WebSphere software

Building profitable customer relationships.

To be competitive in today's retail marketplace, you need a strategy that allows you to meet challenges from all directions and to offer levels of service and convenience never before available. Consumers — armed with more information, more choices and more ways to get what they want — demand more from you. To retain your best customers and turn online browsers into profitable lifetime buyers, you must provide an exceptional online experience that will keep them coming back to you instead of moving on to your competitors. You need to create sales and marketing initiatives that are personalized and effectively target loyal customers and attract new ones. And as budgets tighten in an uncertain economy, you must improve operational efficiencies to reduce costs, deliver a fast return on your existing IT investments and increase your profit margins. The bottom line: you have to establish and maintain profitable customer relationships. IBM WebSphere® Commerce software can help you make it happen.

"The Web is a dynamic medium for retailers. Successful retailers must continuously evolve their Web presence to address the demands of their customers and the market."[1]

— Gartner Research

IBM WebSphere Commerce software provides an e-commerce solution for retailers that can help you:

- Deliver a superior shopping experience that provides personalized and convenient information to your customers.

- Get the most from your marketing efforts by targeting campaigns toward specific customers.

- Gain new business insights using advanced business analytics.

- Reach your customers anywhere, anytime across all available channels.

- Put the right tools in the right hands of the people in your organization.

- Integrate to achieve greater efficiency and leverage existing investments.

- Be more agile and responsive than your competitors through a standards-based infrastructure.

Deliver a superior shopping experience

In a marketplace where innovative, aggressive competitors have the potential to offer extended value and convenience, even customer satisfaction doesn't guarantee loyalty — and customer loyalty can directly affect your bottom line. Turning occasional shoppers into loyal, long-term customers means more than just

offering dependable products and services. You must make it easy for your customers to do business with you by providing a level of convenience and personalized service that your competitors cannot beat.

With WebSphere Commerce software, you can create a superior online experience that increases customer loyalty and creates new sales opportunities, while improving your competitive advantage in the process. So you can:

- Know who your customers are and use this insight to deliver targeted content and offerings.

- Provide each customer with a personalized experience based on individual needs and preferences.

- Deliver a seamless shopping experience that provides a consistent expression of your brand across all channels.

- Offer precision search, navigation and visualization aids to guide your customers to products they are interested in and help them make confident purchasing decisions.

Get the most out of your marketing efforts

Intelligent marketing and merchandising are the keys that can help turn site traffic into sales. As profit margins become smaller and smaller, you must get the most out of every dollar you spend to convert browsers into buyers. Rather than using expensive, poorly targeted mass-marketing techniques to cast the largest net, focus your efforts on fine-tuning the effectiveness of each of your marketing initiatives.

Using tools and reports provided through IBM WebSphere Commerce Accelerator, you can:

- Strengthen your brand's image and improve your bottom line by designing personalized, targeted marketing campaigns and promotions, including e-mail and electronic coupons that address your customer's specific interests.

- Apply insights about your customers' preferences and behaviors to deliver the most relevant offers and provide a more compelling shopping experience.

- Maximize customer walletshare through finely tuned, rules-based discounts and promotions.

- Establish merchandising associations that define bundles and packages as well as product up-sell and cross-sell.

Gain new business insights

Today's business climate requires you to be cost-conscious. Doing so means you must be able to measure the effectiveness of your e-commerce site and understand what makes a particular marketing initiative more successful than others. Business analytics can give you the insight you need to assess the impact of customer segmentation, merchandising campaigns, product performance and site navigation. With these valuable insights, you can refocus marketing resources and align your business processes to improve profitability.

WebSphere Commerce Analyzer Advanced is a robust business analytics tool that allows you to profit by knowing your customers — and your business — better. You can leverage this tool in a variety of ways to improve your business effectiveness by:

- Analyzing detailed revenue breakdowns to help determine which customers are most profitable and why.

- Identifying specific customer buying patterns and preferences to deliver an enhanced, personalized shopping experience and improve customer loyalty — maximizing customer wallet-share in the process.

- Determining which products are selling and which are too costly to carry.

- Understanding the impact of site layout on overall customer satisfaction and revenues.

- Responding to market trends ahead of the competition.

Discovery.com reels in loyal customers

Yearning for a robotic bug? Or maybe a remote-controlled Stealth Bomber? You can find them at Discovery.com, the online store offering unique gifts and gadgets that capture the imagination through technology. Discovery.com launched its site in 1997, later adding features like shipping rules, user profiles and a frequent-buyers program. As a result, the site became more complex and expensive to maintain. And difficult for business managers to administer their product lines.

