IBM

Grocery Chain Puts Supermarket Aisles on the World Wide Web

A big attraction of electronic commerce is the convenience it offers to shoppers. Norway's largest grocery store chain, REMA 1000, is betting on this convenience to appeal to target groups of customers who would rather spend their time shopping online, rather than in person. With this in mind, REMA 1000 recently launched the REMA Netshop with the assistance of IBM Norway, using e-commerce products from IBM. Meeting with a lot of success, company officials expect e-commerce to grow into a significant portion of the company's business.

"IBM provides a lot of standard software that we could easily build the store with. We also wanted to use IBM Net.Commerce, which provided the integrated solution we needed, plus we got valuable assistance from IBM Norway."

—Ole Robert Reitan
Project Manager for the Online Shopping Operation, REMA 1000

REMA 1000, a wholly owned subsidiary of Reitan-gruppen, is already seeing a return on its e-business investment with a significant increase in sales due to its e-commerce technology. Because traditional discount stores have to be heated and cooled, insured, and staffed with clerks to wait on customers, REMA 1000 is able to expand its market over the Internet at a fraction of the cost of real-time stores.

"This technology is very cost-effective to implement," says Ole Robert Reitan, REMA 1000's project manager for the online shopping operation. "We are building five warehouses to serve the e-commerce business at a cost that's about 66 percent less than the expense to open just one regular discount store. While we expect to break even this year, we're projecting revenue to be 300 Million Norwegian krone in 1999."

Expanding Business and Brand
"We don't think electronic shopping will replace the regular store," says Odd Reitan, founder and president of REMA 1000, "but an increasing portion of the population will see it as an excellent alternative. The Internet will become a natural part of many

Application	Internet-based supermarket
Business Benefits	Significant increase in sales; five warehouses supporting online orders cost 66 percent less than the price of one regular discount store; vastly increased market size at nominal costs; 1999 projected revenue 300 Million Norwegian krone.
Software	IBM® Net.Commerce IBM DB2® IBM Callpath® IBM DirectTalk® IBM Callcoordinator
Hardware	IBM RS/6000® IBM PC
Services	IBM e-business Services

REMA
Hjem til deg

REMA
Hjem til deg
WWW.REMA.NO

e-business

REMA 1000 is reaching out to the new sector of Internet shoppers through its Web site, REMA Hjem til deg.

people's shopping patterns, so we felt it was important to position REMA 1000 as being in the forefront of innovations that will provide more convenience for our customers."

Along with providing more convenience to its customers, REMA 1000 implemented its e-commerce solution as a way to extend its brand as the company expands throughout Europe, while building a highly cost-effective revenue channel. The online supermarket is currently available in the four largest urban areas in Norway serving about 1.2 million residents.

IBM on the Shopping List

Although REMA 1000 had other options when choosing an electronic commerce solution, Ole Robert Reitan says the company chose IBM because of its experience and vision for e-commerce and its time-tested products.

"IBM provides a lot of standard software that we could easily build the store with," Ole Robert Reitan explains. "We also wanted to use IBM Net.Commerce, which provided the integrated solution we needed, plus we got valuable assistance from IBM Norway."

REMA 1000's online shopping service (*www.rema.no*) is free of charge and available to anyone with Internet access. Once they have created an account, customers find product selections, prices, a shopping guide, and menu suggestions. Providing they live within designated service areas, customers usually receive their groceries within two hours.

Net.Commerce provides REMA 1000 Web site shoppers with electronic shopping carts for collecting multiple items and address books for directing where purchases will be shipped.

Once they've chosen the items they want to buy, customers can purchase their goods by fax or telephone. To streamline operations with its telephone call center, REMA 1000 uses Interactive Voice Response technology in conjunction with IBM Callpath, DirectTalk, and Callcoordinator products to steer customers through the order process.

REMA 1000 is planning to expand its Internet solution to include an online payment option. REMA 1000 will support credit card payments using IBM Payment Server™, formerly known as IBM CommercePOINT eTill — an "electronic cash register" that supports the SET Secure Electronic Transaction™ protocol.

Once the order is entered, the information is sent to an IBM DB2 database running on an RS/6000 back-end server. From there, it is routed to the nearest dedicated warehouse, where the order information is scanned by employees, and orders are assembled and put on a company truck for delivery.

"A geographic data system that runs on local IBM PCs plans the routes for our delivery vehicles. It plans the most efficient routes for the drivers, tells them which direction to drive, and what customers to visit first," says Ole Robert Reitan.

In addition to expanding its e-commerce service to customers, REMA 1000 will consider extending its e-commerce capabilities to suppliers who could use the system for ordering and invoicing wholesale goods.

Kissable Customer Service

For the pilot sites, REMA 1000 is targeting three groups: consumers who shop a lot, such as social workers working for elderly citizens; institutions such as schools; and small companies buying meals for their employees. Many of these customers use the online shopping site to build standard lists of goods, which are housed in its DB2 database, and delivered weekly or as often as needed.

"The customers who are using the service are extremely happy with the service," says Ole Robert Reitan. "We have drivers with kiss marks on their necks when they return from making deliveries. Many of our elderly customers saw home shopping services come into existence 20 years ago, but then the service disappeared because it was not cost-effective for the stores. Now home shopping is back, and a lot of people are very happy about that."

IBM

G325-4058-00