

Better Buying™ Index Report 2021



EXECUTIVE SUMMARY | NOVEMBER 2021

Despite COVID-19, Better Buying™ Subscribers Improved in Some Aspects of 6 out of 7 Purchasing Practices Categories

Responsible purchasing practices a priority, not a “nice to have” when times are good

Findings from the 2021 Better Buying™ Purchasing Practices Index reveal that, despite the huge challenges of COVID-19 for the garment industry, Better Buying™ subscribers have continued to build on improvements from previous years in several areas, building the resilient supply chains and win-win supplier partnerships that will help them bounce back quickly from future disruption and shocks.

KEY TAKEAWAYS

1. New questions in the Better Buying™ Purchasing Practices Index reveal the extent to which buyers placed additional pressure on their suppliers during the pandemic in order to protect their own financial interests.
2. Despite the challenges of the past year, Better Buying's data reveal surprising improvements that demonstrate how responsible purchasing practices are becoming a top priority for Better Buying™ subscribers, rather than a “nice to have” when times are good.
3. The improvements in purchasing practices made by Better Buying™ subscribers in the midst of the uncertainty caused by the pandemic support resilient supply chains that should be able to quickly bounce back from disruption and shocks

DISCUSSION

Twenty one buyer companies engaged in Better Buying's 2021 ratings cycle. Twelve of these had engaged during previous ratings cycles and thus could track their improvements over time. 1,245 ratings were submitted for 42 buyer companies, including 21 Better Buying™ subscribers, the highest number to date. For the first time, Better Buying™ also offered a Sporting Goods Scorecard for companies in that segment of the industry

Given the ongoing challenges of the pandemic globally, we were expecting some bad news from the 2021 data, and were concerned that the progress made by our subscribers might have been erased. But the findings revealed that Better Buying™ subscribers that had already engaged in at least one ratings cycle and had been working toward improving their practices continued to improve in some aspects of every purchasing practice during the pandemic except Sourcing and Order Placement.

The largest average improvement was in the Planning and Forecasting category, where one subscriber improved its score by an impressive 27 points.

Unsurprisingly, given the pandemic, suppliers reported some negative impacts. Nearly two thirds reported orders being cancelled after a PO had been issued, and while improvements were seen in pricing for compliant production, over half of suppliers were still not receiving adequate prices to meet buyers' expectations.

Average monthly order variability increased by 20 percentage points compared to last year, and the number of suppliers reporting sustainability impacts increased as a result. Even with the improvements over the last year, Planning and Forecasting was still the category cited most frequently as the one buyers needed to focus on improving first.



SUBSCRIBER PRACTICES: AVERAGE YEAR-OVER-YEAR IMPROVEMENTS:

	2020 (PRE-COVID) SCORES	2021 (COVID) SCORES
FORECASTS ISSUED IN ADVANCE OF ORDER PLACEMENT	83%	87%
ALL ORDERS PRICED TO COVER COSTS OF COMPLIANT PRODUCTION	36.2%	44.3%
TIMELY PAYMENT OF 90% OR MORE BULK PRODUCTION INVOICES	88.9%	89.3%
FORECASTS ACCURATE WITHIN +/-20%	59.9%	62.4%
NO DEADLINES OF CRITICAL MILESTONES MISSED	53%	58.7%
FULL PAYMENT FOR 90% OR MORE ORDERS	93.9%	96.2%

CONCLUSION AND RECOMMENDATIONS

COVID-19 has left an indelible mark on the global apparel industry and the relationship between buyers and suppliers. While a lot of poor practices surfaced, most were not new. COVID-19 created space for long overdue conversations about how the industry's concept of "business as usual" is deeply flawed. Without acknowledging these flaws and taking a critical look at the poor purchasing practices that have been normalized, it will be impossible to make substantial progress on collective social, environmental, and financial sustainability goals.

Alongside the panic that led many companies to protect their own interests at the expense of their suppliers, there has also been a recognition that future business survival depends heavily on the resilience of the entire supply chain. Better Buying™ subscribers are effectively using supplier data and insights to understand current practices and identify areas for improvement, with many already resubscribing for 2022. Better Buying™ encourages other buyers interested in starting this process to engage with us and participate in one of our upcoming ratings cycles.

About Better Buying™

Better Buying Institute reimagines supply chain sustainability, leveraging data to strengthen supplier-buyer relationships and improve purchasing practices that drive profitability while protecting workers and the environment. Our goal is to accelerate industry-wide transformation of buyer purchasing practices so that buyers and suppliers create mutually beneficial business relationships that achieve shared goals of profitability and social and environmental sustainability. Better Buying's programs provide retailers, brands, suppliers, and industry with data-driven insights into purchasing-related activities. The transparency we deliver to supply chain relationships promotes sustainable partnerships and mutually beneficial financial and other outcomes.



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