In the Lab| Go Outdoors

January 2012

Overview

The UK's fastest growing outdoor and leisure retailer Go Outdoors came to Alchemistic for help. They needed a channel to retrieve revenue on returned and faulty camping returns.

The Experiment

Their initial requirement was to help them clear vital storage space in their outlets and their central warehouse, plus gain some money back on their written off stock.

- Hassle Free
- Competitive Charges
- Totally Transparent
- Storage Covered
- Problem Solved

The Methodology & Apparatus

In order to quickly turn the old stock into new money, Alchemistic acted as the selling agent on eBay, listing their items and sending daily sales inventories to their distribution center to fulfill orders.

The original approach was to use a 'buy-it-now' pricing strategy; however the interest wasn't enough to facilitate attractive sales volumes. Alchemistic's recommendation was to change the pricing strategy to an 'auction' style with a starting price of £0.99, this affected buyer behavior and sales volumes increased threefold – which was extremely well received by Go Outdoors.

Initially Alchemistic were generating a substantial return, however there were a few issues with the retailer dispatching items to customers once they had been sold. Alchemistic consulted Go Outdoors and offered a different proposition - all stock to be stored and dispatched through Alchemistic.

This delivered huge benefits to both parties, outsourcing the entire process meant that it was more manageable for everyone as well as providing an opportunity to improve efficiency of delivery and generate further cost savings.

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Results

Since the initial agreement Go Outdoors continued to send on average 50 pallets a week until the end of October 2011, which smashes the initial contract of 120 pallets in a 6-week period.

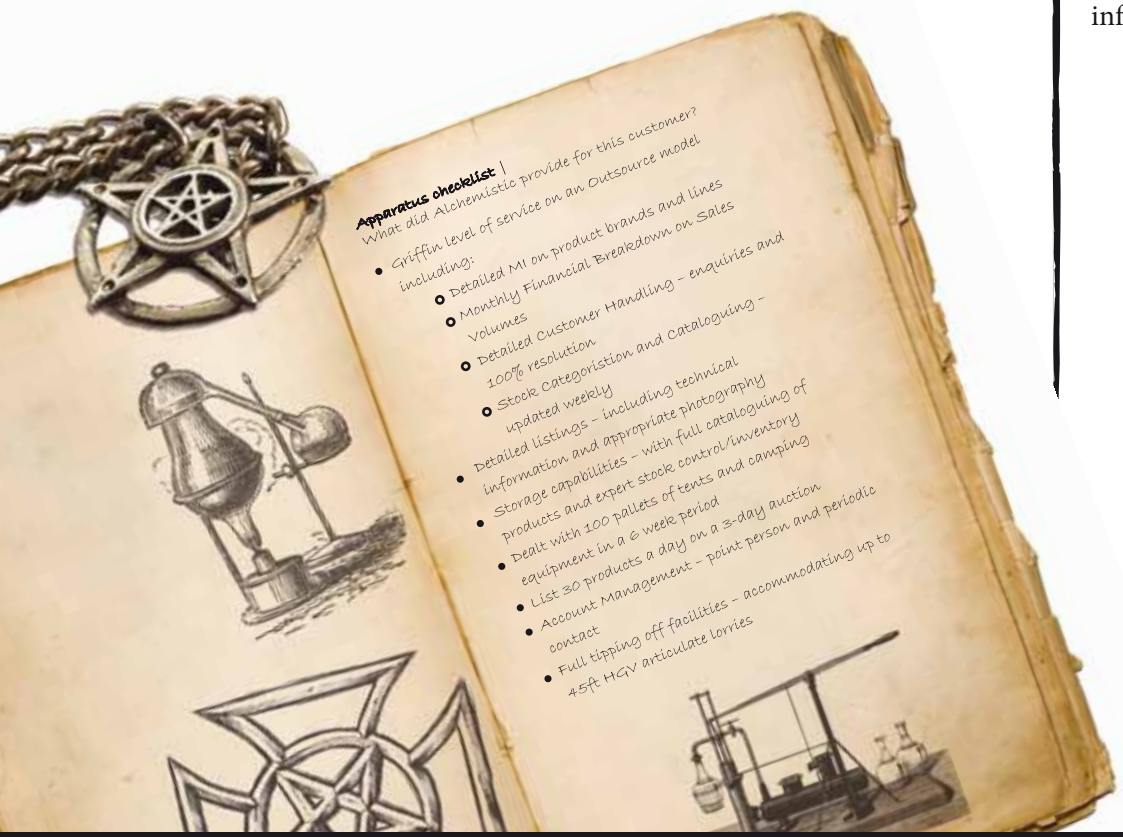
Alchemistic are continuing to sell items over the autumn and winter periods and into 2012, turnover levels have dropped due to the seasonal nature of the products, however Alchemistic are still achieving a reasonable price level even though there is decreased sales volumes. Alchemistic don't want to saturate the market within this period as the price per product would be affected.

Go Outdoors has now embarked on further discussions with Alchemistic to expand the product lines and support them in their long term e-commerce strategy.

The real USP of Alchemistic's offer is the anonymity angle, Alchemistic never promote or advertise the name of the businesses they work with, it is all done anonymously through their eBay shop. Therefore retailers and manufacturers can sell used or new goods without it fragmenting their brand equity as well as supplementing their established e-commerce channels.

Alchemistic also focuses on selling "returned or faulty" items as this adds value by freeing up space in client's warehouses and negating inefficient resource allocation. It is a great way of recovering loss revenue that would have normally been discarded stock.

Unlike many other eBay trading assistants Alchemistic has the premises, the people and the processes to implement a contract with the minimum of hassle but the maximum of flexibility.



Key Developments

Since the start of the relationship, Alchemistic have continually reviewed processes to make the service more seamless, some of the improvements include:

1 Improved fault recognition documentation between Go Outdoors and Alchemistic per product.

2 Created template listings based on fault identity, product brand and model, product components and consignment packages.

3 Liaising directly with Go Outdoors logistics provider to transport nationwide returns direct to Alchemistic.

4 Liaising with Go Outdoors on a notification system, by outlet, of returns to be sent to Alchemistic – helping manage storage space and stock control easier.

5. Encouraged Product Testing – allowing Alchemistic team to understand more about the construction of tents including product component awareness to aide more informed customer service responses.

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