grocers are keen to try new things online because they see the results.

Why did you merge with MyButler and eGrocer?

Three main reasons: larger network of grocers; new technologies; and great personnel.

MyButler had agreements with Sobeys, Wakefern and several other grocers. EGrocer had agreements with 12 independent chains as well. With a larger, and truly continental base of grocers, we influence more purchases. This enables us to provide producers and manufacturers with a better vehicle to speak directly with consumers as well.

Through the acquisitions, we now have a comprehensive suite of services to offer to our grocery partners. MyButler has developed some innovative technology including the best in-store fulfillment software, which the grocers use to schedule and fill customers orders. eGrocer also has some very good database technology.

And finally, at the time of acquisitions, we were looking to expand our own tech development staff. It was a very complementary fit between Peachtree Network and the team from MyButler.

Any last words?

Just to invite your readers to visit our site at www.peachtreenetwork.com. Also that we are unveiling our new online grocery shopping engine for grocers this spring! ■

O F P M C

Ontario Farm Products Marketing Commission

N e w s l e t t e r

February 2001 – Issue #85

Marketing Food to E-Grocers and Their Customers



The following is a conversation with Bob MacKalski. Montreal-based MacKalski is the Marketing VP for North America's oldest provider of online grocery solutions, the Peachtree Network. He was to have been a featured speaker at our Fall Seminar, but illness prevented his attendance. We caught up with Bob for this interview in January after a big merger announcement.

What are the newest things happening in the E-Grocer segment?

The first is the demise of one E-Grocer model. Some of our earliest competitors tried to open their own warehouses and fill the electronic orders from there. It didn't

work. It was too capital intensive. It was also too removed from the consumer. We've found customers want to know the store at the other end of the computer, so to speak. Our business model has prospered because we are the e-shopping "porthole" but we work with established, bricks and mortar grocers. We focus on the technology and online marketing while the grocers look after the food. Together it is a great partnership.

The second is the development of "eFlyers" that target consumers with the types of products that appeal to them individually. For example, you may choose to receive eFlyer information about fruits and vegetables but not request information on snack foods. This is a big step forward. These eFlyers are targeted, flexible, measurable and cheaper than printing and delivering flyers. I'll come back to this later since it is so important to the growth of this market.

The third is the education we are able to impart to consumers in the comfort of their homes. I am talking about the food content of the site. We can give them the health and preparation advice that we know impacts on what they order. Instead of spending time pushing a cart, the customer is absorbing product

information and that shows up on their electronic shopping list.

On that last point, could you influence shoppers to buy more greenhouse cucumbers, for example?

I sure can. The greenhouse cucumber can be featured on the grocer's site. The shopper can, at a click of a button, access recipes that use the greenhouse cucumber as an ingredient and also find out about the nutritional

benefits of eating them. It is then possible, with just one more click to have all the

ingredients necessary for the recipe added to the consumer's shopping list.

We know that food information influences purchases and drives sales. The information prompts awareness and it all happens in the very spot where the consumer can purchase the food.

If I expressed a preference for buying foods grown in Ontario, could you keep track of that when filling my order?

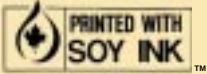
Great question! A lot of personalization can be introduced on the site. We have not yet introduced this type of feature on any of our grocers' sites, but many things in this area could be developed. Today, if a consumer wanted to purchase foods grown in Ontario,

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Upcoming Annual Meetings and Conventions 2001			
Date	Organization	Location	Telephone
Feb 18-20	Canadian Food & Beverage Show	Toronto	416 923 8416
Feb 28	Ontario Broiler Hatching Egg and Chick Commission - Annual Meeting	Guelph	519 837 0005
Mar 2	Ontario Turkey Producers' Marketing Board Annual Meeting	Hamilton	519 748 9636
Mar 2-4	Ontario Independent Meat Processors - Annual Meeting	Hamilton	800 263 3797
Mar 5	Ontario Seed Corn Growers' Marketing Board Annual Meeting	Chatham	519 352 6710
Mar 8	Ontario Fresh Grape Growers' Marketing Board Annual Meeting	St Catharines	905 688 0990 x236
Mar 12-13	Ontario Egg Producers' Marketing Board Annual Meeting	Toronto	905 858 9790
Mar 14-15	Ontario Pork Annual Meeting	Toronto	416 621 1874
Mar 19	Chicken Farmers of Ontario Annual Meeting	Mississauga	905 637 0025
	Ontario Tender Fruit Producers' Marketing Board Annual Meeting		905 688 0990
Mar 26	(District 5)	Leamington	
Mar 27	(Districts 3 & 4)	Simcoe	
Mar 28	(Districts 1 & 2)	Vineland Station	
Apr 2-3	Food and Consumer Products Manufacturers of Canada Annual Meeting	Toronto	416 510 8024
Apr 4	Ontario Grape Growers' Marketing Board Annual Meeting	Vineland Station	905 688 0990

The following information is provided strictly for our readers' convenience. Please note that organizations may restrict attendance to some or all of their agenda items. Please contact each organization for more information on programs, agenda items open to non-members, and location. While the Commission endeavours to ensure this information is correct, readers are responsible for confirming its accuracy with individual organizations before making any plans to attend.



WANTED: Director Training

Director's Workshop to Focus on Practical Advice

Date: Monday, April 9, 2001
Time: 8:30 a.m. to 1:00 p.m.
Location: Guelph OMAFRA Building
Open to: ▶ Directors
▶ Senior Staff
▶ Committee People
Cost: \$25/person.

This practical workshop offers lots of advice to make the job of any current or future director more productive and effective.

