

1st of a Series

Best Purchasing Practices

Brought to you by
EdBuy
the purchasing
cooperative
distinguished by
Best Practices,
Cooperation, and
Training

A service of the
California
County
Superintendents
Educational
Services
Association
and your local
County Office of Education

June 2005

EdBuy

www.EdBuy.Org



Burned by the gray market? Gotta love contracts

It could be called "The Case of the Buyer Who Tried Too Hard." He got a great Internet price on a digital camera. It was advertised as just the right model and the just the right SKU number. But when the camera arrived and came out of its box, all the on-screen prompts were in Japanese. Here's how the scam works: tourists bring the cameras into the U.S. as personal items, escaping duties and taxes. They deliver the cameras to unscrupulous dealers in larger cities for a fee. Dealers sell the cameras at discounted prices on the gray market, through the Internet or in small storefronts.

The lesson is that schools should use established purchasing contracts, which offer best-value prices with the protection of legally bid terms and conditions and reputable vendors.

It's not only electronic gadgets that attract the attention of unwary buyers. There are gray markets for tires, software, videos, networking equipment, the internal components of computers -- even produce.

If anything goes wrong though the gray market channel, there is no warranty service. Sorry, no returns either. That's why smart buyers use publicly bid purchasing contracts. There is built-in protection resting in the fine print of those terms and conditions.



EdBuy: Powered by Technology from Epylon