

# Working the web



*Shopping online is growing at much faster rates than traditional retail channels, but how should bakers approach the market? Andrew Williams visits Sara Louise Kakes to find out how it harnessed the web to build a £100,000 turnover in a year*

Online food retailing has yet to fully mature, but some forward-thinking companies are already embracing the potential of the web. While December and November last year saw one million customers shopping at Tesco's (not exclusively food) website, the online opportunity is being tapped lower down the food chain too, by niche and specialist food 'e-retailers'.

Sara Louise Kakes (SLK) is a good example. The online luxury muffins and cakes company was set up in January 2005 as an offshoot of Fabulous Bakin' Boys Manufacturing – a large-scale cakes supplier specialising in muffins, based in Witney near Oxford.

"We knew that the luxury side wouldn't fit the (Fabulous Bakin' Boys) business that we were in," says SLK's MD Sara Louise Staples, "so we started from scratch and launched the company on the internet."

It took one year from coming up with the idea to develop the concept fully for launch. In the first year, the company achieved a £100,000 turnover. That is projected to rise to £250,000 in 2006.

More and more people are switching their shopping from the high street to their desktops. According to a report published in January, £1.8bn extra was spent online in 2005 compared with the previous year, up 29%, while retail sales slowed to the lowest rate of growth since the 1960s at 1.5% (ONS figures for January show predominantly food retail sales at 2.5% growth).

An estimated £3 in every £10 is spent online, and some forecasters are predicting that the total amount spent over the internet will overtake that spent on the high street in 2006.

### Personal niche

But how big is the online opportunity for a specialist retailer of perishable goods? "It's difficult to say but there's definitely a niche in the market for something personal," says Mrs Staples, citing the growth potential for delivered cakes as gifts. "We also do a lot of corporate work – we will adapt the muffins to use a company's logo. There is a lot of mileage in what we are doing."

The judges at the 2005 Baking Industry Awards certainly thought so, awarding SLK the Kluman & Balter-sponsored Best New Product



Surf's up: Sara Louise Staples at the Witney bakery

Award – just nine months into its infancy. The award helped to spread awareness of SLK. "To go in for a competition and actually win was a boost to morale as well," she says.

But what distinguishes SLK from other cake retailers selling on the internet? "We are different to many cake companies – we are not cake decorators," she says.

The catalogue contains a collection of indulgent treats such as brownies and blondies, muffins, chocolate-covered cookies and cupcakes. A range of flapjacks includes summer fruits, chocolate layered and caramel varieties, while fudge brownies (recipe opposite) are its best sellers. Products are made from scratch using free-range eggs, butter and Belgian chocolate. A standard box of muffins costs £25 and a hamper £40.

Seasonal appeal is a big feature of its product range with all the usual peaks well catered for – Valentine's, Easter and Christmas, as well as weddings, christenings, anniversaries and birthdays.

## The Google factor

Understanding the importance of search engines such as Google is key if you want to bring your company to the attentions of web surfers.

Most commercial websites are designed with 'keywords' – common search words relevant to your business, such as 'cakes', 'muffins' or 'cookies' in the case of SLK – for the Google search engine to pick up.

But paying for a sponsored link, as SLK has done, can help guarantee that your company is top of the tree when a simple search for 'cakes' returns a quagmire of relevant and not-so-relevant results. To do this you choose the keywords that your potential customers might search for, then you pay for the number of times people are successfully navigated to your website on a costs-per-click basis.

Prices on Google are set by the retailer, which sets its own cost per click, starting from 1p upwards. If you want to come top of the search list, you have to gauge the amount your competition is paying per click and match that spend, advises Sara. SLK sets its budget for marketing on Google at £35 a week.

When you have used up your clicks budget then your website will no longer be prioritised. For special occasions, such as the lead up to Mother's Day, Christmas or Easter, SLK sets its budget higher.

## E-commerce – the facts

- Online spending grew 15 times faster than the retail average in 2005
- The online shopper population stood at 14.6m in 2005, a 25.5% increase on the previous year
- Over the past year, the number of shoppers with broadband access has almost tripled to 9.6m. This encourages more frequent and widespread online shopping
- So-called 'silver surfers' are the fastest growing shopper group and offer online retailers the greatest potential – the number of 55+ internet users doubled to 2.7m in 2005
- There is further potential for growth with just one in six over-55s presently shopping online
- The 35-44-year-old age group remain the highest spenders online, accounting for £3 in every £10 spent on the internet
- The typical female shopper spent £579 online in 2005, compared to £543 spent by males, but the gap is closing

Less obvious is a range of products targeted at men, including a Father's Day Boozy Chocolate Muffin, filled with a brandy chocolate sauce. Novelty items such as handbags, baby boots and even 'Beach Babes' – risqué cupcakes featuring removable bikinis – aim to surprise.

