

## Izumiya: fastest, lowest-cost online grocery service in Japan.

### Overview

#### ■ Challenge

Increase sales by maximizing convenience and minimizing cost of online grocery service

#### ■ Solution

Raku Raku Market, an online grocery store with delivery service

#### ■ Why IBM?

Izumiya used IBM mainframes and PCs throughout its operations and wanted to source its e-commerce solution from a single vendor it knew and trusted

#### ■ Key Business Benefits

Projected 100% payback within a few years; ability to attract customers by providing faster, lower cost delivery service than its competitors; 5,000 customers; 700 orders per month and growing

#### ■ Business Partner

ZYYX Co., Ltd.

Japanese consumers tend to make multiple small grocery purchases each week and Izumiya is hoping they will use its online grocery store to increase their buying.

No matter how delicious the food, it always tastes better with a generous helping of convenience. That's why more and more busy consumers in Japan are turning to Izumiya when dinnertime approaches. Being able to order fresh ingredients over the Internet and have them delivered in as little as an hour's time is a convenience that many are finding invaluable.

*“By making grocery shopping almost effortless, we hoped to increase the frequency of orders and in the process boost overall sales.”*

—Kazunobu Tanaka, E-commerce Project Team Leader, Izumiya Co., Ltd

## ***e-business—redefining the competitive environment in your favor***

### **Key Components**

#### *Software*

- IBM WebSphere® Commerce Professional Edition, Version 4.1
- IBM DB2® Universal Database™ for AIX®
- IBM Tivoli® Storage Manager
- IBM HTTP Server

#### *Servers*

- IBM @server pSeries™
- IBM Magstar® MP (Multi-Purpose) 3575 Tape Library Dataserver
- IBM 2104 EXP Plus

#### *Services*

- IBM Global Services

Established in 1952, Izumiya Co., Ltd. is a retail chain offering food, clothing, books, furniture and housewares. With headquarters in Osaka, Japan, Izumiya has 77 stores and more than 2,700 employees, as of February 2002.

Like many other retailers in Japan—and grocery chains in particular—Izumiya was striving to revive stagnant sales by looking for ways to increase customer loyalty and stimulate buying. The answer for Izumiya was targeting busy consumers and the homebound with Internet shopping. “By making grocery shopping almost effortless, we hoped to increase the frequency of orders and in the process boost overall sales,” says Kazunobu Tanaka, e-commerce project team leader at Izumiya.

To encourage shoppers to use the online service as often as possible, Izumiya aimed to keep its fees low and deliver orders the same day—even those placed as late as 5 p.m. Izumiya needed a reliable e-commerce infrastructure that would enable fast performance without huge development costs. “It was essential for us to keep costs under control because the objective was to offer consumers an inexpensive service,” says Tanaka.

### **The logical solution: IBM**

When it came to choosing the e-commerce engine and servers to drive the new Web site, Izumiya had little difficulty making a decision. With its longstanding reliance on IBM mainframes and PCs in its headquarters and stores, Izumiya was convinced that IBM offered the best price and performance of any vendor on the market. “We also wanted a complete, end-to-end solution, and we thought that IBM was the only vendor capable of providing a commerce engine that would be easy to integrate with a database and storage management software,” says Tanaka.

Dubbed Raku Raku (meaning easy and convenient) Market, the solution utilizes IBM WebSphere Commerce Professional Edition and IBM DB2 Universal Database for AIX to execute the online shopping transactions. Raku Raku Market runs on two robust IBM RS/6000® servers [now IBM @server pSeries]. Izumiya chose the RS/6000 platform because of its proven ability to handle complex transactions.

*“Our IBM WebSphere Commerce solution processes orders quickly and reliably, which enables us to offer the fastest delivery times of any Web-based grocery store in Japan, at the lowest cost.”*

*—Kazunobu Tanaka*

The company supplements the servers' storage with an IBM 2104 EXP Plus disk array. IBM Tivoli Storage Manager backs up the DB2 data from the server to IBM Magstar MP 3575 Tape Library Dataserver, providing an integrated, automated solution for protecting e-commerce data. IBM recommended its Business Partner ZYYX Co., Ltd. to code and deploy the solution and customize WebSphere Commerce for Izumiya. IBM Global Services installed and configured the servers.

By relying on WebSphere Commerce functionality for displaying products and placing orders, Izumiya was able to minimize response times for shoppers and employees. Most importantly, Izumiya has been able to offer delivery service for a mere US\$2.50. "Our IBM WebSphere Commerce solution processes orders quickly and reliably, which enables us to offer our customers the fastest delivery times of any Web-based grocery store in Japan, at the lowest cost," says Tanaka.

### Easy to use and manage

Raku Raku Market enables the busiest shoppers to enjoy the quality, brand-name products Izumiya carries. To support fast delivery, Izumiya decided to offer only groceries and small housewares—approximately 2,000 items from an inventory of hundreds of thousands. After browsing or searching for products, customers place items in their virtual shopping basket. They can view the basket at any time and remove items or adjust quantities. At checkout, customers review the final shopping basket for accuracy and choose one of three delivery timeframes that same day or on the next day. Customers pay upon receipt of their order. Delivery personnel accept cash or credit cards using a payment processing application on a special handheld device.

A WebSphere Commerce order-management function uses the shopper's zip code to choose the store where the order will be picked and packed, triggering an e-mail informing the customer which supermarket will handle the order. At the same time, WebSphere Commerce sends an order alert to the store, where the employee in charge of Web purchases accesses the order stored in DB2 Universal Database and then fills the order and puts it on a truck.

*“The IBM WebSphere e-commerce infrastructure is the best choice for an enterprise such as ours, which needs to grow quickly without a huge investment.”*

–Kazunobu Tanaka



Izumiya has standardized on IBM software and servers both for its Raku Raku Market and for future B2B initiatives.

Raku Raku Market already has 5,000 registered customers in the short time it has been live, and Tanaka projects that it will achieve 100 percent pay-back within a few years. The number of customers is growing rapidly, indicating to Tanaka that the new Web-enabled channel will achieve a respectable ROI for the retailer in short order.

"IBM and its Business Partner ZYYX provided us with a total solution that works flawlessly to achieve our business goals," says Tanaka. "The shopping process is very intuitive and once people start to use it, they find they enjoy doing their grocery shopping at home."

#### **Platform for present and future needs**

The architecture behind the efficient workings of Raku Raku Market depends upon IBM HTTP Server to route incoming orders to WebSphere Commerce, which resides on an RS/6000 H70 server. On another RS/6000 server, DB2 Universal Database stores the order along with user and catalog data.

"The IBM AIX servers deliver an excellent price/performance ratio along with high availability and outstanding scalability," says Tanaka. "We plan to carry out all of our expansion plans on this platform." The grocery chain's immediate plans call for expansion from the 8 stores that currently support Raku Raku Market to 25 stores in and around Osaka, Kyoto, Nara and Hyogo.

Another future enhancement may be online ordering through Web-enabled phones. "We've proven that the online channel is a viable one for Izumiya," says Tanaka. "We've also shown that the IBM WebSphere e-commerce infrastructure is the best choice for an enterprise such as ours, which needs to grow quickly without a huge investment."

#### **For more information**

Please contact your IBM marketing representative or IBM Business Partner.

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For more information about Izumiya, visit:  
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