



MARKANT-SÜDWEST adds spice to grocery shopping with online store.

Application	Online grocery store with integrated call center and data warehouse
Business Benefits	2,500 customers in nine months; 80% repeat shoppers; value of online orders five times greater than traditional orders; buying pattern analysis helps develop more effective business strategies
Software	IBM Net.Commerce IBM DB2® Universal Database™ and Workgroup Edition for Windows NT® IBM Visual Warehouse™ IBM VisualAge® Smalltalk IBM Net.Data® IBM HTTP Server
Hardware	IBM Netfinity®

In the world of brick-and-mortar retailers, grocery retailing is as mundane as it gets. With margins rarely straying above one to two percent, jazzing up the in-store shopping experience is not always a priority for grocery chains. No wonder shopping for groceries is one of those things we all have to do, but don't particularly enjoy.

“The value of online orders is at least five times greater than those placed at brick-and-mortar stores. . . .overhead costs are lower too.”

–Martina Glöckner, Manager, Sales and Marketing, Markant Software



At www.markant-easyshopping.de you can stock up on groceries in just minutes.

It's about business, not just technology.



In the world of online grocery stores, there will be no more long checkout lines to try your patience.

“Net.Commerce and Net.Data are much easier to work with than other Web site development software. This solution played an important role in enabling quick time-to-market.”

*–Matthias Ress, Internet Manager,
Markant Software*

Click into the world of online grocery stores, and it's a different picture altogether. No more rickety shopping carts or wandering from one aisle to another to find what you're looking for. Best of all, no more long lines at the checkout counter! Nowadays, attractive, interactive storefronts that quickly learn what groceries customers buy each week and place them into their virtual shopping carts are saving busy parents precious time. As a result, according to industry estimates, households buying groceries and other home products online are expected to increase from fewer than 200,000 in 1998 to nearly 20 million by 2007.*

Around the world, supermarket chains are gearing up to capture this lucrative opportunity. In Germany, one of the early birds is MARKANT-SÜDWEST Handels AG, a supermarket chain that operates more than 120 stores in the southwest region of Germany. Recently, it directed its information technology subsidiary, IBM Business Partner MARKANT-SÜDWEST Software und Dienstleistungs GmbH (Markant Software), to develop an online supermarket. The objective: attract new customers from suburban regions and make it easier for existing customers — both brick-and-mortar and mail-order shoppers — to buy groceries online.

The strategy is delivering rich dividends. Developed with IBM Net.Commerce and IBM DB2 Universal Database, the online store, www.markant-easyshopping.de, attracted more than 2,500 customers in its first nine months, with 80 percent returning for repeat purchases. “The value of online orders is at least five times greater than those placed at brick-and-mortar stores,” says Martina Glöckner, sales and marketing manager at Markant Software. “Since an online store eliminates the costs of constructing and maintaining a physical store, overhead costs are lower too.”

The Web solution, called easysshopping, was developed and integrated with MARKANT-SÜDWEST Handels AG back-end systems in just four months. “Net.Commerce and Net.Data are much easier to work with than other Web site development software,” says Matthias Ress, Internet manager at Markant Software. “This solution played an important role in enabling quick time-to-market.”

Experience in e-business has made Jürgen Koch, the company's database manager, realize that keeping in step with the pace of change in the electronic economy is key to success. “The IBM e-business solution offers us all the flexibility we need to adapt to a rapidly changing e-business environment,” he says. “We selected DB2 Universal Database as the repository for our e-commerce solution because of its reliability, scalability and ease of Web integration.”

All the ingredients for an agreeable shopping experience

What makes this e-commerce solution even more effective is its close integration with the company's call center, as well as a data warehouse that gathers valuable business intelligence about customer preferences from the Web site. Says Röss, "We wish to improve the shopping experience for our customers in any way possible. Our integrated solution — with the online store, call center and data warehouse — helps us achieve this."

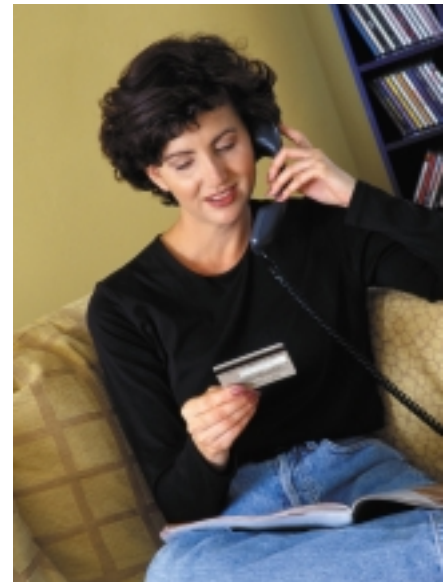
In addition to the Web store, Markant Software also developed integrated call center facilities where customers can place orders. Customer service representatives attending to customer calls access the same catalog that online shoppers view, so placing an order is quick and easy. Currently, 90 percent of the new orders that originate through the easysopping solution are paid for through the call center, while the remaining 10 percent are completed online.