What was so appealing about the internet as a route to market? "People always play on the internet at work," answers Mrs Staples. "A lot of people now do their shopping on the internet and we thought that would be the easiest way to advertise without having to spend lots of money. It was also a good way to test the market."

Inspiration came from Hotel Chocolat – the successful online chocolates retailer, which has nine shops. "It is a specialist chocolatier, with pretty boxes and really unusual ideas," she comments. "One great thing about the internet is you can sell products that you can't buy on the high street."

The management also took a sideways look at another home delivery service – florists – as a model for its business. "In general, the type of person who buys our products would buy from Interflora – people might like to send nice cakes instead of flowers, for a change."

Consequently she says the most important lesson learned has been to choose the right delivery company. "This can make or break the business. If you are delivering for birthdays or christenings it's got to arrive on time, and our first delivery company (City Link) couldn't provide the delivery service we needed. Luckily, the customers were quite understanding."

Bespoke orders are freshly baked for each order and sent via a courier called Business Post daily to the UK and Ireland, with a £6 delivery charge. SLK also delivers internationally.

## Keeping it fresh

A local design company helped create the website's look and brand, but the food photography and the layout of the pages were done in-house. "It is very easy to maintain and manage," she comments. "Each week, if we've got something new, we can quickly add that to our range. We can play with it, take things off and add things. That stops customers getting bored."

Once you have the basics in place it is the "personal touches" that create a word-of-mouth buzz, she says. SLK employs five multi-taskers baking, gift-wrapping products and hand-writ-

### What we've learned: Sara Louise's recipe for online retail success

- Use good software tracking. It is invaluable knowing what search engines and search words people are using to find your website and will make any future marketing much more effective.
  - Invest in some good food photography – people eat and shop with their eyes!
  - Keep it fresh – change the layout of your homepage at least once a month (even if you don't change the rest of your site). Highlight monthly offers, seasonal specials and limited edition lines.
  - Ensure you provide secure on-line shopping using a reputable provider like Paypal.
  - Create a monthly newsletter so you can build brand loyalty, encourage repeat purchases and drive awareness of special offers and deals.
- [www.saralouisekakes.co.uk](http://www.saralouisekakes.co.uk)

### Fudge brownie recipe

Makes around 30 brownies

#### Ingredients:

|                                      |      |
|--------------------------------------|------|
| Granulated sugar                     | 265g |
| Plain flour                          | 100g |
| Self raising flour                   | 29g  |
| Cocoa powder 10/12                   | 29g  |
| Whole egg                            | 165g |
| Vegetable oil                        | 28g  |
| Glycerine                            | 19g  |
| Glucose syrup                        | 61g  |
| Butter (melted)                      | 84g  |
| Dark chocolate (70% solids) (melted) | 121g |

#### Method:

1. Blend all the dry ingredients together
2. Add the water, vegetable oil, glucose and glycerine. Mix on a slow speed for one minute
3. Melt the butter and chocolate together and add to the mix. Mix on slow speed for one minute
4. Put the mixture into an 8in tray
5. Bake at 350°C for 40-45 mins
6. Cool and cut into 6cm squares

**NEXT WEEK: We profile six online bakery retailers and see how they are faring in the booming e-commerce market**

### SLK's popular fudge brownies with recipe (right)

"We offer a personal service," says Mrs Staples. "It's so funny – people get really excited when they ring up and find out they're talking to Sara of Sara Louise Kakes!"

The emphasis has been on fostering this word-of-mouth customer base, she continues. "We haven't done anything to market SLK. Because we have a small team and because we're not sales reps – the whole idea is that people come to us."

And what about the dyslexic spelling of 'Kakes'? "Some people ask 'Have you spelt it wrong?'" she chuckles. "We didn't want to appear like just another cake company. People look twice at the name with a 'k' and it seems to work."

It also pushes the company to the top of search engines like Google, when you type in the word 'kakes' – which is no bad thing for an