

## WATFORD ELECTRONICS

Watford Electronics sells a wide range of IT products, including its own range of computers, and has grown its business dramatically by creating a separately branded website that integrates their supply chain. Watford Electronics is a regional winner of the supply chain category in the DTI and Interforum E-commerce Awards 2004.

### OBJECTIVES

Established in 1972 as an electronics component supplier to home hobbyists, Watford Electronics had grown into a provider of its own-brand Aries range of desktop and notebook computers, monitors, scanners and fax modems, and as a supplier of the latest IT products.

In the mid-1990s the board identified the web as the perfect means to move the business forward. The alternative was to remain just a physical shop, which would mean smaller sales and higher overheads.

The company launched its first website in 1997, at [www.watford.co.uk](http://www.watford.co.uk). At that time it was primarily a telesales business using an Enterprise Resource Planning (ERP) system to process orders. The website however was not linked in, which meant online orders had to be re-keyed into the ERP system. This was time-consuming and prone to errors. Furthermore, running dual systems meant duplication of effort.

It became clear that a completely new website was needed, tied into the central ERP system. Customers would then be able to find, buy or just compare any of the available products – numbering about 30,000 – at any time.

### SOLUTION

The solution was to set up a website with a new brand name, [www.savastore.com](http://www.savastore.com).

The company's existing ERP system and the new [savastore.com](http://www.savastore.com) website communicate with each other using Electronic Data Interchange (EDI) and XML (Extensible Markup Language) to stay synchronised when product or order details change. The new system also communicates with the various outside suppliers' systems.

Introducing the new system required the creation of a new web/ERP team to handle the integration project. Once this was done, the new website was brought into use through a phased introduction. This began with the front end sales and product information, followed by automated links into the older ERP

**Best practice in:**  
Supply chain

**Sector:**  
Computing activities

**Size of firm:**  
115+ employees

**Location:**  
Luton

**Website:**  
[www.savastore.com](http://www.savastore.com)



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JOE BIRKEDALE – MARKETING EXECUTIVE

system, and then order tracking and online returns. Before each phase was launched, the relevant staff were trained on the new system.

The supply chain setup enables [www.savastore.com](http://www.savastore.com) to display over £100m worth of stock for sale, although only a fraction is held in the warehouse.

Marketing Executive, Joe Birkedale explains: “When a customer visiting [savastore.com](http://savastore.com) places an order, our supply chain setup acknowledges the customer, seeks the cheapest supplier that has stock, orders the product from that supplier, notifies the customer of the estimated time of arrival and maximises our profitability. This frees up purchasers’ time to ensure we negotiate the best prices to offer our customers more.”

## RESULTS

Watford Electronics has seen benefits both for itself and customers. “In the last 12 months our site has allowed us to reduce stocks by over 50% and improved fulfilment and service by 89.3%,” says Joe. Internet sales have grown by more than 70% in the past 12 months, processing costs have fallen and the demand on sales and support personnel has not grown as fast as the business. Margins have improved and overheads such as lighting, heating, staffing and stationery have similarly not grown as fast as sales.

Customers benefited too, as delivery times have fallen from an average of five to two days.


Watford Electronics is continually evaluating the results. “By analysing customer feedback and making changes in line with the market, the site went through four updates,” says Joe. Strong marketing saw the site record more than six million hits per month, and generated more than 1,000 orders per day.

At the same time the portfolio of products on offer has grown from 6,000 lines to roughly 30,000 without increasing the amount of stock held, which remains at the suppliers until it is ordered.

## CHALLENGES

Security of users’ data remains an important facet of the website, this can mean that logging on to it for the first time can be slow as security elements load. “However we feel this is a penalty that many customers are happy to accept, safe in the knowledge that their payment details and orders are secure,” says Joe.





One unforeseen result of the website's effectiveness was the number of orders from businesses, when the company had expected buyers to be predominantly consumers. A new corporate buyers' website is now being planned to deal with this.

**Top tips:**

- Getting customer feedback can create new commercial opportunities.
- Staff communication and training, and establishing a team with clear accountabilities, are critical to a successful implementation.
- Planning ahead will ensure that your solution is scalable for future growth.

**THE LAST WORD**

The introduction of the separate website has brought both immediate benefits and made longer-term ones possible. "The investments made in the web and connections with the internal systems mean that if Watford Electronics doubles its turnover, our actual overheads will only increase by some 16%; thereby increasing profitability," says Joe.

For the future Watford Electronics is examining the addition of domestic electronics, home appliances and stationery to the range of stock offered. "The site provides users with a powerful interface to find, compare, review, see the technical detail and buy any product 24 hours a day 365 days a year," says Joe. "Without the website Watford Electronics would still be a shop-only outfit. Furthermore, savastore.com would not exist. This would mean sales would be reduced by over 70% and overheads would increase dramatically."

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