MARKANT-SÜDWEST's Internet grocery store is powered by IBM HTTP Server, which enhances online security with its support for industry-standard, 54-bit Secure Sockets Layer (SSL) encryption. The store resides on a Microsoft® Windows NT server but will be ported to an IBM AS/400® server next year. Because the application can run on multiple platforms, Markant Software has been able to market its e-commerce solution to customers in other industries. Says Röss, "The multiplatform capabilities of Net.Commerce and DB2, and the ability to use Net.Data macros to create dynamic Web pages, will allow us to tailor the solution to individual companies' needs."

The easysopping online catalog contains 2,600 products, stored in DB2 Universal Database Workgroup Edition for Windows NT. Net.Commerce provides the shopping cart and virtual check-out counter. Orders from the online store and the call center are transmitted to the distribution center in Mannheim, where MARKANT-SÜDWEST's fulfillment center fills the carts and packs the orders into delivery vans.

"We selected DB2 Universal Database as the repository for our e-commerce solution because of its reliability, scalability and ease of Web integration. The IBM e-business solution offers us the flexibility to adapt to a rapidly changing e-business environment."

*— Jürgen Koch, Database Manager,
Markant Software*



The easysopping solution offers customers the option of placing orders online or through a call center.

Data warehouse develops new recipes for customer satisfaction

Customer profile data captured on the Web site can be extracted and loaded into a data warehouse built on DB2 Universal Database for Windows NT, which resides on an IBM Netfinity server. MARKANT-SÜDWEST's executives use tools such as Cognos Powerplay and Cognos Impromptu to analyze the data. The reports have already revealed that, contrary to expectations, fresh foods account for the largest chunk of sales. "With this information, we can make sure we have the right items in stock at all times," says Röss.

Trends in shopping at the easyshopping Web site can be compared with the company's traditional retail patterns. This is done by combining statistics on online sales with data captured from the AS/400 transaction systems—serving the 120 brick-and-mortar stores—and storing all that in the data warehouse. Product information, price history, inventory levels, store sales and customer data are available in this data warehouse. Says Koch, "We have a comprehensive business intelligence system, enabling us to analyze market trends and store performance, as well as react quickly to any changes in market needs."

The data warehouse was constructed using IBM Visual Warehouse. "Creating a data warehouse with Visual Warehouse is very intuitive," says Koch. "Visual Warehouse is an easy-to-use tool for defining business views of the data. It enables us to control several datamarts from a single point called work-in-progress. Because of its open architecture, we are able to integrate other tools with it very easily." Koch explains that with Visual Warehouse you can start quickly with smaller datamarts and scale up to large data warehouses as your requirements grow. "This makes it a very good investment for the future," Koch notes.

Adding links to the supply chain

In the next stage Markant Software's e-commerce solution will be integrated with its supply chain management (SCM) system called WWWS2000. Based on DB2 Universal Database and developed using IBM VisualAge Smalltalk, the SCM system will enable MARKANT-SÜDWEST Handels AG to significantly improve inter-store communications. WWWS2000 will automate inventory and logistics planning and all electronic data interchange (EDI) transactions between MARKANT-SÜDWEST Handels AG, its suppliers and business customers, including independent retailers. "Once this stage is complete, we will have a comprehensive business-to-consumer and business-to-business solution," says Glöckner.

The impact of the Web-based easyshopping solution is being felt across MARKANT-SÜDWEST Handels AG as well as Markant Software. Says Röss, "With this solution we can expand our market share in the Web application development market. IBM is a leader in e-commerce technologies. As its business partner, we are able to leverage its resources and expertise to develop complete and powerful solutions for our customers."

**For more information,
please contact your
IBM marketing representative or
IBM Business Partner.**

Visit us at:
www.ibm.com/e-business

For more information about
MARKANT-SÜDWEST Handels AG and
MARKANT-SÜDWEST Software und
Dienstleistungs GmbH, visit:
www.markant-sw.de/software
www.markant-easyshopping.de



© Copyright IBM Corporation 2000

IBM Corporation
Software Group
Route 100
Somers, New York 10589

Produced in the United States of America
01-00
All Rights Reserved

AS/400, DB2, DB2 Universal Database, the e-business logo, IBM, Net.Data, Netfinity, VisualAge and Visual Warehouse are trademarks of International Business Machines Corporation in the United States, other countries or both.

Microsoft and Windows NT are trademarks of Microsoft Corporation in the United States, other countries or both.

UNIX is a registered trademark in the United States and other countries licensed exclusively through The Open Group.

Other company, product or service names may be trademarks or service marks of others.

* Report by Consumer Direct Cooperative, January 1998.

This case study illustrates how one customer uses IBM products. Many factors have contributed to the results and benefits described. IBM does not guarantee comparable results. All information contained herein was provided by the featured customer and IBM Business Partner. IBM does not attest to its accuracy.

References in this publication to IBM products or services do not imply that IBM intends to make them available in all countries in which IBM operates.



Printed in the United States on recycled paper containing 10% recovered post-consumer fiber.



G325-6634-00