

Garment suppliers experience financial pressure by buyers

More than 50% of suppliers have been affected by high-pressure cost negotiation strategies, impacting their social, environmental, quality, and other compliance performance.



October 31, 2018 – Following the spring launch of the Better Buying™ Purchasing Practices Index (BBPPI), Better Buying™ now released its second report designed to support industry efforts to improve purchasing practices in supply chains globally. The report reveals that suppliers experience increasingly more financial pressure from their customers, and shows significant regional differences in purchasing practices.

Better Buying™, supported by C&A Foundation and Humanity United, is the first initiative to focus on empowering suppliers and amplifying their voices. The platform tracks and releases performance scores and analysis about purchasing practices, allowing trends to be uncovered. The index uses data submitted anonymously by suppliers through its online platform to rate the purchasing practices of buyers within the apparel, footwear, and household textiles industries globally. The findings highlight an urgent need for retailers and brands to ensure their negotiation processes promote fair and sustainable partnerships. The report reveals that suppliers experience increasingly more financial pressure from their customers. Moreover, results show that there are significant regional differences in purchasing practices, with North American retailers forecasting the way orders are spread more consistently than European.

Suppliers experience more financial pressures



The data shows that 55.4% of suppliers had been affected by high-pressure cost negotiation strategies. The use of negotiation strategies is increased since the last report. Some of the negotiation strategies include not paying for samples (61.4%), not paying in time (only 64.5% of retailers and brands paid bulk order invoices on time) or not paying the full price as indicated in a purchase order (27.3%). Over 20% of suppliers indicated that fewer than 80% of the orders received from retailers or brands were priced to cover the cost of social, environmental, quality, and other compliance requirements.

All in all, the report concludes that the more pressure brands or retailers place on cost negotiations, the more likely the price does not cover all the cost. This shows the need for retailers and brands to ensure their negotiation processes promote fair and sustainable partnerships.

Regional differences in purchasing practices: Forecasting

Two of the categories measured by the index are Planning and Forecasting, and Sourcing and Order Placement, which captures data related to the supplier's ability to properly allocate human resources, develop accurate costs, and deliver goods on time. These tasks depend heavily on the accuracy of retailers and brands to forecast the way orders are spread throughout the year.

Interestingly, the index shows a significant difference between European and North American practices. The report states that North American retailers forecast more consistently and accurately than European retailers, which enhances the ability of suppliers to plan its productions.

Industry-wide transformation of purchasing practices demands action

Considering these discrepancies, the report shows that industry-wide transformation of purchasing practices demands action. Marsha Dickson, Ph.D., Better Buying™ co-founder: "From these actionable insights, retailers and brands can work to streamline their operations, create stronger partnerships with suppliers and monitor their efforts over time. In fact, a few brands have informed us that they have set up internal improvement projects based on the BBPPI results. Similarly, suppliers can better evaluate current and potential customers and business partners and understand how to allocate resources more efficiently. Suppliers that rate their customers help provide retailers and brands with critical information needed to drive purchasing practices improvements over time."

The Better Buying™ Purchasing Practices Index

The index includes ratings from 319 suppliers across 38 countries and measures the performance of 67 retailers and brands. This is up sharply from the last index, which saw participation from 156 suppliers across 24 countries and included 65 retailers and brands. Buyer performance is measured against seven key categories of purchasing practices: Planning and Forecasting, Design and Development, Cost and Cost Negotiation, Sourcing and Order Placement, Payment and Terms, Management of the Purchasing Process, and Win-Win Sustainable Partnership (formerly CSR Harmonization).

The BBPPI's next ratings cycle begins in November 2018. New brands and retailers are invited to participate.

The index report can be read here: [Better Buying Benchmark Report-fall 2018](#)

END OF PRESS RELEASE - NOTES TO EDITORS

About Better Buying™

Better Buying™ is a global initiative that provides retailers, brands, and suppliers a cloud-based platform to obtain data-driven insights into purchasing activities. Better Buying's transparency



fosters sustainable partnerships and mutually beneficial financial results and other outcomes. Anonymous supplier ratings of buyer purchasing practices obtained by the independent third-party initiative are aggregated, scored, and made available to the participating retailers, brands, and suppliers with the goal of accelerating change and industry-wide improvements across supply chains. Co-founded by Marsha Dickson, Ph.D. and Doug Cahn, Better Buying™ was launched during an 18-month feasibility study funded by C&A Foundation in 2015 and is currently a project of the University of Delaware.

www.betterbuying.org Twitter: @betterbuying

About Humanity United

Humanity United is a foundation dedicated to bringing new approaches to global problems that have long been considered intractable. We build, lead, and support efforts to change the systems that contribute to problems like human trafficking, mass atrocities, and violent conflict. HU is part of The Omidyar Group, a diverse collection of organizations, each guided by its own approach, but united by a common desire to catalyze social impact.

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C&A Foundation is here to transform the fashion industry. We give our partners the financial support, expertise and networks so they can make the fashion industry work better for every person it touches. We do this because we believe that despite the vast and complex challenges we face, we can work together to make fashion a force for good.

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