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Retail Systems Consulting and the Grocery Manufacturers of America (http://www.gmabrands.com) are sponsoring a conference on

"Internet Marketing & Promotions For the Food and Consumer Goods Industry".

The event will be held on **December 8**th at the Grand Hyatt Atlanta in Buckhead, GA.

The conference will include sessions on Procter & Gamble's perspective on Internet retailing;

How to measure success in the virtual marketplace; Effective Internet strategies; Internet promotions using frequent shopper data; The future of advertising on the Internet; and Privacy issues relevant to Internet marketing. James Tenser, editor & publisher of **VStoreNews**, will present his views on the "Virtual Store Future."

To register for this important conference, please contact Teresa Richmond or Chris Clark at GMA (202)-337-9400. The conference registration fee is \$595.

Space will fill up quickly so please register early.

TENSER'S TIRADE:

Beyond Portals and Communities — Vstores

VSN WORLD HEADQUARTERS, WESTPORT, CT — The plot is really thickening in the new "marketspace" of the Internet. The next Really Big Thing is turning out to be virtual store retailing. But not only for the reasons you already suspect.

True, virtual store sales are surging. But so far, the profits are slim to non-existent, and the business impact is lagging well behind the hype.

Some 48 million American cybernauts visited Vstores from their home computers in 1997. That's roughly one-fifth of the country. They'll buy some \$4.8 billion worth of goods online in all of 1998, according to a recent study from Nielsen Media Research (http://www.nielsenmedia.com/news/onlineshoppers.html).

And the projections for the fourth quarter of this year are nothing short of stellar, with shoppers expected to spend some \$2.3 billion online during the 1998 holiday season, according to research released last week by Jupiter Communications, New York (http://www.jup.com).

A separate study from eMarketer, New York (http://emarketer.com) predicts that up to 29% of the total year's online sales will come in the November-December period, or perhaps 1% percent of the \$173 billion take forecast for the holiday period by Deloitte & Touche in its survey for the National Retail Federation.

Now, \$4.8 billion remains a mere rounding error in the total consumer goods marketplace of roughly \$1.5 trillion (U.S. Dept. of Commerce). What is promising about these numbers is that an increasing fraction of the American buying public may now be reached in the virtual store, where the message may be delivered at the moment of decision.

For brand marketers and web marketers this is an opportunity of the first order. Its magnitude will make the successes of the so-called "portal" sites like Yahoo!, AOL and Excite! and "community" sites like Geocities and Tripod seem like mere steps in the continuum.

These Internet audience "aggregators" are creating shareholder value based on their present or projected abilities to deliver consumers to advertisers. But no form of media today does a better job of putting consumers in front of promotional messages than retail stores.

Brand marketers know this intuitively — that's why they spend 50% of their promotional dollars on retail trade promotion activities, a fact just reconfirmed in Cox Direct's 20th Annual Survey of Promotional Practices. Virtual stores can be just as effective in this regard as brick and mortar stores.

Not that traditional advertising won't have an impact online. Last summer's FAST Summit, the gathering on the future of Internet advertising hosted by Procter & Gamble, opened many eyes to the potential of brand equity advertising on the Internet.

To some degree, traditional media models apply. With some 79 million current Internet users in the U.S. and Canada according to Nielsen Media Research, purveyors of brands can certainly access mass audiences on line.

There are also unprecedented factors: mass-customization — the ability to speak to many consumers on a one-to-one basis; and interactivity — the ability to allow consumers to select which message elements they choose to view and respond to.

At a series of events since then, most recently the @d:tech conference in New York, many of the same "advertising stakeholders" have viewed the latest in Internet advertising technology. New developments in so-called "rich media," a set of tools for packing more visual and interactive punch into the banners and pop-up windows that decorate the portals and communities of the World Wide Web.

Where the objective is to deliver a memorable brand message to a passively viewing consumer, the 'Net can hardly compete with good ol' TV. But for the web surfer, who sits forward in her chair controlling the flow of content, carefully delivered rich media ads certainly have potential to advance marketers' brand equity objectives.

