

EXHIBIT

A

SYSTEM AND METHOD FOR SINGLE-SOURCE, LOWEST PRICE PRODUCT PROCUREMENT

BACKGROUND OF THE INVENTION

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Field of the Invention

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The present invention relates to systems and methods for integrated business to business, E-Commerce, single-source procurement of best-priced products; and, more particularly, to systems and methods for E-Commerce, single-source procurement using a common protocol and portal site that enables health and nutrition care products customer outlets to purchase products from a comprehensive, best-price nationwide online source.

Discussion of Related Art

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Typically, consumer outlets of retail goods order anywhere from a few to a comparatively large quantity of each of a plurality of items from one or more price break sources or suppliers such as wholesalers, manufacturers, jobbers and the like. Many of these sources have computerized ordering systems which may be linked to individual customer outlets by modem or which may receive orders from customer outlets via computerized files on disks or via a manual order sheet which is input into the wholesaler's computer at the wholesaler's warehouse.

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Although most customer outlets or retailers have access to trade information about various manufacturers and/or wholesalers of products in their industry and may also have information on the prices, many customer outlets cannot conveniently, efficiently, and economically obtain their products at the lowest available price from a

myriad of suppliers or sources. For example, use of large supplier catalogs, such as office supplies, makes comparison shopping between suppliers dated and cumbersome. Thus, locating a nationwide "best-price" for a product without means for an automated product search is a practical impossibility. Additionally, delayed knowledge of new product introductions, price changes, volume discounts, and new ordering procedures leads to reduced margins and lost sales. This is especially true in markets where product brands and types are very numerous, as in the nutrition and supplement business, and the customer outlets are independent retailers.

Even with the advent of product display and pricing on web pages, each retailer has to know the location or address, such as, for example, the Uniform Resource Locator ("URL"), for all sites and be able to "comparison shop" over literally hundreds of sites to obtain comparable products at the best price for the quantity ordered. For instance if a small, independent retailer wished to obtain a particular product at the lowest available price, it had to locate all manufacturers / wholesalers of the product, obtain product and pricing information from each source, determine which of the available products were truly comparable, and then manually equalize and compare the prices being offered by the different suppliers to select the lowest-priced source. Further, because of the size of the retailer it could not take advantage of volume discounts. Thus, customer outlets intent on acquiring the best-price for a particular product engage in a very time-consuming and inefficient procedure, and these inefficiencies are exacerbated by the number of different products available. Even after this exercise, these outlets may not qualify for quantity discounts. Further

compounding the problem is the requirement of repeating the process every time a new order is placed, because the previously identified best price and/or best-price source may not be so for the subsequent order. Most independent customer outlets do not have the luxury of conducting such intricate product-price comparisons and are too small for volume discounts. Therefore, they often suffer lost sales or lower profit margins. Thus, passing on the additional costs to market-savvy customers who are readily swayed by a low prices offered by large and/or institutional, national customer outlets is usually not an option

With the advent of the Internet, and particularly e-commerce, new opportunities for streamlining and optimizing business practices have developed. The Internet comprises interconnected computers that exchange information using various services, such as electronic mail, Gopher, and the World Wide Web ("Web"). This offers smaller retailers an opportunity to compete via online services.

The Web, for example, allows a server computer system (i.e., Web server or Web site) to send graphical Web pages of information to a remote client computer system. The remote client computer system can then display the Web pages. Each resource (e.g., computer or Web page) of the Web is uniquely identifiable by a Uniform Resource Locator ("URL"). That is a web address . To view a specific Web page, a client computer system specifies the URL for that Web page in a request (e.g., a HyperText Transfer Protocol ("HTTP") request). The request is forwarded to the Web server that supports that Web page. When that Web server receives the request, it sends that Web page to the client computer system. When the client computer system

receives that Web page, it typically displays the Web page using a browser. A browser is a special-purpose application engine that effects the requesting of Web pages and the displaying of Web pages.

Presently, Web pages are typically defined using HyperText Markup Language ("HTML"). HTML provides a standard set of tags that define how a Web page is to be displayed. When a user indicates to the browser to display a Web page, the browser sends a request to the server computer system to transfer to the client computer system an HTML document that defines the Web page. When the requested HTML document is received by the client computer system, the browser displays the Web page as defined by the HTML document. The HTML document contains various tags that control the displaying of text, graphics, controls, and other features. The HTML document may contain URLs of other Web pages available on that server computer system or other server computer systems.

