



Partner

Priceline WebHouse ClubSM Interface for ISS45

MB-ISS45-1153

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Fujitsu-ICL is pleased to announce the **ISS45** interface to Priceline.com's **Webhouse Club**.¹ Using Webhouse Club, shoppers can receive substantial discounts on grocery items purchased at Priceline.com's web site, and pick these items up at their favorite participating store.

HOW IT WORKS

Priceline.com has taken its *Name Your Own Price*SM concept into the grocery market. For a shopper, the system works like this:

- The shopper goes to Priceline.com's WebHouse Club site and selects the items to purchase. This is done on a category-by-category basis (for example, coffee): shoppers choose a category, select the brands they would prefer, and the prices they're willing to pay.
- Priceline then responds with a "shopping list" of the brands and items that have been accepted as meeting the specified prices. The shopper pays for these items on-line via credit card. Priceline then transfers the paid-for amount to the shopper's account that can be accessed via a special Warehouse Club card that behaves in the store like a debit card.
- The shopper takes the Warehouse Club "shopping list" to the participating store. They pick up the specified items on the shelf, plus any other items they wish to purchase.
- At checkout, the shopper splits the WebHouse Club items into a separate transaction and these items are rung together at standard prices — but shoppers can ignore these regular prices since they've already obtained the much lower prices on-line. The shopper then "pays" for them using the special WebHouse Club "debit" card, linking to the shopper's WebHouse account at Priceline, which has been loaded with the correct funds. These funds are then transferred to the store as payment.
- **ISS45** assembles a log of WebHouse transactions for the store to transfer to Priceline. Priceline then rationalizes the shopper's actual purchases against the Shopping List and closes out the transaction.



¹ "WebHouse Club," "Name Your Own Price" and "Half-Price Tokens" are Service Marks of Priceline.com

BENEFITS

- Priceline's Name-Your-Own-Price concept provides very large savings on many items. Shoppers can earn special "half price tokens" for even deeper discounts by visiting other web sites or signing up for cards or services from other companies such as telephone or fuel providers.
- Shoppers do not have to buy case lots or huge sizes of the items they want.
- Even though they are receiving substantial discounts, shoppers can go to their favorite participating store — Priceline does not choose the retailer. At this point, Priceline has been very successful in getting major chains to participate in the service, and this in turn is causing smaller chains and independents to sign up.
- Shoppers are not limited to buying only items on the Priceline shopping list — they can purchase any other items at the store they desire, so dual shopping trips to different stores are not required.
- Grocers receive full shelf price for their sales. Even though the shopper may have only paid, for example, \$20 to Priceline for the basket, the grocer's retail may have totaled \$30. The WebHouse "debit" card transfers the **full retail total** of \$30 to the grocer's account. Priceline funds the difference.
- Grocers are able to offer their shoppers warehouse club or super-center prices without forcing the shoppers to buy in case lots, purchase huge sizes, or travel to inconvenient sites.
- Grocers using Priceline's Warehouse Club system will maintain market share against other grocers in the area considering the same program.

ISS45 INTERFACE

ISS45 has an interface available for **ISS45 V8** that has been running successfully in one of our East Coast **V8** sites. A similar interface for Version 7 (7.6 or later) is in development. In either case, to add the Priceline option to an **ISS45** system, order:

PIN	Item	Price	Inst	Maint
45180/071	ISS45 Priceline Interface Option	\$ 795	N/A	\$ 100

AVAILABILITY

The above PIN can be applied to **V8** orders immediately. The Priceline interface for V7 will be completed and Generally Released before the end of June 2000. Use the same PIN option to order either version.

QUESTIONS AND ANSWERS

Can a shopper name their own price for anything they want? Priceline tries to keep a full selection of items in the most important categories, but Priceline will choose the brand based upon the price and discounting available. This makes Priceline particularly valuable for

shoppers who are not dedicated, for example, to a single brand of disposable diapers, coffee or tissues.

Why does the basket have to be separated into separate orders for WebHouse and non-WebHouse items? The shopper has pre-paid the agreed prices for the WebHouse items on-line. When the shopper swipes the WebHouse “debit” card, it is to “pay” for those items only — not any other items that the shopper may have chosen that weren’t in the WebHouse shopping list.

You said the grocers get their full retail price. How? The order is scanned through at normal prices. The WebHouse “debit card” transaction transfers that total to the retailer, not the pre-paid amount the shopper paid on-line.

Well, then it looks to me like PriceLine is paying the grocer a lot more money than the shopper is paying Priceline. Who’s making up the difference? Mostly the grocery manufacturers — they are willing to pay Priceline a certain amount to get shoppers to try or switch to their brands, which is factored into the price that will be accepted for a particular product.

But how can Priceline give the deep discounts such as the half-price items? To get a really deep discount such as half-price, shoppers need to use the WebHouse *Half-Price Tokens*.SM Shoppers currently receive six of these when they join the WebHouse program, and can earn additional tokens by visiting or patronizing other web sites or associated companies. Priceline is thereby offering other companies a valuable service by motivating shoppers to study or purchase such these external goods and services, and these companies are willing to pay Priceline for acquiring these new customers. What’s great for the consumer is that Priceline then gives a large portion of this value **back to the shopper** in the form of half-price discounts.

To Your Success,

Tony

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