What many advertising stakeholders overlook, however, is that the Internet is much more than a new medium of communications. It is also simultaneously a medium of transactions. That means its potential use for trade promotion messaging could dwarf its use for straight, brand equity advertising.

For the first time in the history of human communications (giving homage to Marshall McLuhan), The Medium is the Market.

As Vstores attract larger numbers of high-value consumers to their online emporiums, brand marketers will recognize that their messages must reach consumers at the virtual point of sale. Smart online retailers — notably those with deep brick and mortar experience like @lbertsons.com and Wal-Mart.com, will sense this opportunity and arrive in buying meetings with rate cards in hand.

What's a virtual endcap worth? What about a virtual coupon delivered at the virtual shelf? What about targeted email delivered to virtual shopper club members? What's the payment model for these instruments?

Trade marketing professionals had better prepare to answer these questions if they are to translate their brand strategies into effective trade strategies for the Vstore channel. Web marketing strategists had best consider the models that will enable trade marketing to translate seamlessly into the Vstore environment.

My Advice?

Recognize the Vstore for all that it is — both market and medium.

JAMES TENSER, Editor & Publisher

..... ADVERTISEMENT

The Web's Premiere Party Planning Resource

Affairnet (http://affairnet.com) is your first stop resource for all your wedding and party planning needs. We offer centralized access to a multitude of quality wedding and banquet vendors to help make your event a special one.

We know you don't have time to waste ... you're planning a big party, and there's lots to do! That's why Affairnet's site is streamlined for fast, easy access to the information you're looking for. No slow-loading pages or flashy graphics here — just information. And you can search our database for services in your area!

Toward Online Trade Marketing: P&G Takes a First Step

CINCINNATI — Is that an echo from Bentonville we're hearing?

Procter & Gamble here is making proud noises about a new Internet-based retail marketing tool it calls Store Link (http://storelink.pg.com). The idea is for Web-enabled retailers to place tailorable banner ads from P&G that guide Internet users to buy its brands at the retailer's virtual or brick & mortar stores.

Word of the innovation hit the streets on Oct. 29 in the *Wall Street Journal*'s advertising column. Scheduled to launch Monday, Nov. 9, the program marks the adoption of a clear strategic position at P&G: "Consumer Direct," they are declaring, is the province of Vstores, not product manufacturers.

"Retailers provide a huge value in pulling together products and providing one-stop shopping," Gretchen Briscoe, a P&G spokeswoman told the *Journal*. "The sole reason we are not going direct is that it doesn't provide value to our customers."

Asked whether P&G had any "immediate" plans to expand direct online sales programs, Briscoe told the Journal, "I wouldn't even say immediate. I would say we have *no* plans." (WSJ emphasis)

This is big. This is the same company that joined Andersen Consulting's Consumer Direct Cooperative two years ago, and which hosted the FAST (Future of Advertising Stakeholders) Summit in August. P&G is taking a stand about selling branded products on the Internet: Manufacturers is manufacturers; Vstores is Vstores. The twain meets only at the negotiating table.

Store Link smells to us like a framework for a future trade marketing program that would have the flexibility to work across all classes of trade — virtual or physical. It fits with Procter's advocacy of co-marketing, and its moves under Streamlined Logistics I and II of figuring various allowances and other retailer "incentives" into the case price of its merchandise.

But let's be clear: Right now, Store Link is not a trade allowance program. Rather, it is a technology share, designed to make it simple for retailers to put co-branded links on sites all over the World Wide Web.

So why is **VSN** detecting a Bentonville reverb in Cincinnati? It's that name ...Store Link ... It rings of Wal-Mart's famed Retail Link information system, renowned in the mass merchandising world as the most accurate and advanced sales tracking solution now in use.

Is the nomenclature a coincidence? Mostly, we think. Although there is certainly much interaction between the two companies: after all Wal-Mart sells some \$2 billion worth of P&G products annually, making Procter the largest Retail Link user among brand marketers.

Another comparison worth making comes from the power position of the two companies with respect to their trading partners. Both Wal-Mart and Procter have the leverage to compel — gently or forcefully — others in the supply chain to play the game their way. Chain ... Link ... somehow this all fits together.