The World Wide Web is particularly conducive to conducting electronic commerce, otherwise referred to as e-commerce. Many Web servers have been developed through which vendors can advertise and sell products.

A server computer system may provide an electronic version of a catalog that lists the items that are available. A user, who is a potential purchaser, may browse through the catalog using a browser and select various items for purchase. While this type of product procurement model has many advantages for consumers, it is problematic for retail sellers of goods for several reasons. First, most such systems in fact target consumers, not customer outlets. Second, a retailer who wishes to contact a

wholesaler's Web page must first know of the wholesaler and the URL of the Web page. Thus, if a retailer seeks to procure a particular wholesale product at the lowest available price, the retailer must know all the wholesalers that provide that product, must know the respective URLs of those wholesalers, assuming these wholesalers all have Web pages and that these Web pages have comprehensive information, and must then access the respective Web pages and compare the products and prices displayed on those Web pages.

Further, in the electronic business setting, at the present time, business information requesters and business information responders communicate electronically with one another by either direct, point to point links, or through public networks. At any given point in time, in a business transaction, at least one business entity is a requester/purchaser and one or more entities are responder/sellers. Business transactions thus may be a sale, or merely the exchange of business information. Thus, one purchaser would have to establish a myriad of interfaces to even ascertain availability, much less make the best price purchase. These transactions go on millions of times a minute, all around the world.

Thus, a series of transmissions and receipts of information comprise a set of business transactions. To make matters worse, almost all businesses operate using their own "business protocol", including unique communications/application protocol. Therefore, a purchaser must not only know all the URLs, but be able to interact with each system to ascertain a price and then buy the item. Existing internal systems are referred to as "legacy systems" and are very difficult to change because they are the

heart of the internal workings of a business. Each supplier has developed or purchased its own unique legacy system of automating inventory, sales records and other information and the like over the course of many years. Each of these systems may have its own protocol. For most prospective network subscribers, the cost of replacing a legacy system, both in terms of equipment costs and the disruptions in electronic communications, is more than they will accept just to have a uniform business protocol or uniform network system between network purchasers. Thus, when a contractor requests prices from five suppliers, all the recipients have different business protocols such as computer languages, data bases and the like. This complicates the transaction further.

Thus, for the average retailer, this entire process does not represent an improvement, either in time savings or efficiency, over paper catalogs. Finally, changes in the advertized products and/or their prices on the wholesalers' Web pages necessitate that the retailer repeat this painstaking process in a continual effort to receive best-price wholesale products.

Some currently available computerized systems, which include Client/Server systems as well as Internet-based systems, permit customer outlets to compare products and prices available from a variety of pre-selected suppliers. However, none of these systems can compare non-standard products and incompatible databases from wholesalers nationwide and arrive at a nationwide best-price for any desired product.

For instance, US Patent 5,742,931 issued to Spiegelhoff et al. for a "System and

Method for Allocating Resources of a Retailer Among Multiple Wholesalers" discloses a system and method for optimizing a retailer's resources among its specifically identified wholesalers. The invention operates as a point-to-point dial-up system and requires direct contact between the retailer and its preferred wholesalers; it offers no single, comprehensive product database; and it cannot process and execute purchase orders. The disclosed invention allows the retailer to compare the prices of select wholesalers and choose the wholesaler offering the lowest price for that product. However, the invention does not offer a single-source intermediary; the retailer still must identify the wholesalers among which the search is conducted; and the system does not offer any means for meaningfully comparing non-standardized products. Further, the invention does not comprise any payment processing component.

US Patent 5,960,411 issued to Hartman et al. for a "Method and System for Placing a Purchase Order Via a Communications Network" discloses a computerized, single-action ordering system for use in a Client/Server environment. The invention is World Wide Web based; it is not designed for or targeted to customer outlets; and it offers no means for product-price comparisons. The system of the disclosed invention reduces the number of purchaser interactions with a particular seller's server system and reduces the amount of sensitive information that is transmitted between a buyer's system and a seller's system. The invention essentially facilitates one-click ordering and purchasing of goods over the Internet via an online seller's Web page.

US Patent 5,909,492 issued to Payne et al. for a "Network Sales System" discloses a network-based sales system that requires at least three computers (buyer,

merchant, and payment) and further requires direct contact between a buyer and a merchant. The invention is primarily directed toward web-based advertising and selling and does not facilitate nationwide product or price comparison by a retailer of goods.

