

The uk high street electronic market



The UK electronic goods market is dominated by three main players namely Kingfisher Comet and Dixons Group that had been using Dixons and Currys that had joined hand in the year 1984. The general trend in the UK is not different from anywhere else in the world in that it is retailers the final distributors of goods to the consumers. The consumer expect to get a good and reliable service from the retailers, including to make sure the latest products will be available in their various outlets.

Up to date information about the product they sell has also to be part of their service and they should be responsible if anything goes wrong with the products they are selling where the suppliers or manufacturers will be approached through the retailers. Virtually the UK retail scene has participants in various forms that include high streets, retail chains, big department stores, out of town retail parks, mail order and now the Internet. The growth and importance of large multiple retailers had always been on the rise and it was around 1987 that it surpassed the 60 per cent threshold.

It will be much simpler to categorise the kinds of goods involved as white and brown and the white goods are mostly appliances while the brown goods are electronic products, although there are other electrical products that fall outside of this group such as kettles, toaster, shavers, etc that are sold as consumer electrical goods. It is difficult to differentiate between products that are bought by businesses and households as both of them could be labelled as consumer products, except that when businesses want to buy in a large quantity they would approach wholesale suppliers instead of retailers.

In the year 1989 the consumer electrical goods in the UK was around ? 6 billion and it is possible to break down this figure to show which consumer electrical goods were selling at what level. Television sets were selling at ? 810 million, VCRs at ? 660 million, which includes rentals, washing machine at ? 580 million, hi-fi equipment at ? 510 million and freezers were selling at ? 450 million. Therefore it is possible to say the electrical and electronic goods market involved white, small household appliances, and brown goods.

With the same token it is possible to touch on the suppliers that could be both domestic and overseas manufacturers. Some of the companies that are supplying the UK market are Electrolux AB, a Swedish company which is the largest white goods supplier, not only in Britain but globally. And in the brown goods sector companies such Matsushita Electric Industrial company, which is the largest consumer electric manufacturer, Hitachi, Philips, Mitsubishi, Toshiba, Sony and general Electric all have hands in supplying the UK market.

At the she time there are also a good number of UK based companies that are manufacturing one or more products and when some of them could be UK based some could from overseas or could be owned by both a UK based and an overseas company. Most of the consumers in the UK tend to purchase their white and brown products from retail outlets. Such outlets could include big department store that could also sell other household products, or it could include general retailers such as Boots as well as catalogue retailers, mail order sales providers that have got a huge boost from the advent of the Internet.

In all this it is the specialist electrical retailers that account for more than 70 per cent of major household appliances and more than 72 per cent of the electronic goods. This special electrical outlets are not performing well when it comes to the smaller domestic appliances, which is only 29 per cent and had been declining. The major multiple retailer in this sector are DSO, Comet and Rumbelows that have a share of more than 31 per cent of the market. From this Dixons and Currys before they changed their name were garnering around 17 per cent and Comet including Laskys which is under its wing has 9 per cent of the market share.

(Channel Register) It suffices to say there are other smaller players just to mention a few, Benett & Fountain, Tandy, Clydesdale etc that had accounted for 2 per cent of sales and most of them were closing down or were being acquired by the bigger players as it had been customary. To mention a few examples Currys was acquired by Dixons Group in 1984, 2 and Comet itself was acquired by Woolworth now Kingfisher before it joined the KESA group and earlier it had acquired Laskys. The smaller ones such as Clydesdales has close to 90 stores where most of them have similar number of stores scattered around the country.

In addition to this it is possible that there could be close to 10, 500 small shops that could be family owned and the like and their share of the market could be more than 30 per cent. (Competition Commission) As far as world trend is concerned there is a world wide competition among the various manufacturers and the same applies as well the UK where such competition is prevalent among retailers. When this is complimented by innovation the

final beneficiaries are consumers that end up paying lower prices taking advantage of the price cut that sets in due to innovated products.