..... ADVERTISEMENT

to Internet shopping, is offering FREE listings to qualified online retailers.

Our goal is to offer shoppers the most unbiased and comprehensive resource anywhere on the 'Net.

To add your store to the SDS database, simply go to http://www.VStoreNews.com/vsn_addurl.phtml and complete the online form.

View the site at http://storedotstar.com

ERETAILING '98:

Vstores By The Numbers: The Shop.Org Survey

NEW YORK — Looking for benchmarks for evaluating your virtual store operations?

Shop.org and the Boston Consulting Group are preparing to release results of a first-ever study of shopping site performance, culled from more that 100 detailed questionnaires completed by member Vstores.

The report is due out on Nov. 16 and a top line will be accessible through the shop.org home page (http://www.shop.org). Full details, including breakdowns by category, will be made available only to association members.

David Pecaut, senior VP and strategy consultant for the Boston Consulting Group had a handful of preliminary results ready at October's **eRetailing '98** conference in New York, which was jointly sponsored by *RT* Magazine and the trade association.

First a little dose of reality about online shopping: According to the preliminary results, on average about 3% of unique visitors to online retailers actually make purchases. 2.3% of all visits actually result in orders. On average, each unique buyer makes 1.36 orders — that is, 36% of first-time buyers buy a second time.

That's not exactly a rosy outlook for online profitability. Here's why: Costs are huge. Responding virtual stores are spending 43% of total revenue on marketing. Their costs of order acquisition average \$21. Their costs of customer acquisition average \$34.

Pecaut said these high marketing costs "anticipate scalability" of their businesses — in other words the high marketing costs are an investment in the future.

If the surveyed Vstores manage to increase their conversion rate from 2.3% to 3.0%, revenues would increase by 30%, he points out. Improving loyalty (repeat purchases) from 36% to 64% would have a similar result on sales.

Fortunately for the surveyed retailers, just 91% of their revenues are derived from transactions themselves. Another 9% come from supplemental sources such as advertising, referrals, and membership fees, which yield higher profits.

Pecaut said it was important for online retailers to seek out enhanced revenue streams, such as fees from permission-based direct marketing, which can yield additional profitability. "Traditional retailers have low margins but earn profits from manufacturer fees," he said in a reference to the trade allowances commonly charged by chain stores.

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ERETAILING '98:

What Makes For Vstore Success? The Experts Opine

NEW YORK — "Sellers on the Net need to offer a compelling consumer proposition," said Jay Walker, founder/chairman of Priceline.com (www.priceline.com), in a panel discussion at October's **eRetailing** '98 conference in New York.

Over 300 leading online retail executives converged for two-day gathering, which was jointly sponsored by *RT* Magazine and the trade association, shop.org (http://www.shop.org).

"E-retailing isn't about prices. Fixed prices on the Net will be replaced by yet to be invented business models," Walker predicted.

Terrell Jones, CIO the Sabre Group, which operates Travelocity (www.travelocity.com), held a different view. "The web is a community of cheapskates," he said. "People want to find the cheapest price."

When asked if the brick-and-mortar retailer who must have a price tag on the wall is at a disadvantage on the web, Walker said, "No, if you're selling Crest toothpaste; yes, if you're selling Sony TV's. You need to reinvent yourself on the web. Travelocity didn't put Sabre on the web. It invented a new business that uses Sabre."

Terrell added that his company will beep you if your flight is late or e-mail you when the prices to Boston drop. "American Airlines won't do that," he said. His biggest competitor? The telephone, Terrell answered.

HOLDS FORTH ON SERVICE

Consultant Lauren Freedman, President of the e-tailing group (www.e-tailing.com) spoke about the role of customer service for online merchants. She said, "The best way to check out your competition is to order and return something from them. You'll quickly learn about the quality and importance of customer service."