For the first time, this workshop is being opened up to future directors. So if you are a committee person with a desire to get more involved in the future, this course is for you.

Discussions and presentations will be led by people who understand the issues around the board table and in the field with the producers who elected you.

The itinerary for the half day workshop includes:

- ▶ Governance "Top 10" exercise *led by STRIVE!*
- ▶ Responsibilities & Liabilities *led by Rob Wilson, L.L.B.*
- ▶ What's It Going To Be Like? *video by John Core*
- ▶ Overview of Marketing Acts *led by Stephen Stepinac, L.L.B.*
- ▶ What I Wished Someone Had Told Me *led by current directors*

Registration forms have been sent to each board Chair.

You can also get on the list by calling Graham Howe at (519) 826-3404.

Seating is limited to 75 and priority is given to directors.

The deadline for registration is March 24, 2001. ■

Marketing Food to E-Grocers and Their Customers

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for example, an icon alongside each product could be introduced to advise consumers of that fact.

As an added service, can you keep track of how often I buy 10 lbs. of Ontario potatoes and jog my memory if I forget to put it on the shopping list when it should be time for me to restock?

Everything online can be tracked, but its so crucial to respect consumers' privacy. When this type of feature is offered on-line, it will be made available only to consumers who ask to be reminded .

As a first step, we provide the tools so that consumers can streamline the information they receive on products/services. They only get information on types of food they are interested it. For example, if you are interested in calorie-wise products, you can receive e-flyers that feature new products or food information that fit your buying habit. The aim, of course, is to boost basket size and higher margin purchases.

Do you have any other insights on the on-line grocery shoppers?

I can also tell you there are three main categories of customer who visit our site. The first two are the larger segments. One would be described as a busy person who is responsible for the meal planning in the house. The second is a food enthusiast who wants the information but is just as likely to go to the store as order online. A third emerging market is people with mobility disabilities.

We also know that an online shopper's average purchase is greater than if the

shopper went into the store. This really excites the grocers we work with. And to top it off, on-line grocery shoppers have a tendency to buy higher margin products. They are more inclined to buy extra lean ground beef than regular, for example. They also spend disproportionately more on fresh fruits and vegetables than typical store visiting shoppers.

When is the ' Big Wave' of shoppers going to go online?

That is the stage we are entering right now. More and more bricks and mortar grocers are expanding their online strategies and providing online grocery shopping. This means more people in more cities are able to shop for groceries online.

Plus, several bricks and mortar grocers including Tesco, Stong's Markets and the Country Grocer are showing bottom line profits from offering online grocery shopping. This fuels online grocery shopping availability and helps generate the big wave.

I think its also important to recognize that the online grocery shopping doesn't replace the in-store experience. In many ways it compliments it. Much more impact is felt from the online information's ability to influence purchases that are made in the stores. I think eFlyers and online food information have really helped expand the influence base of the Net.

Should a consumer regularly purchase organic products, an eFlyer could be sent to the consumer introducing a new organic product with its benefits and cooking versatilities. This information adds value to the consumer and is an incredible way to boost basket size, higher margin purchases,

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OFPMC Update

The following is a summary of issues recently addressed by the Ontario Farm Products Marketing Commission.

Tobacco Board Review

The Ontario Flue-Cured Tobacco Growers' Marketing Board met with the Commission to discuss issues facing the board.

The 2000 growing season was below expectations for Ontario's tobacco growers. Production fell short of projected demand.

Of bigger concern to the marketing of Ontario tobacco is the need to convert kilns to indirect-fired burners at an estimated cost of \$80 million for the industry or \$6000 per kiln. Other tobacco growing countries are in the process of changing their drying systems to avert any loss of market share prompted by the outdated technology. Canada is the only tobacco producing country, which has not yet commenced the conversion process.

Ginseng Vote Possible

The Ontario Ginseng Growers Association has asked the Commission to consider conducting a vote to determine producer support for designating it as a Representative Association under Section 12 of the Farm Products Marketing Act and imposing a mandatory check-off. If successful, the Ginseng Growers would

become the province's third Section 12 Association along with Ontario Canola Growers' Association and Ontario Coloured Bean Growers' Association.

A Section 12 Association is defined under the Farm Products Marketing Act as, "an association of producers of a particular farm product having the following objectives: stimulating, increasing and improving the production or marketing of the farm product by advertising, education, research or other means." Section 12 allows Cabinet to designate an existing, incorporated producer association to carry out programs and collect compulsory license fees from producers for the purpose of meeting these objectives.

There are approximately 180 ginseng growers in the province with about 4,800 acres in production.

Coloured Bean Growers Review

The Coloured Bean Growers Association serves its members needs for representation, research and promotion as a Section 12 Association.

Directors from the Association discussed current and future issues with the Commission. As with all beans, the move

by western producers to compete with Ontario is a strategic challenge. At the present time, Ontario's focus on high quality kidney and cranberry beans is not in competition with Manitoba and Saskatchewan where pinto beans are the favoured crop. Ontario currently grows about 50,000 acres of kidney, cranberry and black beans.

The Association has structured its governance based on electing directors at large and the system works well for them. Board members are deservedly proud of their ability to operate on licence revenue of \$204,000 and direct the bulk of this money toward research.

Regulatory Amendments

Both the Ontario Broiler Hatching Egg and Chick Commission and Dairy Farmers of Ontario brought forward requests for regulatory changes. The former deals with scheduling appointments to OBHECC and the latter deals with licence fees and renewal periods for bulk tank milk graders. OFPMC is working toward facilitating these changes as they improve each board's system. ■

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