5 US Patent 5,694,551 issued to Doyle et al. for a "Computer Integration Network for Channeling Customer Orders Through a Centralized Computer to Various Suppliers" discloses a system that facilitates electronic internal requisitioning for a business enterprise. Specifically, the invention is directed to a data processing network for order handling, order tracking, and accounting of supplies used by a business organization. A central supplier is pre-selected, along with certain outside vendors, and a centralized
10 computer system manages order routing, product delivery, invoicing, payment, customer assistance, and report generation. The invention does not target customer outlets and does not provide any means for product-price comparison.

It therefore would be advantageous to have systems and methods for standardizing non-comparable wholesaler databases nationwide and for providing a
15 single, comprehensive searchable database specifically targeted to the independent retailer in, for example, the Health and Nutrition Supplement Industry. It would be further advantageous to have a consistent protocol across all brands and suppliers to facilitate transactions. It would be further advantageous to have an online routing engine capable of identifying the best-price source nationwide for each desired product.
20 It would be still further advantageous to have a nationwide wholesaler database that continuously updated product and price information and facilitated online ordering at any time of the day or night.

SUMMARY OF THE INVENTION

Systems and methods have now been discovered that can compare non-standard and incompatible databases of nationwide suppliers of goods and services in a particular industry, such as, for example, the Health and Nutrition Supplement Industry, to offer a comparative, best-price offer for any particular good or service within that industry, worldwide. The present invention provides a homogeneous system and method for conducting electronic business and/or transactions using a single communications link between a central data base and each of the subscribers.

The instant invention comprises, an electronic system or network for providing uniquely identified business type information to subscribers using a unique, uniform system protocol wherein at least one entity is requesting information and a uniform server has such requested information in a uniform updated form, the system having at least one transaction routing engine for facilitating the exchange over a communications link wherein the routing engine communicates with at least one requesting entity and the entity having access to the information requested by means of a continually updated database.

In accordance with the invention, a comprehensive electronic data base of products or services available to, for instance, health and nutrition supplement customer outlets is provided by a universal electronic system. A purchasing source that allows retail outlets to obtain best-price products from, for example, all health and nutrition supplement suppliers without the need for direct contact, electronic or otherwise, with those suppliers is provided. A method of buying goods or services for,

for example, the Health and Nutrition Supplement Industry by searching a database which generates the lowest prices for such goods or services and updates such prices instantaneously is provided. A method of distribution for, for example, the Health and Nutrition Supplement Industry, whereby in a preferred embodiment the identities of the supplier and retailer are not disclosed is provided.

Product procurement is accomplished by means of a specifically designed transaction routing engine that makes "smart" purchasing decisions possible for the small business segment of, for example, the Health and Nutrition Supplement Industry. The system of the instant invention comprises a database; a transaction routing engine; an intelligent ordering system; order processing and execution; and business tools and utilities. Said business tools and utilities comprise a portable bar code scanner whereby items to be ordered can be conveniently scanned while moving from shelf-to-shelf in a retail establishment and said bar code scanner can then be connected to a main computer for uploading the order to the procurement system; World Wide Web links to Industry specific sites; intelligent targeted advertising based on retailer buying patterns and specific search criteria; special Industry specific bargains; Industry specific classified ads; as well as prices predicated upon discounts achieved by negotiation, such as, for example, prices for discontinued, dated, or close-out items.

In accordance with the invention, the system software is designed to be installed "on site" at retail facilities. Communication between the retail stores and the system of the instant invention may be via the Internet or any variation of a computer network, including, but not limited to, telephone dial-up systems, Digital Subscriber Lines

("DSL"), Virtual Private Network ("VPN"), wireless technology, or any other high speed connection as made available by technological advances in communication systems and as practiced by those skilled in the relevant arts. Customer outlets are provided with password controlled access enabling them to pull up "search" facilities and product and pricing information by, for example, Manufacturer, Product Name, Uniform Product Code ("UPC"), or other relevant means. Software is provided to customer outlets along with an Internet connection and an electronic mail ("e-mail") account. A World Wide Web based version of the system has the same capabilities as the above described Client/Server system

In one embodiment, pricing information loaded on the retailer's client system is automatically updated by the system's remote server. Additionally, pricing information provided by the remote server is generated by the "Best-Price" routing engine results obtained after a search of all vendors, numbering, for example, in the hundreds, who have contracted with the system's operator to ship products to customer outlets on their behalf. In another embodiment, a discounted price based upon the volume sales of the system is provided as the best price.

