



Recourse

This note looks at the concept of recourse, that is, what happens when the customer has to revert back to the supplier after having or having not received delivery of their ordered merchandise.

This is a relevant topic which is not always fully understood. It is an important consideration when goods are purchased, for the buyer to have a high degree of assurance that his supplier is credible so that there is a serious probability that merchandise will be delivered on time and per specification and that the supplier has the financial and structural means to make good to the customer in the event that things go wrong with the order.

In industries such as promotional gifts where barriers to entry are low, the question of recourse becomes more significant, in fact very relevant. An example might be like purchasing a vehicle from an official Mercedes dealership or from Joe's Second Hand Cars!

Solid recourse would be required in the following circumstances:

1. Non delivery
2. Late delivery
3. Delivery of incorrect goods
4. Merchandise carrying incorrect branding
5. Goods of inferior quality
6. Damaged goods

Whereas item 1 above would require explanation or information, item 2 to 6 have serious financial implications both for the supplier and the purchaser.

Short story is make sure that your supplier has sufficiently strong business credentials to be able to provide you with solid recourse. Lowest price alone does not guarantee recourse rather sub economic pricing highlights recourse risk.

In this context the buyers is particularly vulnerable where the vendor requires upfront payment. This form of payment is a signal to the buyer that they will not have recourse if things go wrong.

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