

eNetwork Software solution for host integration

*“We were losing customers and sales until we started sharing data with neighboring supermarkets about mutual customers. Customer loyalty, average order size, and turnover of inventory have improved dramatically.” **

—President of a discount retail store

A large, well-established discount retailer has been losing customers and sales to a fast-growing competitor, who has newer stores and modern information systems. The retailer has tried various promotions to increase sales, such as newspaper ads and special price promotions. These promotions reach a wide customer base, but research indicates there is small customer response to advertisements and the ads do not promote customer loyalty. Shoppers visit the store for a specific item, but they do not become repeat customers.

The president of the discount store is desperately seeking a solution to grow customer loyalty and market share. “If at all possible, I want to avoid the traditional drastic measures—layoffs, store closings, or complete bankruptcy—to improve our bottom line,” the president of the retail chain announced at a recent board meeting. We must be creative in becoming more competitive and increasing revenue.”



“This partnership is a win-win situation. Collaborating with the discount store has allowed us to reduce our advertising expense for a single promotion, so we can run more promotions. With the increased revenue, we are able to invest more in store upkeep, which benefits the entire shopping center.”

– Supermarket director of marketing

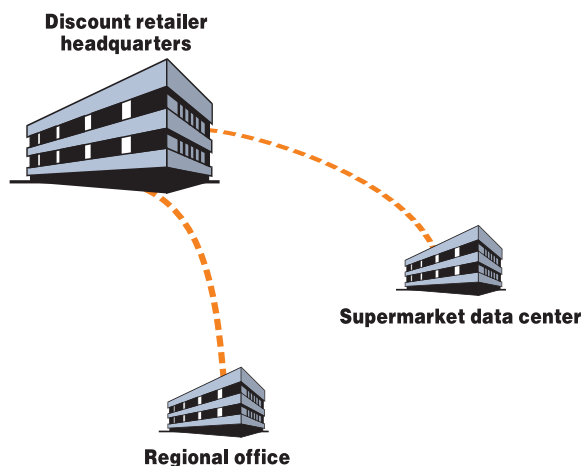
Business solution

After doing extensive research, the president decided on a joint venture with regional supermarket chains. This discount retailer carries limited food items and is typically located in the same shopping center as a supermarket. The discount store and supermarket can share information on their local repeat customers to more effectively target advertising and promotions. According to the president, “We can improve our revenue and profit margins by collecting valuable market information, such as the most popular brands and what products our repeat customers purchase—and share this information with our supermarket partners. Valuable information on the buying habits of our shared customers has been slipping through our checkout lanes unnoticed.”

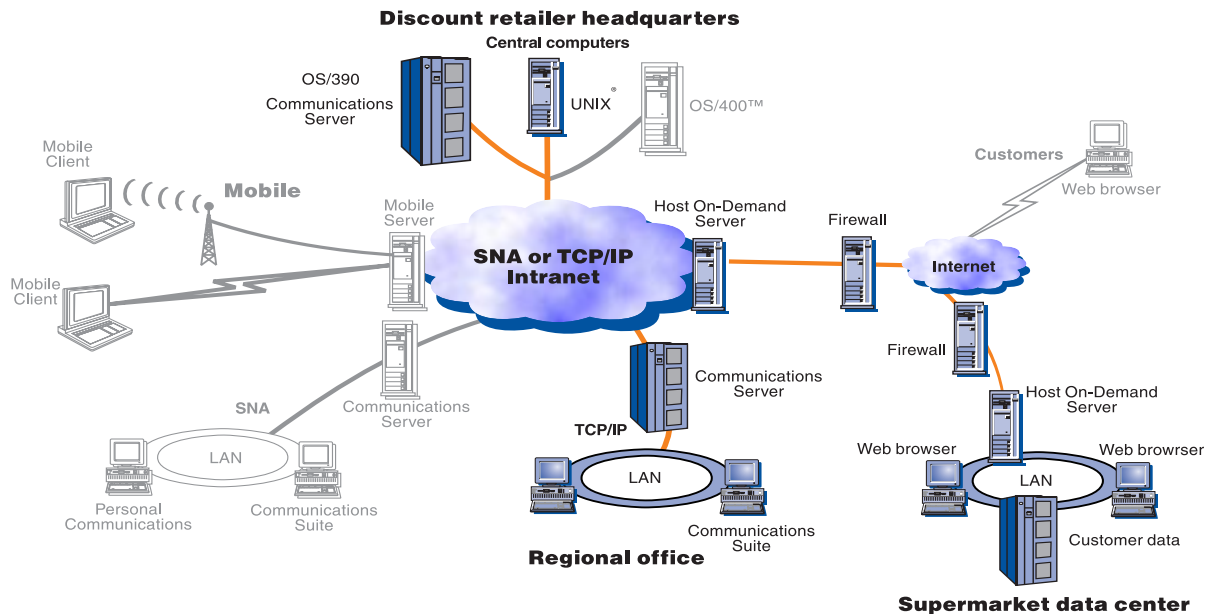
The discount retailer and the supermarket will use a variety of in-store merchandising approaches—register coupons, in-store displays, and courtesy

cards—to encourage shoppers to visit both stores in one shopping trip. For example, when a customer visits the discount store, the back of the sales receipts have coupons to the grocery store. The supermarket customers also receive coupons for the discount store.

