



Oriental Trading Company finds good fortune on the Web.

Even though consumers seem to be embracing the ability to shop online for everything—from books and toys to computer equipment and home furnishings—smart retailers are trying to gauge their customers' levels of interest before investing in e-business. Oriental Trading Company (OTC), an industry-leader in the sale of value-priced toys, novelty gifts, crafts materials and home decor, didn't think the majority of its target audience—

parents and young children—was even on the Web, let alone buying online. When the company's informational Web site began receiving up to 700 catalog requests daily, that perception quickly changed and OTC accelerated its e-business initiative.

To build brand awareness on the Web for each of its catalogs, the company created four distinct e-business sites—www.articles.com, www.terrysvillage.com, www.teachercentral.com and www.oriental.com—using IBM e-business solutions. Once the sites went live, any doubts about the viability of e-business in this market were dispelled.

“...we're finding that 50 percent of the site visitors are new customers. So, we're picking up significant incremental business just by being on the Web.”

—Brad O-Dell, Director of e-commerce, Oriental Trading Company

In just one month, online sales equaled three percent of the company's total sales. “We haven't even marketed our Web sites at all and we're still finding that 50 percent of the site visitors are

Application	Online stores
Business Benefits	50% of site visitors are new customers; online sales equal 3% of total sales in first month, projected to reach 6% within six to eight months; average order value for <i>articles.com</i> exceeds catalog average by 10%
Software	IBM WebSphere™ Application Server, Standard Edition IBM DB2® Universal Database™ for AS/400®
Hardware	IBM AS/400



Oriental Trading Company's IBM e-business solution is capturing the imagination of parents and children alike.



new customers. So, we're picking up significant incremental business just by being on the Web," says Brad O-Dell, director of e-commerce at Oriental Trading Company. More than 5,500 shoppers visit the sites each day, with nine percent making purchases before they leave. With such strong numbers out of the gate, OTC projects online sales to reach six percent of total sales within six to eight months.

Contrary to expectations, the average value of online orders has exceeded that of mailorders from the print catalog, averaging ten percent higher on the *articles.com* site. Says O-Dell, "The way we've designed our sites using IBM WebSphere Application Server, with sophisticated navigation and search capabilities, is compelling to consumers because they're purchasing more items per order over the Web than through the mail-order catalogs."

Back-end integration key to e-business

OTC markets to consumers, schools and religious organizations, and is the leading provider of novelty merchandise to the amusement and entertainment industry. What started as a family-run business with eight employees in 1932 has grown to over 3,700 employees and annual sales in excess of \$300 million. Today, OTC has one of the largest available inventories in the industry.

Scalability was a key concern in 1990 when OTC chose IBM AS/400 and IBM DB2 for its back-end systems. Nine years later, when the time came to select an e-business tool, "scalability was equally important, as was the ability to directly connect to existing systems for inventory, customer service and order fulfillment," says Bob Cargill, manager of system engineering.

"We needed an e-business solution that was scalable and would leverage our existing systems," explains Joe Schwaller, IT director at OTC. "WebSphere Application Server offers a natural extension to our business systems."

Schwaller notes that WebSphere Application Server is helping OTC understand its customers' needs. "We like the user-session management capabilities it provides, enabling us to interrelate the unique characteristics of each shopper," he says. "We can use this information to provide each online shopper with a customized experience, based on their previous purchases."

The first of the Web stores was rolled out in three months and is integrated with the legacy AS/400 system. The site supports fully automated online ordering and fulfillment. The online catalogs for each site are stored on IBM DB2 Universal Database for AS/400, with the largest featuring 4,500 products. Customer profiles captured from the sites are also stored in DB2, and OTC intends using these for future e-mail marketing campaigns. "DB2 is a very robust database and it shortened our learning curve for the e-business application," Schwaller says. "The support for Java™ database connectivity in DB2 Universal Database is also very useful."

Forerunner to future gains

Although it is too soon to calculate precisely, OTC believes the returns from its investment in e-business will be substantial due to reduced telemarketing and mailing costs, and incremental online business. Later this year, OTC will roll out a business-to-business site to assist its business customers in selecting the right products for their markets. Though cautious about making any projections for the new site, Schwaller and O-Dell agree they may, once again, be pleasantly surprised by their success. "It will certainly help build customer loyalty," says Schwaller.

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

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Internet Division
Route 100
Somers, New York 10589

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