Tom Burke, Discovery Communications, Inc. (DCI) senior vice president, marketing and e-commerce, says, "We had custom-coded ourselves into a corner. To increase shopper-to-buyer conversion rates and average sale value, we needed a whole new level of functionality to target and personalize offerings. We needed a scalable, reliable merchant server with out-of-the-box functionality that would create a richer interactive experience for the consumer and lower our costs." To keep administrative costs down, DCI wanted to integrate its new e-commerce Web site with existing fulfillment systems. IBM WebSphere Commerce software had the tools and the Java 2 Platform, Enterprise Edition (J2EE) technology needed to facilitate rapid integration with legacy systems, speed time to market and reduce costs for product management and site personalization.

With IBM WebSphere Catalog Manager, Discovery.com merchandisers can easily generate and edit product information in the WebSphere Commerce database. IBM WebSphere Commerce Accelerator provides an intuitive interface for constructing marketing campaigns tailored to shoppers' buying behaviors. A series of rules engines allow Discovery.com to make gift recommendations for shoppers or tailor offerings to user profiles.

Visitors to the new, easy-to-use site are quickly converting into buyers, and sales are steadily on the rise. Shoppers at Discovery.com have a wide selection of navigational aids to help them browse through the 2,500 products — from lists of product types and themes to a product directory, search engine and full-page layouts with featured categories. "The tools provided with WebSphere Commerce will enable us to do business more successfully than we could before — with less effort and lower costs," says Burke.

Reach your customers anywhere, anytime

Today, e-commerce success means mastering multichannel interaction. No longer can your online store — or any other channel — operate as a separate entity. Research shows that consumers are comfortable with, and even prefer, shopping through a variety of channels. In your brick-and-mortar store. Online. Through a catalog. At a kiosk. By phone, fax or e-mail. And for making product up-sell and cross-sell suggestions, even the call center can be an effective sales channel.

Providing a variety of channels to complement your customers' shopping experiences maximizes their convenience, increases flexibility and allows them to make well-informed purchasing decisions. Multichannel customers aren't only the most loyal — they're also the most profitable. A study commissioned by DoubleClick shows that shoppers who browse and buy in multiple channels spend over 50 percent more than single-channel shoppers; those who used three channels spent nearly 70 percent more.[2] And AMR Research reports that multichannel shoppers spend three to five times more on products that have high profit margins.[3]

But multichannel retailing means more than just offering customers a variety of ways to interact with you. It means recognizing each customer's individual needs and addressing them across every channel. So you can provide the same level of quality, service and convenience — a consistent expression of your brand — to customers at every contact point.

WebSphere Commerce software can help you capitalize on the opportunities multichannel integration offers by making your online store part of a broader multichannel strategy. Communicate with customers through the channels they prefer. Run campaigns and promotions in the most cost-effective channels. Send customers who generate less revenue into less costly channels. And build your brand's image consistently across channels.

Put the right tools in the right hands

Your employees become your most important assets when you provide them with the information and tools they need to make informed, timely decisions. Traditionally, it's been necessary for your IT staff to respond to last-minute requests for special offers and promotional campaigns from your line-of-business managers. With great ideas and insights about how to respond to trends and buyer behavior patterns, marketing managers best understand how applications should work, but not necessarily how to make them work. They often have to rely on programmers and developers with technical skills for application design, development and maintenance.

REI tames the retail wilderness with multichannel integration

Ready to purchase rock-climbing gear? How about a kayak or cycling wear? For many outdoor enthusiasts, Recreational Equipment, Inc. (REI) is synonymous with value, quality and respect for the environment. As the nation's largest consumer cooperative, REI provides high-quality climbing and camping gear at reasonable prices. The respected outdoor gear retailer has 59 brick-and-mortar stores in 24 states. Kiosks in every store allow customers to access the REI Web site, where approximately 78,000 SKUs are listed. There's also the value-oriented REI-OUTLET.com, as well as 800-number shopping. With 6,500 employees, REI generates approximately $700 million in sales annually, $100 million from its online stores.

REI has long been known for integrating its multiple sales channels to provide customers with a consistently convenient, pleasant and informative shopping experience. So when it came time to retool its Web site, REI wanted to focus its energies on what it does best — building stronger, more personalized relationships with its customers.