In accordance with the invention, customer outlets purchase products through the system using a uniform protocol. In a preferred embodiment, payment is made through the system with several payment options. The system's operator maintains and increases the size of its database of available products on an ongoing basis, so as to serve not only as a convenient, efficient, and cost effective method of procurement, but also to serve as a directory of almost all of a particular group of products available in

the marketplace for, for example, the Health and Nutrition Supplement Industry.

Other objects, features, and advantages of the present invention will become apparent to those skilled in the art from the following detailed description. It should be understood, however, that the detailed description and specific examples, while
5 indicating preferred embodiments of the present invention, are given for purposes of illustration and not of limitation. Many changes and modifications within the scope of the present invention may be made without departing from the spirit thereof, and the invention includes all such modifications.

BRIEF DESCRIPTION OF THE DRAWINGS

10 The above and further objects of the invention will become more readily apparent as the invention is more fully understood from the detailed description to follow, with reference being made to the accompanying drawings in which like reference numerals represent like parts throughout and in which:

15 FIG. 1 illustrates a block diagram of a preferred embodiment of the system of the present invention.

FIG. 2 illustrates a block diagram of another preferred embodiment of the system of the present invention.

FIG. 3 schematically illustrates database development for the system of the instant invention.

20 FIG. 4 schematically illustrates the process flow of the product code translator.

FIG. 5 schematically illustrates the process flow of the best price search engine.

FIG. 6 schematically illustrates ordering/purchasing by retail stores participating in the system of the present invention.

FIG. 7 schematically illustrates the Fulfillment Program of the instant invention.

FIG. 8 schematically illustrates the transaction engine and order processing by the system of the instant invention.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENTS

PROTOCOLS? Turning to the drawings, FIG. 1 is a block diagram illustrating a computerized network which provides a single-source, wholesale product procurement system 10 in a Client/Server environment. The system 10 permits vendors 1 18, 2 20, and "n" 22 to link product and price information with the server system 12. The designation of "n" vendors illustrates that any number of vendors could be connected to the server system, 12 of the instant invention. The server system 12 is, for example, computer microprocessor-based equipment residing at one or at multiple locations and is set up to communicate with the retail client systems 1 30, 2 32, and "n" 34 for the required electronic communication. The server system 12 includes a server engine 13, a nationwide product database 14 for the industry, and a catalog 16 of best deals. Communications links 24, 26, and 28 functionally connect the vendors 18, 20, and 22, respectively, to the server system 12 by, for example, dial-up networking, Digital Subscriber Lines ("DSL"), Asymmetric Digital Subscriber Lines ("ADSL"), Virtual Private Network ("VPN"), wireless technology, or any other high speed connection as made available by technological advances in communication systems and as practiced by those skilled in the relevant arts. Using system software installed "on-site" at the retail

client system's facilities and configured as dial-up, Client/Server systems, retail client systems 1 30, 2 32, and "n" 34 automatically access the server system 12 periodically to update product-price information from catalog 16. The designation of "n" retail client systems illustrates that any number of retail clients could be connected to the server system 12 of the instant invention. The retail client systems 30, 32, and 34 are, for example, computer microprocessor-based equipment residing at a particular location or in portable form and is used by the retailer for electronic communication with the server 12. The server system 12 receives the orders from the retail clients 30, 32, and 34 via communications links 36, 38, and 40, respectively, using the same technology noted above regarding the links 24, 26, and 28 between vendors 18, 20, and 22. The retail client systems 30, 32, and 34 communicate with the server 12 and the server database 16 using a secure user identification and password validation system (not shown), which ensures that the system 10 is available only to authorized users and is not in the public domain. Upon receiving the orders, the server system 12 then informs 41 the shipping company 42 of the orders, and allocates the orders to the appropriate wholesale vendors 18, 20, and 22, which then execute the orders for shipment. The shipping company 42 then picks up the orders 44, 46, and 48 and delivers them 50, 52, and 54 to the retail client systems 30, 32, and 34 or to the end-customer in the case of fulfillment orders, as more fully described below with reference to FIG. 7. Since the retail client systems 30, 32, and 34 only know and deal with the system server 12, they remain unaware of the vendors' identities.