This translates into generating more demand, which would mean more production at a lower cost. Such demand would compel retailers to go after the latest innovations and introductions, where not doing so will mean to lose for competitors that will introduce the latest introductions. The other deciding factor is the change that occurs in prices that has various reasons. Among the reasons it is possible that there will be a change in the manufacturers' term, how much the competitors are charging, discounts that will be introduced in a form of sales promotion, clearance sale just to get rid of stock and the like.

When the price decrease originates from the manufacturers the complication will be less if the products involved are brand name products simply because they have an established sales record where it is possible to base the change on since it is easy to see how the new change will affect the sales volume. When the good is not a brand name product, factors such as the cost involved could bother the retailers and the manufacturers. The raise needs justifying somehow, because if it surpasses a given threshold other competing manufacturers and retailer are charging it would result in loss of sales.

Internal Audit on Comet Performing internal audit on Comet could be difficult since it is under the ownership of another company called KESA traded on the London Stock Exchange and has a global presence. Some of its interests are electronic goods outlets in France and Germany, and it has sourcing offices in France and Hong Kong. (KESA) Because of that, it is only possible

to know the books of Comet through the parent company that is not displaying them anywhere even if it is a publicly traded company. However, the parent company gives a glimpse of what Comet is doing.

According to group at a glance page Comet has 248 stores with 258, 900 square meters and a revenue of ? 1676. 5 million-pound and ? 46. 1 million retail profit for the year 2006/07 and it has 8, 544 employees. On its own website under facts and figures Comet has a more or less similar figure where it claims it is number two behind Dixon. (Comet) It is possible to look at its website and tell the areas that it is involved in since it is selling white as well as brown goods in a big way. It has four categories, a kitchen and home section, home and entertainment, computing and portable technology.

Each section has a variety of goods and the kitchen and home section sells washing machines, fridge freezers, dishwashers, electric cookers and vacuum cleaners. The home and entertainment section carries LCD & plasma TVs, DVD/hard drive recorders, game consoles, micro hi-fi and home cinema. The computing section has laptops, PC packages, PDAs, hand held computers, printers, and what it calls all in ones. The portable technology section has iPods & MP3 players, camcorders, digital cameras, GPS Navigation, phones and mobile phones.

As far as brands are concerned it carries all brand names, which is customary to its stature and if it were not for that it might find it difficult to do the kind of business it is doing. To cover some of the brand names it carries, those labelled as top brands include Sony, Hot Point, Apple and Bosch. The portable Technology includes Sony, Tom Tom, Panasonic, Cannon, Apple and Philips. In the computing section Sony, Hewlett Packard,

Toshiba, Epson, Acer and Microsoft are included. The home entertainment section brand names include Sony, Panasonic, Toshiba, Phillips, LG and Samsung.

The kitchen and home section has Hotpoint, Bosch, LG, Miele, Siemens, and Rangemaster. The other services it offers other than retail are it has what it calls pay monthly mobiles, it rents out DVD free, it hold clearance auctions often, it offers accessories and spares, it signs customers for BT total broadband service, and it promises to help anyone who has computing problem. The other interesting offer it has is it has a section it calls Comet guide where it educates its customers about its products where it avails important information at its knowledge centre.

In addition to the knowledge centre that promises to explain all the latest technologies, customers can buy over the phone, as well as there is a store locator. Overall, for a state-of-the-art retailer such as Comet, it is possible to say it is doing a good job in a market it has only two tough competitors, Kingfisher that had acquired it earlier before it decided to regroup and Dixon that seems to be very agile from what it had done recently and from what it is doing.

Hence, the company has the potential to grow since it has the experience, the know-how, and the experienced personnel and most of all the capital to open more stores in the U. K. , especially in the out of towns area where the entry rate is low because of the cost involved to open outlets there. Its price is very competitive and it introduces discount as much as \$100 for those who are buying from the website.

Overall, since it has myriad of competitors other than the major ones, it does not only have to keep its price low, but it had to introduce incentives in a form of discounts or services such as home delivery, as well as a service where it refunds customers if they come back with a proof that they had paid more than the going price with the 10 per cent of the difference added to it. What this shows is almost all retailers keep a tab on what the other competitors are doing and since consumers compare prices before buying big ticket items, anyone of the retailer including Comet could lose to those that bring their prices down.