

## Woolworths to launch Dan Murphy's online retail site

Woolworths has finally brought its Dan Murphy's liquor label online in an attempt to capitalise on its fast-growing internet business, with the company to completely eliminate its phone order business and digitise those sales.

The food and liquor giant also says it is working to see whether its fine wines business, Langdon's, could be turned into an eCommerce platform.

But Dean Taylor, who runs the [Cracka Wines auction site](#), says he isn't fazed by the introduction of a competitor and is in fact looking forward to the addition of "thousands of new customers".

"We were aware they had committed to the market, we had expected it to launch before the end of the year actually. But to be honest I think it's a good thing for us, they're going to bring a new audience online," Taylor says.

"What I've learned is that when an audience goes online, they become savvier and savvier. Once they're online they can hunt down the best deals, and for us, it's an opportunity to tap into a whole new base of customers."

While Woolworths has already launched the site, an official launch won't take place until early next year so the company can iron out any teething problems, liquor group general manager Steve Greentree has said.

Woolworths has modest hopes for the site, expecting annual sales of \$15 million. However, that is just a small portion of the company's \$2 billion annual liquor sales, which represent 30% of the overall market.

The launch comes as Woolworths has been enjoying growth around its online business, particularly for grocery sales. Just last week Google listed "Woolworths online shopping" as one of the most popular search items of the year.

The strategy will see other online liquor retailers, such as Vintage Cellars, owned by Coles, along with Raffles, Kemenys and [Cracka Wines](#), compete for sales. It also comes as Archer Capital is seeking a buyer for online shopfront Cellarmasters.

Taylor says the move will require a few strategic changes, especially around pricing.

"It'll be interesting move for them, because it's breaking down their own model where they use attractive deals to get people into the stores, and then upsell. I don't know if you're going to be able to do that online."



But Greentree told the AFR that the purpose of the site isn't necessarily to drive all sales to the internet; rather it will act as an information hub for nearby stores as well as a shopfront.

"If you do warehouse fulfilment to fit every SKU that's available, you need a large shed and you add to your inventory levels quite significantly," he told the publication.

"This way you're able to do the fulfilment from a store that could theoretically be just down the road. People can also place their order online and pick it up themselves to forgo the delivery fee."

But Taylor says there will be other issues, particularly around pricing.

"It's also going to mean that they will be forced to cut prices across their full range. Typically over the last three to six months there has been a return to highly discounted prices, but in a limited range in those stores – and I think with online it will be difficult to keep that momentum going in that way."

*Patrick Stafford | Smart Company | December 13, 2010*

<http://www.smartcompany.com.au/information-technology/20101213-woolworths-to-launch-dan-murphy-s-online-retail-site.html>