Referring now to FIG. 2, there is shown a block diagram of another preferred embodiment of the present invention. This embodiment supports single-source product procurement over the Internet using, for example, the World Wide Web ("Web"). A Web-based single-source, wholesale product procurement system 110 permits vendors one 118, two 120, and "n" 122 to link product and price information with the server system 112. The designation of "n" vendors illustrates that any number of vendors could be connected to the server system 112 of the instant invention. The server system 112 is, for example, computer microprocessor-based equipment residing at one or at multiple locations and is set up to communicate with the retail client systems 1 130, 2 132, and "n" 134 for the required electronic communication. The server system 112 includes a server engine 113, a nationwide product database 114 for the industry, a catalog 116 of best deals, and various Web pages 117. Communications links 124, 126, and 128 functionally connect the vendors 118, 120, and 122, respectively, to the server system 112 by, for example, the Internet, dial-up networking, Digital Subscriber Line ("DSL"), Asymmetric Digital Subscriber Line ("ADSL"), Virtual Private Network ("VPN"), wireless technology, Satellite links, cable, or any other high speed connection as made available by technological advances in communication systems and as practiced by those skilled in the relevant arts. The server engine 113 receives HTTP requests to access Web pages 117 identified by URLs and provides the Web pages 117 to the various retail client systems 1 130, 2 132, and "n" 134. The designation of "n" retail client systems illustrates that any number of retail clients could be connected to the server system 112 of the instant invention. The retail client systems 130, 132,

and 134 are, for example, computer microprocessor-based equipment residing at a particular location or in portable form and is used by the retailer for electronic communication with the server 112. The retail client systems 130, 132, and 134 each contain a browser 131, 133, and 135, respectively. The server system 112 and the retail client systems 130, 132, and 134 interact by exchanging information via communications links 136, 138, 140, and 143 which may include transmission over the Internet 139. The retail client systems 130, 132, and 134 communicate with the server 112 and the server database 116 using a secure user identification and password validation system (not shown), which ensures that the system 110 is available only to authorized users and is not in the public domain. This exchange allows the retail client systems 130, 132, and 134 to access the catalog 116 and place orders for products with significant cost savings. The server system 112 then communicates with the Web Pages 117, which communicate 143 with the Internet 139. The server system 112 thereby receives the orders from the retail clients 130, 132, and 134, informs 141 the shipping company 142 of the orders, and allocates the orders to the appropriate wholesale vendors 118, 120, and 122, which then execute the orders for shipment. The shipping company 142 picks up the orders 144, 146, and 148 and delivers them 150, 152, and 514 to the retail clients 130, 132, and 134 or to the end-customer in the case of fulfillment orders, as more fully described below with reference to FIG. 7. Since the retail clients 130, 132, and 134 only know and deal with the system server 112, they remain unaware of the vendors' identities.

One skilled in the art will appreciate that the above described Web-based single-source wholesale product procurement system 110 can be used in various environments other than the Internet. Such alternate communications channels include, but are not limited to, local area network, wide area network, or, as described above regarding FIG. 1, point-to-point dial up connections. Additionally, a server system may comprise any combination of hardware or software that can offer single-source, nationwide, wholesale product procurement in response to requests by retail client systems. Further, a retail client system may comprise any combination of hardware or software that can interact with the server system. These systems may include television-based systems or various other consumer products through which product orders may be placed.

Referring next to FIG. 3, there is shown a schematic which illustrates database development for the single-source wholesale product procurement process 210 of the instant invention. The system operator 218 directly contacts various industry vendors, which are either manufacturers 212 or distributors 216 for the products of manufacturers 214 who deal strictly through such intermediaries. The system then receives the entire product-price database from these various vendors in either electronic or printed form and cleans and standardizes the product data into product information which is easily compared 220. This standardization process is performed by the product code translator 230 and is detailed in FIG. 4 below. Each manufacturer's 212 or distributors 216 catalog is entered into a standard operating system environment. This import is necessary since the data from vendors is in

heterogeneous and incompatible platforms. The product code translator 230 periodically updates 222 new, discontinued, and special price offers as and when appropriate. The system then runs a best-price search 224 to identify vendor sources with the lowest prices nationwide for, for example, all health and nutrition supplement products. This search 224 also identifies alternate second and third best-price sources. The best-price search is performed by the best-price search engine 250. The identified prices then can be moderately marked up, marked down, or left unchanged to arrive at wholesale selling prices 226, which can be, on average, 20% to 25% lower than wholesale prices available elsewhere. This cost savings is realized due to several alternatives, two of which include: (1) the system operator 218 offers the best advertised price either nationwide or worldwide as the system searches for and displays any advertised special prices that may be available for items selected by the participating retail client 30, 32, 34; or (2) the system operator 218 offers a best negotiated price, as negotiated by the system operator and participating vendors, on prices for popular or fast-moving items, and this price savings can be offered in part or whole to the retail clients. The latest price list is uploaded to the server system 228 for direct access by retail client systems 30, 32, 34.

