



Better Buying Index Report 2019 reveals suppliers in the lowest cost locations are being pressured for even lower prices

Better Buying's first ever geographic analysis reveals different struggles faced by suppliers around the world, with 38% of Bangladesh suppliers reporting their buyers hold them to last year's prices, despite inflation and rising wages



September 3, 2019 – Better Buying™ has released its third report, designed to empower sustainable business between buyers and suppliers within the apparel, footwear and household textile industries and to improve purchasing practices in supply chains globally. The most recent findings highlight the longstanding sourcing strategies used across geographical locations and the varied ways that suppliers are pressured. The report shows that locations with the lowest production costs, such as South-East Asia and Bangladesh, experience the highest pressure from their customers to lower prices. Moreover, results demonstrate that the longer retailers/brands and suppliers are in a business relationship together, the more suppliers experience pressure on cost negotiations.

Better Buying™, supported by C&A Foundation and Humanity United, remains the first and only initiative that focuses on bringing suppliers' needs and perspectives to the table, to construct with their buyers the practices needed to sustain industry, the environment, and people making our products. The organization tracks and releases performance scores and analyses about purchasing practices, using data submitted anonymously by suppliers on its online platform. The findings of this year's report explore significant geographical differences on a global level.



Locations with the lowest production costs are most pressurized to further reduce costs

The findings show that challenging purchasing practices are the product of decades of cooperative business relationships between buyers and their suppliers, which simultaneously seemed to be ingrained in each region's specific business culture and known specialties. These strategies have been supported by suppliers themselves and the market positions they and their industry associations have pursued. Bangladesh, for example, is in better shape than many other locations when looking holistically at the findings. This is because the industry there has developed the capacity to satisfy the need for low-cost, high-volume production of core products. They receive better practices related to monthly order stability yet face challenges when it comes to pricing. Hong Kong suppliers, on the other hand, face late forecasts, volatile monthly volumes, and pricing and calendar pressures, because for decades they have demonstrated the ability to provide any product for any customer at any time.

Furthermore, the findings show that countries with the lowest production costs, such as Bangladesh and South-East Asia (Cambodia, Malaysia, Philippines, Singapore, Thailand, Vietnam), experience maximum pressure on pricing and cost negotiation: they are challenged the most to further lower their cost of production. In Bangladesh for instance, 38% of the suppliers reported that their buyers hold them to last year's prices, despite inflation and rising wages.

On the other hand, geographical locations with reputations for concerning workplace conditions are incentivized for compliant production (63% in Bangladesh), while locations such as the United States are hardly given any incentives for being compliant with buyer codes of conduct (19%).

Longer business relationships result in worse Cost and Cost Negotiation practices

Looking more specifically into the dynamics of business practices, the report found that the number of years retailers/brands and their suppliers have been in a business relationship is positively related to Better Buying™ scores in Design and Development but negatively related to scores in Cost and Cost Negotiation. It shows that, over time, the supplier would come to better understand what their customer is looking for, yet experience more pressure on cost negotiations.

Better Buying™ believes that retailers/brands and their suppliers need to come together in new, truly strategic partnerships that draw on each partner's core competencies and strengths to create supply chains designed to meet volatile market demands. These supply chains will also need to contribute positively to the environment and people making our products.

Marsha Dickson, Ph.D., Better Buying™ president and co-founder: "These practices and their associated challenges are the result of decades of cooperative business relationships between buyers and their suppliers. Nevertheless, it needs to change toward more balanced relationships with all suppliers. Better Buying™ supports retailers/brands and their suppliers in making this transition, bringing insights from both parties into strategizing for improvements. By providing expanded transparency between supply chain partners and facilitating dynamic, solutions-oriented feedback, we change processes that deliver meaningful social, environmental, and business impacts."

The Better Buying™ Purchasing Practices Index

The index includes 802 verified ratings from 715 suppliers across 52 countries, and measures the performance of 71 retailers and brands. This is a sharp increase from the last index in 2018, which saw



participation from 319 suppliers across 38 countries and included 67 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. While the Better Buying™ Index Report showcases industry-level findings, individual company reports provided to the participating retailers and brands explore findings customized to each company's unique business situation and advice on what practices they could change to achieve their economic, social and environmental goals.

Better Buying's next ratings cycle begins in October 2019. All brands, retailers, and suppliers are invited to participate.

The index report can be read here: [Purchasing Practices Index Report, Fall 2019](#)

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 as a project of the University of Delaware. Better Buying™ is part of Better Buying Institute, now incorporated as a non-stock corporation in Delaware, USA, pursuing 501(c)(3) status. 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 catalyse social impact.

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About C&A Foundation

C&A Foundation is here to transform the fashion industry. We give our partners 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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