



## Cheryl's Herbs brings holistic approach to e-business.

**Application** Online store for herbs and essential oils

**Business Benefits** 100% payback in five months; online sales—5% of gross revenue in six months, 10% expected in one year; 60% of online buyers are new customers

**Software** IBM Net.Commerce  
IBM DB2® Universal Database™ for Windows NT®  
IBM HTTP Server  
IBM eNetwork™  
Firewall

**Hardware** IBM Netfinity®

**Business Partner** Data Resource Group

Not long ago, most mainstream medical practitioners shrugged away alternative medicine and concepts like holistic health as fantasy pharmacy. Certainly, few would have believed that these would spawn a multibillion dollar natural health industry. But scientific research has shed new light on non-traditional approaches such as herbalism, naturopathy, aromatherapy and homeopathy. Herbal products like ginseng, cat's claw, dandelion root and blessed thistle, to name a few, are selling faster than shops can stock them. Indeed, industry surveys show that herbal product sales in 1996 generated \$225 million in the United States alone, while aromatherapy—the inhalation and application of essential oils—grew into a \$200-million business.

*“e-business has increased our worldwide sales. ... We achieved 100 percent payback in the first five months, a month sooner than projected.”*

—Cheryl Hoard, Owner, Cheryl's Herbs

The Internet has played a vital role in the acceptance of these ancient health remedies, not just as a valuable source of information but also a commercially viable business channel. Cheryl Hoard, president of the National Association for Holistic Aromatherapy and owner of



Cheryl's Herbs smells success with Net.Commerce and DB2 solution.

Cheryl's Herbs—a mail-order wholesaler and retailer of herbs and essential oils—explains: “Businesses in this relatively new industry tend to be small or medium, family-owned outfits, like Cheryl's Herbs, with limited resources. Setting up shop on the Internet is not only cost-effective but is also the best way to popularize herbal traditions. e-business has increased our worldwide sales.”

### **Immediate results**

Less than a year ago, Cheryl's Herbs went online with an Internet storefront, [www.cheryls herbs.com](http://www.cheryls herbs.com), powered by IBM Net.Commerce START and IBM DB2 Universal Database. Its impact on the business was immediate—in six months, online sales accounted for five percent of gross revenue, on target to reach ten percent in one year. Notes Hoard, “We achieved 100 percent payback in the first five months, a month sooner than projected.”

Of the total online buyers, 60 percent are new customers. “Not only is the Web site attracting new customers,” says Hoard, “it is also bringing more walk-in retail sales at our store in St. Louis.” Further analysis of Web sales reveals that, while first-time Internet customers buy cautiously, the average value of orders from repeat online customers is catching up with average retail order value. Says Joe Ziha, e-business consultant for Cheryl's Herbs, “Once we've been there long enough to see more repeat customers, online revenues could grow faster.”

### **e-business makes business sense**

Designed, developed and hosted by IBM Business Partner Data Resource Group (DRG), the Web site offers all the conveniences of online shopping, using Net.Commerce. An easy-to-search catalog, stored in DB2 Universal Database for Windows NT on an IBM Netfinity server, features over 800 products—offering between 3 and 12 package sizes and price points for each product. Using the shopping cart and order tracking facilities provided by Net.Commerce, customers can place orders and make credit card payments online. IBM HTTP Server software, with its support for industry-standard, 128-bit Secure Sockets Layer (SSL) encryption, protects credit card information transmitted over the Internet. To further safeguard sensitive information, DRG has deployed IBM eNetwork Firewall.

Ziha recalls that IBM first became involved in the project when he met with an IBM Global Services representative while working on another project. “I soon received a call from IBM, and they introduced us to DRG,” recalls Ziha. “We did evaluate other products, including Microsoft® Commerce Server. But, we opted in favor of Net.Commerce and DB2 for three reasons: the technology was tested, it provided the ideal cost-performance balance, and with IBM and DRG assuming responsibility for Web site development, we could get started quickly and easily.” DRG e-business specialist Spencer Ohleyer comments, “IBM provides cutting-edge technology and marketing resources, while we provide development expertise and project support. It's a good combination for everyone—especially our customers.”

Taking its business online may well prove to be the smartest move for Cheryl's Herbs. Says Ziha, “It's a business model that fits right in with our overall goals—identifying new revenue sources for business expansion and raising profitability. Our modest initial investment is delivering big gains.”

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

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