Referring next to FIG. 4, there is shown a schematic which illustrates the process flow for the product code translator 230 of the instant invention. The product code translator 230 receives price and product data in electronic or printed form 218 as detailed above in FIG. 3. The product code translator 230 begins by querying 232 whether the data is in electronic form. If the vendor data is not in electronic form, this

data is manually fed into the system, and the data structure is standardized according to the system's uniform database design 234. If the vendor data is in electronic form, it is formatted for the system's operating system environment 236, and then the data structure is standardized according to the system's uniform database design 238.

5 Once standardized, a string search program then picks up the UPC code and brand names to assign a manufacturer code to the file 240. These codes are assigned from a master table of all manufacturers 241. The duplicate UPC numbers are then manually cleaned or assigned a suffix code to distinguish them 242. This is required mainly in the case of displays and larger packages or promotional items. A final list is prepared
10 with each item in the vendor's catalog now having a manufacturer's code, the vendor's internal product code, and a comparable quantity base 244. The product code translator 230 is a consolidated file of all the standardized vendor files 246. The product code translator 230 is capable of using any vendor's internal code and returning a corresponding UPC code, or vice versa.

15 Referring next to FIG. 5, there is shown a schematic which illustrates the process flow for the best price search engine 250 of the instant invention. The best price search engine 250 searches all vendor tables using the product code translator 230 and compares prices across each item category to arrive at a best or lowest price available for a particular item. The product code translator 230 periodically updates prices and
20 products 222 and maintains separate files for vendor price updates 253, vendor specials updates 254, and system operator negotiated prices updates 255. The system also maintains an updated master file of all current products and UPC numbers 251.

This master file is continuously updated from the product code translator 230 with new prices and/or deleted items in each vendor's individual price file 253, special offers and/or discounts in each vendor's separate special offer file with validity dates 254, and any available system operator negotiated prices 255.

5 To conduct a best price search, the search engine program uses an outer loop of the product master file 251 for each UPC number selected by the retail client. Each UPC number selected and entered is read, and all vendor files are searched for it 252. The program queries each vendor file and asks whether the item has been found in that file 256. If the item is not found in a particular vendor file, the program loops back and
10 searches for the selected UPC number in the next vendor file 252. If an item corresponding to a UPC number entry is found in a vendor file, the program then checks if the item is a special offer 256. If the item is not on special, the best advertised wholesale price is read from the vendor's prices file 253 and is stored in the sorting table 258. If the item is on special, or if there is an available negotiated price
15 255, the program reads the special / negotiated price from the vendor's specials file 254 or negotiated price file 255, and this price is stored in a sorting table 259. The current price, whether best advertised wholesale price, special price, or negotiated price, for each matching UPC entry for all vendors is then place in another sorting file
20 260. When all UPC numbers have been searched in all vendor files, the sorting file 260 sorts in ascending order of price for all the vendor entries found for each UPC number selected. The system then adds any available discontinued or close-out prices 261. If no closeout or discontinued item prices are found, the system compiles the final

best price catalog 262. The system thereby arrives at the lowest or best price for each UPC number among all the participating vendors and displays it on the retail client system 30, 32, 34. If close-out or discontinued item prices are found, they are added to the final best price catalog 262 and are displayed along with the best price as
5 determined by the sorting file 260

