



COMPANY:

Comet, the 2nd largest electrical retailer in the United Kingdom.

CHALLENGE:

Improve Asset Recovery, Reduce Warehouse Overhead and Support Retail Sales of New Product.

SOLUTIONS:

Truition's CMS Auction, a dynamic, scalable, online auction solution.

RESULTS:

Comet Clearance Auctions moves £3.2 million in clearance products per year, and 60% of all of Comet's clearance products are now moved through the Comet Auction site



A LEADER IN ELECTRONICS RETAILING

With more than 250 retail shops, 2,726,900 sq ft of selling space and 10,000 employees, Comet is the 2nd largest electrical retailer in the United Kingdom. From its humble beginnings in 1933 as "Comet Battery Stores Limited" Comet has become the electronics retailer of choice in the U.K. by providing its customers with the most up-to-date home electronics at "Every Day Low Prices".

After 72 years in business, Comet's commitment to low prices continues to this day, as the retailer keeps on top of the electronics retailing market by checking an average of 34,000 competitor prices each week to ensure that its low prices are maintained and passed on to the consumer.

THE MOVE ONLINE

Comet's determination to stay ahead of the competition and be on the cutting edge of U.K. retail was evident with the launch of comet.co.uk, a transactional website and extension of its brick and mortar enterprise. Comet quickly recognized the importance of the Internet as a means of effectively managing inventory and staying in touch with products and customers throughout the product life-cycle.

Comet.co.uk offers a range of over 3000 electrical products available for online purchase, as well as an additional 250 multi-media and 1000 white goods products not available in store. Since its launch, comet.co.uk has become the UK's leading electrical website and fourth largest online retailer (source: Neilson Net Ratings).



THE CHALLENGES OF A RETAIL GIANT

As with any retailer of its size, efficient management of inventory represents a significant and ongoing challenge for Comet. With a continual inflow of new products coming into Comet warehouses and retail outlets each day, rapid inventory turnover is critical to the success of the organization. Excess white goods and electronics demand considerable inventory space, both at high street and warehouse locations. Consequently, the ability to quickly and efficiently move this inventory into the hands of consumers is highly desirable.

VALUE OF ONLINE AUCTIONS

The success of comet.co.uk, combined with an ongoing need to develop new and more effective asset recovery and inventory management solutions, prompted Comet to create the first private online auction site from a major UK electrical retailer; clearance-comet.co.uk.

Developed and managed through Truition's industry leading CMS Auction product, Comet Clearance Auctions has been a resounding success for the retailer. As of 2005, Comet Clearance generated more than 20% of Comet's entire online revenues, while providing U.K. consumers with the best deals on the latest kitchen appliances, home entertainment and computing products in an exciting online auction environment.

"We average approximately 1500 new customers to the Comet Clearance Auction site each week," said Tony McAplene, Comet's Business Development Manager, Direct Channels. "It is an extremely popular and integral part of our online operations."

Comet Clearance offers more than 200 new products each week and gives customers the opportunity to bid on clearance stock such as ex-display, imperfect or discontinued products.





“Truition's location based shipping technology allows us to tell our auction customers exactly how long it will take for them to receive their product, and exactly how much it will cost them. This is an invaluable service for both Comet and its customers.”

“*At Comet, we like to provide all our customers with the best in product quality and customer service, whether they are purchasing a new item at one of our retail shops, or a clearance item through an asset recovery channel.*”

All products purchased from the auction site are covered with a one-year's manufacturer's guarantee.

In addition to being an important source of revenue and providing an exciting and engaging service for its online customers, Comet's Auction site has become an extremely effective means of managing excess inventory. On Comet Clearance, Comet has the ability to stay in touch with both its products and its customers at each stage of the product life-cycle, a feature that appeals to Mr. McAlpine:

"At Comet, we like to provide all of our customers with the best in product quality and customer service, whether they are purchasing a new item at one of our retail shops, or a clearance item through an asset recovery channel," says McAlpine. "Comet Clearance Auctions allows us to stay in touch with our customers during the asset recovery phase, and ensure that they are satisfied with the products and service they receive."

REDUCE COSTS, INCREASE SALES

Comet has come to realize significant cost benefits through its online auction channel. Through traditional channels, Comet can normally expect ongoing cost recovery rates of approximately 30-50%, while the average cost recovery for Comet Clearance Auctions can be up to and over 95%.

"Cash flow is extremely improved through Comet Clearance," says McAlpine. "We know that these products will sell within seven days, no question. The only unknown is the final price they will be sold for."

In addition, Comet's ability to distribute excess goods online provides considerable high street floor space for high margin and new products. Comet Clearance also automates the process of distributing these white goods individually, resulting in higher price points per unit sold.

POWERFUL FUNCTIONALITY

Comet Clearance Auctions features the latest and most advanced auction technology, including powerful search capabilities, auction watch features, cross-sell and up-sell capability, e-mail customer support and a dynamic category structure that mirrors Comet.co.uk.

An added piece of advanced functionality offered through CMS Auction is location based shipping. Location-based shipping allows each Comet Clearance customer to calculate their shipping rate prior to purchase. Shipping rates are based on the geographic location of the product and customer. This functionality ensures that the customer is presented with full cost visibility, which increases customer satisfaction and product cost recovery rates.

McAlpine agrees: "Truition's location based shipping technology allows us to tell our auction customers exactly how long it will take for them to receive their product, and exactly how much it will cost them. This is an invaluable service for both Comet and its customers"

Truition's CMS Auction also includes advanced inventory management capabilities. CMS Auction allows Comet to upload inventory from multiple locations through an XML-based automatic integration with its inventory management system, enabling Comet to effectively manage its endless flow of inventory.

MEASURING SUCCESS

Since its inception, Comet Clearance Auctions has been a tremendously successful asset recovery channel. Per year, Comet Clearance Auctions moves £3.2 million in clearance products, and 60% of all of Comet's clearance products are now moved through the Comet Auction site, with the goal to increase this average to 75% or above in the next year.

Comet Clearance Auction also enjoys an exceptional 99% sale conversion rate for all products listed. This translates into a reduction in turnover time and an increase in warehouse space available to promote new products which garner larger returns.

Through its partnership with Truition, Comet has realized its goals of improving asset recovery, increasing warehousing efficiency and improving retail sales of new product. Comet Clearance is thriving, and shows no signs of letting up.

"To put some perspective on the value of our auction platform, all you have to do is look at the headcount required to manage it," adds McAlpine. "Our total headcount requirement for Comet Clearance, including warehouse staff and operations, is six. That's six people to manage the entire operations for a £3.2 million business."

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