"And put your policies up front," she added. "That way, your customers know what to expect." Freedman went on to enumerate some very interesting statistics about e-tailing sites from her firm's Quarterly Shopping Analysis for Fall 1998:

52% don't put a phone number on the web site;

66% did not have a store locator:

24% required membership to make a purchase;

32% will gift wrap;

52% will enclose a gift card;

14% gave order status;

96% provide order confirmation by e-mail;

16% offered online shipping status;

5 — the average number of days for receipt of item.

Freedman cautioned online merchants to beef up their infrastructures to handle the oncoming demand and to make sure their customer service reps are properly trained. "They need a little technical knowledge as well as product knowledge," she said. And online, spelling counts.

BUYING VS. SHOPPING

Frank Britt, VP Marketing, Streamline (www.streamline.com) a home shopping and delivery service company, told the gathering he foresees the winners in the electronic marketplace will be "those who can deliver high value and frequency.

"Streamline is not about food," he said, speaking on a panel at the conference. "It's about building customer relationships. We want to become a lifestyle solution."

Streamline currently ships 75,000 items a week to private residences where they have set up a refrigerated and dry locked box, usually in a customer's garage. In comparison, Amazon.com ships about 25,000 items each week. Britt said that his average customer buys 47 times a year and spends \$100 on

each order. "We're using grocery products to acquire and retain customers, and the number of our transactions is doubling every four to six months," he said.

Britt also pointed out there there's a big difference between buying and shopping, and that Streamline wanted to make the buying process fast and easy so that customers have more time to shop.

Shampoo's Swell, But Can You Email an Egg Cream?

NEW YORK —Much hyped virtual retailer Drugstore.com may have its hands full defending itself against a highly-publicized legal challenge from Wal-Mart Stores, which has accused the start-up of illegally recruiting retail information systems experts from its Bentonville, AR headquarters. No matter that Wal-Mart has levied the same debatable charge against Amazon.com, it's tough being made an example of.

Perhaps due to its high profile president and CEO — Peter Neupert, a former top Microsoft exec — and its high profile VC backers — Kleiner Perkins Caufield & Byer — Drugstore.com may be the most hotly anticipated of a new crew of drug and HBC retailers now reaching the virtual marketspace.

In fact, the Silicon Valley startup is coming a bit late to the race, having been beaten out of the blocks by several significant national competitors, including Drug Emporium (http://drugemporium.com) the Columbus, OH based deep-discount drug chain, and HomePharmacy.com, based in Vienna, VA.

Now Neupert & Co. must add another Vstore to its radar screen: Mybasics.com, a New York-based startup company, which obtained its domain name in August and hung out its virtual shingle in mid-October.

The Mybasics site offers some 7,000 name brand health and beauty items at discounts it says are up to 25% below typical retail prices — meaning it is competitive with chain drug stores, but aiming to be the every-day low price leader. It is also notable for its against-the-grain-of-the-Web orientation toward female shoppers, who do most of the HBC shopping in the "real" world.

So far this Vstore carries only OTC remedies and personal care items, but there are hints that it could be filling prescriptions in short order. For one, Mybasics.com is supplied by AmeriSource, Malvern, PA, (http://www.americsource.com) the nation's fourth largest drug and HBC wholesaler.

AmeriSource is already an adept in the prescription drug business and operates some 23 distribution centers around the country. Through its Rita Ann division, it is also a significant supplier of cosmetics to the mass market. (In case you had been following the story: Yes, this is the same AmeriSource whose planned merger with #1 wholesaler McKesson was scuttled earlier this year by the Federal Government over antitrust concerns.)

Background information on company principal and Chairman Lehmann Li has been hard to come by, but company spokeswoman Ashley Hyland did consent to a brief interview at the company's Manhattan offices one week after the site debuted. She confirmed that Mybasics.com is privately funded and described some well-considered initial marketing efforts for the brand.

For starters, the company cut a deal with iVillage.com (http://www.ivillage.com), for a placement on that women's community site's revamped Shopping Channel page, which debuted Nov. 2. Not bad, considering that this places Mybasics.com alongside such "established" Vstore brands as 1-800-Flowers, Amazon.com, Net Grocer and Music Boulevard.