Turning next to FIG. 6, there is shown a schematic which illustrates the retail client purchasing process. Member retail client systems 266 automatically access and download the latest price list on the server system 228 with the system software provided by the system operator 218. In an alternate, Web-based embodiment, retail
10 client systems 266 access and download the latest price list on the server system 228 with a free dial-up Internet account provided by the system's operator 218. New retail clients 264 are provided with the latest software and prices on CD ROM, which then can be periodically updated through dial-up access to the server system 12 and, more specifically, the catalog 16. The retail client systems then conduct a product search
15 268 of the downloaded product-price information by brand name, product description, UPC, or any combination of these search methods. A convenient bar code scanning gun (e.g., a "handy shopper") may also be used to conduct the search 268. The retail client system then builds an order list of products 270 and can save it as a temporary order cart on the PC desktop of the retail client system. The retail client system
20 prepares a final order 272 and then completes an electronic check-out 274 from the system software. The retail client systems upload their orders onto the server system 276 via the Internet, telephone dial-up, or any other appropriate means as described

above, online information on savings and previous purchases is displayed for convenience, and the server system receives these orders from the retail client systems 278 and sends a confirmation message to the retail client system. The confirmation messages may be sent via electronic mail, facsimile, or any other appropriate means known and practiced by those skilled in the art. The upload may be accomplished at any time of the day or night. The system's transaction engine 300 is the component that collects the order from the retail client and sends it to the best price vendor via the system server 13, as will be further described in FIG. 8 below.

FIG. 7 illustrates the Fulfillment Program of a preferred embodiment of the instant invention. In accordance with the invention, the Fulfillment Program is a separate component or section of the client system software that allows the retail client to search and order products for individual customers who are not easily served at the brick and mortar retail store. The retail client may not be able to serve the customer for any number of reasons, such as, depleted stock, the retailer has chosen not to carry the requested item, for whatever reason, or the requested item is a new product about which the retailer has little or no knowledge or sourcing information. Normally, such situations lead to a lost sale for the retailer. The Fulfillment program now offers an e-commerce solution that not only provides the retailer with an opportunity to service these customers but allows the retailer to make sales without taking title to the goods sold and without inventory management concerns.

When presented with a customer seeking a product that the retailer does not have on-hand, the retailer can access 280 and search 282 the server database for any

product requested by the customer using multiple criteria, such as, for example, brand name, product description, UPC, or any combination of these search methods. The selected items can be put into the customer's virtual order cart 284 by the retailer at the point of sale. The customer's shipping and payment details are entered into the system by the retailer 286, and the order is sent via the transaction engine 300, as more fully described below with reference to FIG. 8, to the system server 288. The system server processes fulfillment orders by directly shipping the goods to the customer at retail prices, which may be discounted 290. The retailer and the system operator share the profits from such sales on mutually agreed upon terms 292.

In an alternate embodiment of the instant invention, the system offers targeted and intelligent advertising for participating vendors. The system's advertising media is targeted to member retailers in a particular industry, such as, for example, the Health and Nutrition Supplement Industry. The system server can display product advertisements while retailers are searching the system and finalizing their brand and product mix, which is an inherently optimal time to influence potential purchases. Further, all advertisements displayed by the system are directly related to the type of product for which the retailer is searching the system. For example, if the retailer is searching for a particular product, such as, for instance, "Echinacea", the system displays advertisements for Echinacea products. If, for example, the retailer is searching specifically for new products, then "new products" advertisements are displayed. The advertisements may be in summary, detailed, or web-link form, which offers the manufacturer or wholesale advertiser and the retail buyer extreme flexibility

and convenience. Advertising opportunities on the system include, but are not limited to, the following categories: new products, new manufacturers, brand recognition, special offers, inventory overstock / close outs, special event calendars specific to the industry along with reservations for travel and accommodations, industry specific
5 classified sales, and employment.

Referring next to FIG. 8, the transaction engine 300, as stated above in reference to FIG. 6, collects an order from the retail client and sends it to the best price vendor via the system server 13. The transaction engine 300 takes the items selected by the retail client and places them into a consolidated order file 302. This order file,
10 which contains the UPC number, the quantity ordered, and other data, is created on the retail client system 30, 32, 34. The retail client may elect to keep this file saved and pending if it wishes to add more items at a later time, or the retail client may decide to send the order through "checkout" 274. The retail client system 30, 32, 34 communicates with the server system 13, and a primary validation is made to
15 authenticate the retail client's identity and password 304. The system next communicates with the system server 13 to authenticate and validate the retail client's payment information, such as, for example, credit limit, credit history, and/or other accounting data 306. An online credit card / transfer payment may be performed if elected by the retail client. The order, payment, and other collected information is then
20 transmitted from the retail client system 30, 32, 34 to the system server 308. The system server then splits the order and checks internally for the best price source, as determined by the best price search engine 250, for each UPC number, as identified,