

How the shopping Cart may become cheaper with an e Auction

One of the supplies the supply administrations have to do, is the supply of many small objects of the same material group.

A common example is the office consumables (stationery and computer consumables).

Moreover, the prices provided by the contract, is advisable to follow the market fluctuation during its term.

But how can such a supply be auctioned? The followed methodology is simple and very effective, as emerges from the current statistics!

Suppose we wish to conclude an annual contract for the purchase of computer consumables.

We form a cart with the main species of our purchase, which may represent the 70-80% of the total supply.

The cart has the species we wish to obtain and the corresponding quantities we budget for the contract term (not binding). We send to the candidate suppliers our commercial terms and the above mentioned shopping cart.

Subsequently, we collect the technical file and the price-lists. Companies not corresponding to the commercial terms, or not having available the most of the products we need to purchase, are excluded for the procedure.

We create a new shopping list, consisting of products mutual to all qualified suppliers. It is considered that the cart includes the majority of the products we wish to obtain and consequently it is representative of our purchase.

As this final cart is mutual for the participants, we estimate its value for each supplier depending on the prices he had already submitted.

Suppose that the cart's values are formed as follows:

Cart total of Supplier A: 2.300 euros

Cart total of Supplier B: 2.200 euros

Cart total of Supplier C: 2.150 euros

Cart total of Supplier D: 2.100 euros

Following, we conduct the online auction, where we have invited the four suppliers.

Auction starting price is the minimum of the above prices, i.e. 2100 euros.

Suppose, that at the end of the auction, the best submitted prices from each company are as follows:

Cart total of Supplier A: 1.950 euros

Cart total of Supplier B: 1.980 euros

Cart total of Supplier C: 1.900 euros

Cart total of Supplier D: 1.920 euros

Lowest bidder is declared the company C, as the price it submitted at the representative cart was the lowest. The company C discount regarding its initial quote is 11.6%.

The auctioneer concludes contract with company C by applying a discount of 11.6% on all species of the initial price-list.

The implementation of this methodology applies on retail price-list, so the discount is applied on the retail price-list, as in force, during the contract term.

The results of the above mentioned methodology are quite satisfactory, according to its application so far.