Hyland said the company plans another promotional wave using BonusMail, the "dialog" marketing vehicle from Intellipost, San Francisco, which now claims 750,000 consumers enrolled in its database. Enrollees in this program agree to accept targeted email in exchange for awards credits similar to airline miles.

What's nice about virtual HBA retailing, she noted, is the low weight-to-price ratio and non-perishability of the merchandise, which makes it easy for the company to offer free UPS shipping on orders above \$50 (initial orders are shipped free as well). Yet these products are also consumables, like groceries, which makes them a natural for planned replenishment.

That's a core service offering at Mybasics. Called, "basics-backup," the plan allows consumers to set up a regular monthly order list. Users may specify whether each item on the list should be re-supplied

on a monthly, bimonthly or every-three-month basis. Mybasics sends plan members a monthly email reminder, a few days prior to shipment, which allows the customer to make any needed modifications.

"There is high brand loyalty in this category," Hyland explained. "There is less decision making at the shelf if the products are priced right. It's a repeat purchase, not a new decision each time."

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All One-To-One Is Politics For IDMB

NEW YORK — Still think consumers' concern about privacy is the biggest obstacle to widespread direct marketing over the Internet?

The folks at the newly-formed Interactive Direct Marketing Bureau would like to educate you.

"This is a political issue," said Steven Krein, president of Webstakes, New York and chairman of the IDMB's Industry Committee in a sit-down interview with **VSN** at the recent @d:tech conference in New York.

"In Washington D.C. alone there were 83 bills on data privacy introduced in the past year," he says. Not to mention state-level efforts across the country. Passage of some of this legislation could have a chilling affect on honest efforts to bring useful and desired marketing information to web users.

Our representatives, he maintains, would win favor as protectors of the citizenry by taking aim at an easy enemy — the marketing Big Brothers, who it is feared will spam us, slam us, and scam us using any media at their disposal. They must be controlled, the reasoning goes. Why? They know too much. (Our words, not Steve's!)

IDMB wants to be on the political forefront as these issues are confronted, says Krein. "It's going to be a messy debate."

The group is endeavoring to bring knowledge and clarity to the dialogue, so as to influence lawmakers to create a reasonable, constructive business and social climate. Its mission statement says, "To ensure the maximum effectiveness and acceptance of direct marketing on the Internet."

So far at least 50 companies have joined IDMB committees, including some pretty big and not-so-big names in on-line promotion marketing, like Flycast Communications, Engage Technologies, WebPromote, and InterActive Agency.

Krein and colleagues talk sense when they call for a set of best practices, guidelines and standards for effective and ethical use of direct marketing on the Internet that would protect consumers' right to control what marketing messages they receive. These include: "opt-in" not "opt-out" email lists, discouraging spamming, and going beyond mere "permission" marketing to embrace "dialog marketing" where the consumer is in control.

Voluntary adherence to such principles, the group reasons (combined with effective lobbying), would help keep the politicians out of the online direct marketing business and let consumer-friendly innovation flourish. Vstore operators and brand marketers pay attention: These companies are creating the online trade promotion vehicles of the Future (which, as always, is just starting now).

Want to learn more about the IDMB? Here's a golden opportunity: The group will webcast its first meeting, to be held in conjunction with the three-day E-Biz Solutions Conference in Scottsdale, AZ on Wednesday, Nov. 11. Time: 3:45 p.m. to 7:00 p.m. EST. Web address: http://www.idmb.org. You'll need a streaming media plug-in like Real Player to take advantage of this (free downloads are available from Microsoft and Real Networks).

HomeDelivery.com: Local Focus, Grand Aspirations

NEW YORK — In the choice-intensive world of Vstore retailing, consumers can shop by category, they can shop by brand, and they can shop by price using any number of intelligent agents.

In this city of neighborhoods they can also shop by Zip code. HomeDelivery.com Merchant Networks (http://www.homedelivery.com), an ambitious aggregator of local merchants on the web, has

been steadily expanding its roster to cover much of metropolitan area. Its spectrum of offerings ranges from full-line grocery (through the local Key Food chain) to pet supplies, videos, dry cleaning, and a more than 100 restaurants. On the horizon: online catalogs.

