

Lillian Vernon transitions to new e-commerce model with help from IBM.

Overview

■ Challenge

Increase offerings to customers using online channel to retain market leadership, lower costs and boost revenues

■ Solution

Re-engineer business-to-consumer (B2C) Web site and seamlessly integrate it with backend order-entry/inventory and fulfillment systems to maximize efficiencies

■ Why IBM?

IBM offered a total solution that integrated with the company's existing IBM server platforms; IBM creative team helped design the stable and scalable Web site

■ Key Business Benefits

Rapid payback of technology investment; 30% increase in Christmas sales; 40% acceleration of fulfillment cycle; reduced administrative costs; increased online sales; expanded customer base

■ Business Partner

divine, inc.



Shoppers who enjoy reading a catalog at their leisure can click through the latest Lillian Vernon catalog page by page—just as if they were leafing through a book.

Cataloging pioneer Lillian Vernon Corporation (Lillian Vernon) discovered 51 years ago that customers enjoy the convenience of shopping from home. With the emergence of the Internet four decades later, the company embraced the new channel and its potential for transforming retailing. In 1995 it launched its first Web site featuring unique gift, houseware, gardening and children's products.

“The Internet is a vital part of our multichannel business and an important source of revenue for our company. To remain a leader in the competitive direct marketing industry, we made a major financial commitment to our Web site.”

—Lillian Vernon, Founder and Chairwoman, Lillian Vernon Corporation

e-business—redefining the image of business leadership

Key Components

Software

- IBM WebSphere® Commerce Professional Edition, Version 5.1
- IBM WebSphere Application Server, Advanced Edition
- IBM DB2® Universal Database™

Servers

- IBM RS/6000®
- IBM AS/400®
- IBM @server zSeries™

Services

- IBM Business Innovation Services
- IBM Global Services

However, without full integration of its order processing, inventory and fulfillment systems, the 5,300-employee, Rye, New York-based direct marketer realized it was missing a major opportunity to grow its online channel. The company's call center personnel had to answer customers' questions about products, inventory and order status, which increased costs and took up call center resources. Unable to automatically process online orders, the company had to manually enter orders into the system, slowing the fulfillment process and increasing costs. With limited software capability for updating content on the site, only a limited number of Lillian Vernon's products were available online.

Despite these problems, the company's online channel showed great promise, scoring double-digit growth. It was obvious that re-engineering its Web site was needed, in order to make online shopping as convenient and enjoyable as possible—and to save money for Lillian Vernon. "The Internet is a vital part of our multichannel business and an important source of revenue for our company. To remain a leader in the competitive direct marketing industry, we made a major financial commitment to our Web site," says Lillian Vernon, founder and chairwoman.

The company successfully launched a new, more robust and fully integrated Web site in just eight months—in time to ease the burden on the call center during the peak Christmas season. The site is powered by IBM WebSphere Commerce Professional Edition, Version 5.1 running on IBM RS/6000 servers. The company chose IBM after evaluating other vendors, including Microsoft. "This was a critical project and a top priority that required an industry leader like IBM," says Vernon. Adds Kevin Green, president of Lillian Vernon, "WebSphere Commerce has all the leading-edge functionalities, in addition to being reliable and scalable." IBM offered a total solution that would integrate with the company's existing IBM AS/400 server platform, which hosts its order-entry system. IBM Global Services provided the technical assistance needed to launch the Web site.

"Our choice of IBM and WebSphere Commerce has paid off in increased convenience for our customers and exciting results for Lillian Vernon."

*—Kevin Green, President,
Lillian Vernon*

The newly integrated Web site delivers orders to customers 40 percent faster than before. Administrative costs are lower because fewer staff members are required for the call center and order re-entry tasks have been eliminated. The site features all of Lillian Vernon's 6,000 products, not just the 1,500 top-selling items available on the previous Web site. Says Green, "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."

Something for every shopper

To present shoppers with a compelling alternative to the call center, Lillian Vernon created an easy-to-navigate site with flexible features that offer Web self-service options as well as multiple ways to view products. Shoppers can browse daily specials, shop using the search engine or flip through online versions of the print catalogs. They can use a gift finder to search for appropriate gifts, purchase gift certificates, personalize products, check inventory and place orders. At key stages of the fulfillment process, e-mails are sent to customers confirming the status of their orders. Registered users who want additional information can track their orders online. They can also send "tell a friend" e-mails about products of interest.

IBM WebSphere Application Server manages the functionality of WebSphere Commerce and operates as a runtime environment for Java™ code. Third-party middleware sends orders directly to IBM DB2 Universal Database for AS/400, which manages order entry and inventory information. Once credit card approval is granted, orders are sent to the fulfillment system, which runs on an IBM **@server** zSeries. IBM Business Partner divine, inc. provided Content Server, its content management solution, which enables Lillian Vernon to add new catalog pages in a timely fashion.

"The IBM Business Innovation Services team held focus groups to determine the needs of our customers—the result is a Web site that reflects the uniqueness, fun and convenience of the Lillian Vernon shopping experience."

—Lillian Vernon



The direct marketing business that Lillian Vernon started on her kitchen table is now an industry leader.

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Easy-to-create targeted promotions

Using IBM WebSphere Commerce Accelerator, Lillian Vernon is creating dynamic merchandizing and marketing campaigns to cross-sell and up-sell its customers. For example, a customer who buys candles is offered candlesticks as well. This increases the average order size, which accelerates revenues from the Web site.

Another product, IBM WebSphere Commerce Analyzer, Advanced Edition, is helping Lillian Vernon make astute marketing decisions by analyzing marketing results and providing business intelligence about the online store's price points, products, product groupings and other key variables.

Lillian Vernon is continuing to discover the benefits of its WebSphere Commerce solution. "Our customers welcome our new site," adds Green. "We've received a tremendous number of e-mail compliments, and the site is so user-friendly that shoppers often buy more than they intended. Our choice of IBM and WebSphere Commerce has paid off in increased convenience for our customers and exciting results for Lillian Vernon."

For more information

Please contact your IBM marketing representative or IBM Business Partner.

Visit us at: ibm.com/e-business

For more information about Lillian Vernon, visit:
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