Based on IBM WebSphere Commerce software and IBM WebSphere Application Server, REI's multichannel retailing strategy is proving itself beyond a doubt. And REI expects this success to continue — no matter how customers interact with the company. "While WebSphere Commerce will help us use our Web site as a powerful tool, it will also help us enhance our multichannel integration for the ultimate benefit of our customers," explains Joan Broughton, REI vice president of direct sales.

Already, customers can use the REI Web-enabled, in-store point-of-sale (POS) terminals to order items that are out of stock at the store. New functionality will allow REI to refer new Web customers to nearby stores that are having sales. Coupons can be e-mailed to customers who then visit a brick-and-mortar site. If a customer purchases a bike, the customer can receive electronic coupons offering discounts on helmets and other complementary products. With WebSphere Commerce software, REI expects to leverage a variety of meaningful information to improve each customer's Web site experience with the company. In just 18 months, REI anticipates that its multichannel retailing solution will realize a complete return on investment.

"Christmas 2001 sales were up 30 percent, so in addition to cost savings, our new online store is increasing revenues and helping us realize a quick payback on our investment. Our Web site's rich functionality and fresh look and feel are attracting a younger demographic, which is an ideal market for us. WebSphere Commerce gives us a better way to serve our customers and expand our customer base."

— Kevin Green, president, Lillian Vernon

WebSphere Commerce Analyzer Advanced has sophisticated business intelligence techniques and tools designed specifically for business users. So you can put brand management back into the hands of marketers and merchandisers. Your IT staff will have more time to spend focusing on integrating your existing systems, increasing system performance, and developing and deploying new e-business applications that will ensure your long-term competitive advantage. With WebSphere Commerce Accelerator, your marketing team can focus on branding and promotions. Merchandising managers can focus on product assortments. Customer service representatives can focus on resolving customer issues. All without impacting your already overstretched IT resources. And increasing productivity, reducing costs and improving satisfaction mean competitive advantage for you.

Integrate to achieve greater efficiency

You must continually find ways to reduce costs, especially as profit margins shrink. Long-term profitability means making IT expenditures that help you closely manage operational costs, even as they maximize your revenue and help reduce the cost of running your business. You have to show that you can earn a quick return on new investments while leveraging investments you already have in systems, processes, skills and technology.

WebSphere Commerce software can help you achieve peak operational efficiency. With it, you can create an integrated, uninterrupted flow of information, processes and transactions between the actions of your customers on your Web site and the systems and applications you have running inside your business—across divisions, channels and your supply chain. The result? You can make the most of your current investments—and gain competitive advantage in the process.

With WebSphere Commerce software, you can:

- Automate, integrate and optimize across the entire e-commerce lifecycle — from the time the customer enters your Web site to delivery of products and services.

- Reduce customer service costs by integrating your back-end systems and processes with your customer-facing interfaces, providing customer self-service and realtime feedback while monitoring the entire order process.

- Integrate your business processes with those of your supply chain to better forecast inventory requirements to minimize out-of-stock situations, reduce delivery times and costs, quickly shift product mix and reduce inventory carrying costs.

Be more agile and responsive than your competitors

When it comes to e-commerce, you can lose a new sales opportunity in no time. Your e-business infrastructure must be flexible and responsive so that you can react quickly to changing business conditions and customer needs — without having to overhaul or replace your entire business infrastructure. WebSphere Commerce software is built on IBM WebSphere Application Server with robust development tools and an infrastructure based on open and industry-accepted standards (like Java™ technology and XML). So you can get in the game fast, and anticipate and respond to changing conditions and new opportunities.

Get the most out of your existing investments and immediately leverage new technologies to stay ahead of the competition. WebSphere Commerce software provides a dependable yet innovative platform that grows with you — so you can achieve quick return on your investment and sustainable success.

IBM: dedicated to e-commerce

You can bet the store on IBM. Some of the top retailers in the industry already have. With significant real-world expertise combined with leading technology, products and services, IBM has helped many traditional retail companies become leading e-businesses. Wherever you are in the e-business development cycle, IBM has comprehensive solutions that address your specific needs. With an extensive worldwide network of retail professionals and IBM Business Partners, IBM is uniquely qualified to provide the solutions you need to succeed in today's fast-moving global marketplace.

To learn more about IBM e-commerce solutions, contact your IBM marketing representative, IBM Global Services, IBM Business Partner or visit **ibm.com**/software/websphere/commerce.

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[1] Gartner Research, "4G Retail Web Sites Focus on
Channel Integration," W. Janowski and A. Sarner,
February 2002

[2] DoubleClick Holiday Shopping Study, January 2002

[3] AMR Research, July 2002

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