IBM

Majestic Wine

Dispelling competition with IBM on demand solution
Majestic Wine, a U.K. wine retailer with 500 employees, has a well-established network of 113 brick-and-mortar wine stores as well as an online store. The company generates £125 million (US$238 million) per year in gross revenue.

On Demand Solution:
Why become on demand?
Although Majestic Wine invested heavily in its e-commerce infrastructure, the resulting site still couldn't scale to meet peak demands. In fact, it crashed during busy periods, causing the company to lose customers to competitors. Although the company knew it needed more capacity, it was reluctant to increase its fixed costs for a more powerful online store infrastructure when it knew that wine sales would drop off following holiday periods. Clearly, Majestic Wine needed to revamp its e-commerce model to provide its customers with responsive, resilient service year-round. The company sought a variable price structure so it could keep costs in line with revenues and avoid having to pay for expensive equipment during slow periods. By eliminating its technology problems, Majestic Wine could devote greater attention to developing revenue-enhancing Web site features such as cross-selling and up-selling campaigns.

How and where did they start?
Working with IBM Business Partner Morpheus eBusiness Solutions, Majestic Wine created a new, resilient online wine store, hosted by Morpheus, with processing capacity that can be adjusted to meet peak holiday demands. Customers can receive immediate responses to their requests, including realtime order tracking and inventory checks, even during the busiest periods. Majestic Wine pays for its capacity on a variable basis, which saves the cost of paying for underutilized capacity during periods of slow demand. With its scalability and cost problems addressed, the company is focusing on creating personalized offers for customers and taking advantage of automatic publishing systems, enabling its small staff to take on higher-value marketing roles. Morpheus ported the company's existing Web store to the latest version of IBM WebSphere Commerce software and to a resilient IBM eServer iSeries 825 with Capacity on Demand, which enables Majestic to pay according to its usage. The Web site leverages the scalability of open standards-based IBM WebSphere Application Server, IBM WebSphere Studio Application Developer and IBM DB2 Universal Database so it can respond to customer transactions instantaneously.

What benefits did they achieve?
- Helping in Majestic's continuing annual sales growth of 50% with improved conversion rate
- Ability to scale to more than 100,000 page views per day, a 2-fold increase in traffic
- Enhanced processing capacity and resilient infrastructure position company for future growth
- Variable, pay-as-you-go pricing structure helps avoid high fixed costs and aligns IT expenses with revenues
- Outsourcing IT infrastructure allows company to focus on core business and devote more time to market development
- Elimination of manual Web publishing tasks enables staff to work more productively

Confidentiality level: External
Industry: Consumer Packaged Goods