



Dan Murphy's draws on the right connections

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WOOLWORTHS is rolling out its program to dominate the online retail liquor segment, with the Dan Murphy's Connections site adding 900 new liquor products in its first week of operation.

Before Connections, the Dan Murphy's online range matched the 8200 products offered in-store. Under the Connections consignment selling model, about 200 new products will be added each day, with the online offer ultimately to expand to about 20,000 products, including

boutique wines, craft beers and artisan distillers from Australia and around the world.

Woolworths Liquor Group director Brad Banducci said the initiative had the potential to transform Dan Murphy's.

"Perversely, I think one of the main ways Connections will be transformative is not in the way we sell online, but in what we stock in-store," Mr Banducci told *The Australian*.

"Connections will help us to challenge our own internal views as to what our customers want and hence what we stock."

While online rivals like cracka.com.au also sell wine by

consignment, Connections marks probably the first time the model has been used at scale, and across beer and spirits.

The advantage for Dan Murphy's is that it can more than double its range without the need to hold costly inventory.

It will charge suppliers 25 per cent of the full retail price, plus GST, for the privilege of listing their products on the nation's most visited drinks website, which boasts about two million unique

users a month. There is also a vendor-hosting fee of \$49 a month after the first year.

As to pricing of their products, vendors can provide a "reason-

able" recommended retail price to Dan Murphy's, but their stock will be price-checked against competitors and the price adjusted if required, with the vendor to receive notification of any change through the vendor portal.

Dan Murphy's rivals have been critical of the pricing model, saying it gives the company unparalleled power to undercut any price in the market.

But Mr Banducci said the business's lowest price guarantee was well understood, not only by the industry but also by customers.

"We are known for having the best prices in the market," he said.

"Suppliers leverage that success in the volume of products they sell through our network." Dan Murphy's, he said, had open discussions with its supplier before they came on board.

"The benefit of Connections is suppliers can manage their own stock, including its withdrawal if they do not wish to retail it with us at the best price in the market."

Now that Connections was live, Mr Banducci said there had been a strong pipeline of supplier queries as to how they could participate. He said the makers of bespoke products and small suppliers would be raised, as customers were connected to a much broader range.



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