Ari Friedman, founder and president of ADF Ventures, Inc., the company which operates HomeDelivery.com, says that while its current focus is in and around New York, its goal is to expand regionally.

"Currently we have more than 80 restaurants signed up in Long Island, and 30 more in New York City now coming on line," he said. "We have just made a deal with Key Foods extending out to Nassau County. We are in five counties in New Jersey and we are talking with companies all the way to Philadelphia."

HomeDelivery.com is like an electronic High Street, where customers are presented with electronic storefronts according to their Zip codes. A click on the merchant logo opens its site within a frame.

"We provide the merchants with a set of features and solutions that would be expensive for them to develop on their own," said Friedman. "It's more than just supplying the interface. They join a well-promoted network. They can capitalize on our publicity and that of other individual merchants."

Member merchants agree to help promote HomeDelivery.com, which supplies them with logos, menu and window stickers, printed bags and receipt pads. Friedman's company gets paid on a commission model, and plows much of the take into sales, marketing, and software development. It is also sees synergies in assembling a shared local delivery network for member merchants.

Friedman says he recognizes the intricacies of what he is developing and he says he is trying to standardize it for easy replication. As the venture moves out to other markets, he will be seeking partners who can apply the HomeDelivery.com model there, possibly as franchisees.

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DOWNLOADS FROM THE ETHER:

Vstore Proliferation; Holiday Frenzy; Words of Wisdom

Nordstrom, the Seattle-based luxury fashion retailer, has made its move to the web. Fire up those credit cards, folks. This site packs 53,000 SKUs of the good stuff.

Nordstrom has 99 stores, covering about a fifth of the country, so this site will bring their admirable brand of merchandising to a wider audience. Because the company has had a decent catalog business ongoing for several years, the ramp-up is expected to be seamless. Online orders will ship from the company's existing distribution facility in Cedar Rapids Iowa, said Nordstrom spokeswoman Paula Stanley.

Several trial visits to the site (http://www.nordstrom.com) revealed much to admire — and perhaps one aspect that needs improvement. The site is elegantly designed, reflecting the chain's reputation for quality and service. Sizing information is the best we have ever seen, with "All The Details" about fit, fabric and features behind a handy little table accompanying each item. The site also makes use of high quality imagery which can expand with a click

On the negative side there is this baffling detail: The entire shopping process, not just the checkout, takes place on SSL-secure pages. (That is, the little lock on lower corner of your browser window appears closed, not open.) Trouble is, this arrangement seems to slow the site down to a rather "relaxed" pace. Even with our cable modem connection, the shopping process was slow to the point of frustration.

If there is a customer benefit to this unusual bit of Vstore design, We'd like to hear it. Anyone at Nordstrom care to take a crack at this? We'll publish your response next month.

On a separate but linked note, Nordstrom also made a \$22.8 million investment in Streamline, Inc., the Boston-area virtual grocery service, which has been making headlines now for two years.

This is partly a financial arrangement, partly a strategic one, for Streamline (http://www.streamline.com) has no current plans to distribute Nordstrom's high-end apparel along with cereal, bananas and videotapes.

Timothy DeMello, chairman and CEO of Streamline said the investment would enable the company to "accelerate Streamline's national growth strategy."

Nordstrom co-president Dan Nordstrom has accepted a place on the Streamline board of directors, but he will not be involved in the daily management of the company, said Frank Britt, Streamline executive vice president.

The two companies plan to share expertise while they study the Vstore channel. "It is possible in the future we would make their product available using this channel," said Britt.

Sears, which so far had kept its online presence limited to Craftsman tools, took a big step into the Vstore future with the launch last week (Nov. 4) of Wishbook.com, an online version of the mass merchants' popular *Sears Wish Book* toy catalog.

The site (http://wishbook.com) offers some 2,300 toys and gifts and features a nifty "Wish List" feature, a nice twist on the virtual shopping cart, which allows children to shop the site and add desired items to a wish list which can then be emailed directly to a loved one. None too subtle, but a nice way to empower children in the gift selection process.

