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Alice announces eCommerce storefronts for CPG manufacturers

New Web Sales Option For Household Goods

By ELLEN BYRON

Makers of household products like diapers and detergents, eager to build links more directly with consumers, are about to get another option for selling their goods online. Alice.com, a privately held start-up that already runs an online market for household items, plans to unveil a new service Tuesday providing merchandising, checkout and shipping services for companies that want to sell products through their own Web sites.

Alice.com's expanded tools for manufacturers follow announcements in recent months by Wal-Mart Stores Inc. and Walgreen Co. that they are increasing their online selling capabilities. Procter & Gamble Co, the world's biggest consumer-products company, owns a small stake in Ocado, a British online grocer.

The field is still Quixotic. P&G Chief Executive Robert McDonald said in August that the company had only about \$500,000 in online sales, a small portion of its annual revenue of \$79 billion. But companies are accelerating their investments in Internet selling because it provides direct access to consumer data, a gold mine that has long been controlled by retailers. With retailers aggressively developing and promoting private-label products that compete with brand names, getting first-hand information about shopping habits has become even more important to manufacturers.

"Think about all the pressure [consumer-product makers] are under, from media fragmentation to retailers developing their own brands," says Robert Tomei, president of consumer and shopper insights for research firm Information Resources Inc. "They're losing the ability to maintain their brand equity; this is a way to re-establish their communication with consumers."

The new Alice.com service is being tested by General Mills Inc. to sell Nature Valley granola bars.

Alice.com draws about two million unique visitors a month, according to a company spokeswoman. Consumer-product companies take all the proceeds from sales on Alice.com, unlike the traditional model of giving retailers a cut, and they share the cost of shipping. Alice.com makes money by selling marketing services to manufacturers, such as product sampling. The company packs an average of 10.5 items per box, worth an average of \$48. The company, based in Middleton, Wis., has about 72 employees.

Household products represent a small but growing slice of online sales. Last year, household-product sales over the Internet totaled about \$10 billion, up from \$4 billion in 2003, according to estimates by market-research firm Nielsen Co. That compares with an estimated \$361 billion in overall online sales in 2009. Growth is held back by the cost of shipping bulky but low-value items and the inconvenience of shopping at several different manufacturers' sites.

Alice.com, named for the perky maid on "The Brady Bunch," gets around those problems by offering many different products on one site and by making shipping free for consumers. The company began selling household products ranging from laundry detergent to diapers to moisturizers in June. More than 100 consumer-product companies sell products through the site, with products from leading manufacturers including P&G, L'Oreal SA, Unilever and General Mills listed.

"To date, there hasn't been a workable e-commerce option for manufacturers, because consumers aren't willing to shop across dozens of different manufacturer sites in order to fill their shopping basket," says Brian Wiegand, co-founder and CEO of Alice.com.

Alice.com will have shipped nearly one million boxes in 2010, according to estimates by Allen Johnson, a research director for market-research firm AMR Research. Mr. Johnson estimates that traffic to Alice.com by September reached nearly the same traffic levels of major grocers' Web sites Kroger.com and Safeway.com.

P&G CEO McDonald aims to boost the company's online sales substantially over the next few years, he said during a conference call in August. "We must be available to consumers when and where they seek to research or purchase P&G products. Increasingly, that's online."

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