The supermarket chain has a customer courtesy card that offers discount prices on certain items. When the cashier scans the card, information on customer buying preferences is stored in a centralized computer. The discount store has extended the courtesy card to its customers, so the same card can be used at both stores. According to the president of the discount store, “We found that our promotions and advertisements were attracting customers from across town who purchased only sale items—these customers don’t return for additional shopping needs. Armed with information about our shared customers and their buying preferences, we’ve been able to improve customer loyalty, increase order sizes, and turn over store inventory faster.”



The discount store piloted the courtesy card in a store in the Southeast as part of a renovation project. The supermarket chain was skeptical about sharing its customer information. After a few months of the pilot test, the supermarket was ready to roll out the project to its other area stores, confident that the stores could share selected information and still maintain security. The supermarket director of marketing stated, “This partnership is a win-win situation. Collaborating with the discount store has helped us reduce advertising expense for a single promotion, so we run more promotions. With the increased revenue, we are able to invest more in store upkeep, which benefits the entire shopping center. We’ve already discussed future improvements with the shopping center owners.”



eNetwork Software solution for host integration network. The IT solution for this discount retailer is highlighted.

Customer environment

The network of the discount retailer includes:

- A data center at headquarters with transactions systems, database applications, and Web pages running on OS/390™ and Windows NT® servers.
- SNA and TCP/IP. Financial and operations applications use a mix of protocols. The IT manager wants to migrate to a complete TCP/IP network, but does not have extra funding to rewrite applications.

The network of the supermarket includes a data center with database applications and Web pages running on OS/390 servers.

IT solution

IBM® is able to provide a comprehensive solution that is reliable, secure, and supports the networking needs of the discount retailer and the supermarket:

- Install eNetwork™ Host On-Demand and IBM Firewalls where the business partners (the discount retailer and the supermarket data center) link to the Internet. Each partner can then access the other's information on courtesy cards and customer buying habits with Web browsers. The firewalls create a virtual private network over the Internet to provide two-way security.
- Install eNetwork Communications Suite for full-function 3270 emulation, Web-browsing, and TCP/IP support on the discount retailer's desktops.
- Install eNetwork Communications Server in the discount retailer's headquarters and regional offices for full-function network integration. Then, the IT manager can operate an end-to-end, TCP/IP network without modifying any SNA applications.

Major advantages

With the eNetwork Software solution for host integration, the discount retailer can:

- Collaborate with neighboring stores to share customer data and attract more loyal customers.
- Turn over store inventory faster by stocking the items their target customers want to purchase at the price they are willing to pay.
- Reduce expenses by consolidating SNA and TCP/IP networks.

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Today businesses are transformed into new ones just by enhancing and applying information that was previously overlooked. In the past, you could still be competitive if you had the best product. But, in this stay-up-or-go-broke time of business computing, the world no longer beats a path to the doors of those who build better, faster widgets. Now, the name of the game is to build a better path to customers and business partners.

Corporate computing systems house valuable business information. A company's ability to make use of that information resource is a major factor in its ability to compete in a global economy. Customer responsiveness; collaboration with customers, suppliers, and vendors; ability to control costs; and opportunities to reach new markets—all hinge on a company's access to useful information. To play the game, you must be able to provide quick and seamless access to central information repositories. Browser-based access to the host is just one step toward integrating business computing with intranets, extranets, and the Internet that can help you deliver quality products to market faster than the competition.

The eNetwork Software solution for host integration solution (host integration solution) is:

- **Secure.** The host access solution provides secure intranet and extranet access to mission-critical business systems for your users—regardless of platform or network environment. Even mobile employees can have the same secure and reliable access to business applications.
- **Competitive.** Now, with the host integration solution, you'll be open for e-business. Link new customers, business partners, and business data smoothly, without implementation worries, and watch your business grow. IBM provides a complete solution for host integration, including a wide range of services to help you design, plan, and roll out—yes, transform—your business.
- **Flexible.** The host integration solution lets you reach your customers or business partners, regardless of where they are or what network connectivity they need. When requirements change, you can handle the change without delay in delivery of goods or services, or impact to productivity and profits.
- **Cost-effective.** With the host integration solution, you can continue to use existing information technology where it fits, and add browser-based access as required, with the confidence your business will grow at a pace you set. Working with an infrastructure already in place, you can build a highly scalable and reliable network to meet future needs.
- **Simple.** The host integration solution is so simple. Special offerings from IBM let you quickly and easily assess the cost of ownership, easing the burdens of evaluation, configuration, license administration, and pricing complexities. A total solution is available at one simple price per user.

What's next?

Find out more about the host integration solution. Visit the eNetwork Software Web site to order an evaluation kit and put our solution to the test, or contact your IBM representative or IBM Business Partner:

<http://www.software.ibm.com/enetwork>



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* This scenario is a composite based upon typical customer requirements and not intended to represent a specific customer engagement. Individual customers will have different requirements. Contact your IBM representative to discuss your specific needs.



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