Parents for their part, can take advantage of wishbook.com's Gift Reminder service, which promises to send email reminders prior to holidays and birthdays. This type of service is cropping up on numerous gift and greeting card oriented sites. This is a good example of the added value that a Vstore can supply.

Just in time for the Holidays, NetGrocer is repositioning itself as a "SuperCenter." In an email to customers on Nov. 5, the New York-based online food store (http://www.netgrocer.com) introduced a selection of special-purchase non-food merchandise and a new slogan: "SuperCenter Savings!"

Special purchase items offered included a \$50 instant rebate on the Palm Pilot III, a \$49 Image Reader scanner, a gift-pack of scented candles for \$5.99, and an "inventory blowout" of Millstone Coffee Pot Singles at \$9.90.

"NetGrocer's SuperCenter buyers are on the lookout for outstanding values and great one-shot deals," said the communiqué. It goes on to promise deals on fragrances, computers, and flower bouquets in time for the holidays.

Seasonal merchandising on line makes sense. So does ratcheting up the average price point. But all these in-and-out SKUs make NetGrocer resemble an Odd Lot Trading store more than a Kroger. Is there a master plan at work here? Or just survival?

Organic and natural food grocer Wild Oats Markets, Boulder, CO, launched a virtual presence in November, offering a selection of high-quality foods, vitamins and herbals, "cruelty-free" personal care products, and "Earth-friendly" household products. No perishables, as far as we can see, but a large selection of supplements.

The operator of 59 natural foods stores in 16 states and in British Columbia, Canada, Wild Oats (http://shop.wildoats.com) has built a good reputation among consumers in its markets and caused competing conventional supermarkets to adjust their assortments to compete. This is an under-served category online, and it bears watching.

Our old friends at CompuServe are getting into the Vstore act with the launch last month of its Shopping Channel. This mini-mall (http://www.compuserve.com/shopping/) boasts 100 merchants, including Eddie Bauer, Egghead Software, First Auction, Music Boulevard and the Gap. CompuServe members can reach the page using the command GO SHOPPING.

The page is notable for its shopping guarantee and a prominent statement of policy for what it calls CompuServe Certified Merchants:

"Our merchants have been carefully selected because they are able to provide you with the best shopping experience possible. CompuServe has set a standard for what online customer service should be, and we require that all of our Certified Merchants meet or exceed this high level of service. Here are the criteria that our merchants have to meet in order to become certified and to display the CompuServe Seal of Approval:

- "1. Post complete details of their customer Service policies, including: Contact Information, Shipping Information, Returns Policies, and Money-Back Satisfaction Guarantee Information.
- "2. Receive and respond to e-mails within one business day of receipt.
- "3. Monitor online store to minimize/eliminate out-of-stock merchandise available.
- "4. Receive orders electronically to process orders within one business day of receipt.
- "5. Provide the customer with an order confirmation within one business day of receipt.
- "6. Deliver all merchandise in professional packaging. All packages should arrive undamaged, well-packed, and neat, barring any shipping disasters.
- "7. Ship the displayed product at the price displayed without substituting.
- "8. Provide Stellar Customer Service in all situations.
- "We frequently test these Certified Merchants, and are confident that you will enjoy a secure, easy, and fast online shopping experience."

Kudos to CompuServe for putting the consumer first. Others would do well to emulate these standards.

Viewers of the Fox TV broadcast "The Lost World" Nov.1 were treated to a Virtual Store first: a VISA Card commercial, co-branded with a Vstore. "If you shop here, bring your VISA card … because they don't take (that other American one)." You know the tag line.

The lucky partner was eToys (http://etoys.com), the Santa Monica, CA-based virtual toy seller, which by this and some other indications would appear to be heading toward a very merry Christmas indeed. A quick peek at the eToys home page reveals the slogan "eToys prefers VISA"

The commercial will win no awards for originality — it was ~yawn~ a parody of the "Night Before Christmas" poem. But the placement was prime: eToys probably gained more parental ad impressions in those 30 seconds than it could in 30 weeks of lurking on the AOL Shopping page. Incidentally, the final frames of the commercial showed the VISA, eToys and Yahoo! logos.

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