

5 Purchasing Trends to Watch for in 2020

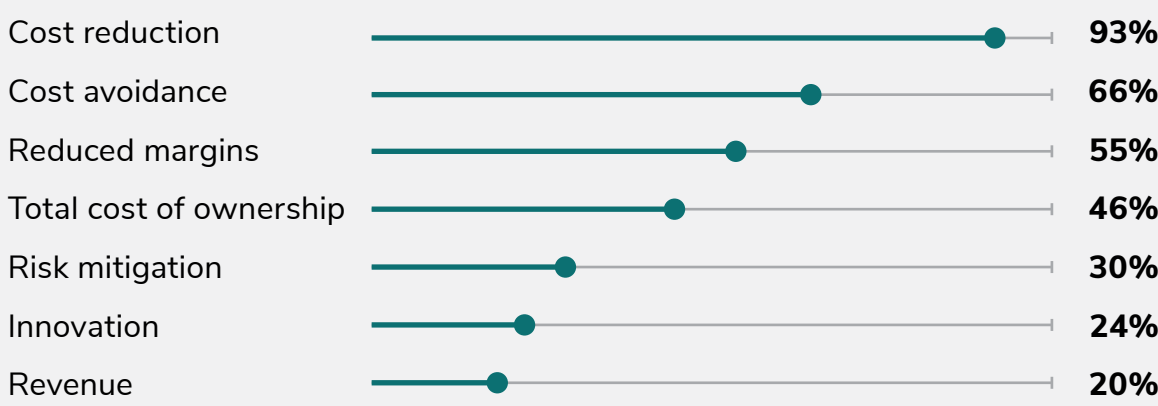


1 Less focus on price



Buyers look to drive value beyond cost savings.

Cost is still important, but it's not the only success metric tracked:²



BUYER TIP

Look beyond price tag and factor in:



Return on investment

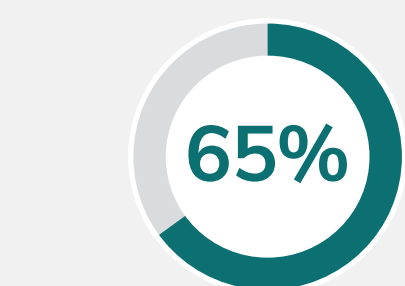


Total cost of ownership



Efficiencies gained

2 Elevation of tier-1 partners



Value of a company's products or services that's derived from suppliers.³

The natural evolution

Suppliers impact success

Buyers prioritize quality suppliers

Suppliers become "partners"

The face of a quality tier-1 partner

Knowledgeable advisor

Sees things differently

Sniffs out problems

Do-what-they-say communicators

Foundational team player

BUYER TIP

Evaluating suppliers?

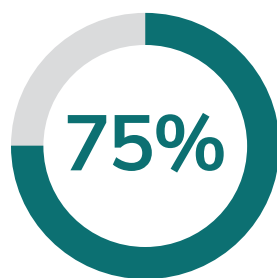
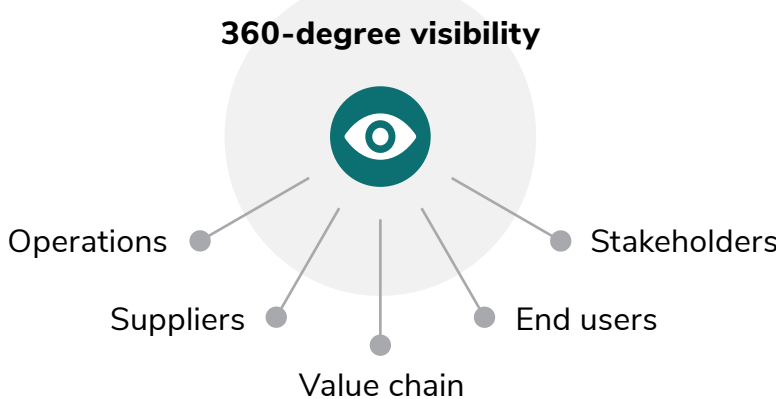
Check out this full list of evaluation criteria.

Quality partners are more than "transaction facilitators."



3 Shift from tactical to strategic buying

Procurement has a unique vantage point to drive company-wide value



of procurement executives consider displacing low-value activities to spend more time working with business partners on urgent issues.⁴

Procurement's ability to impact strategic business areas:³

Cost - **96%** Agility - **73%** Innovation - **63%** Risk management - **68%** Growth - **70%**

BUYER TIP

Find ways to make the shift from tactical to strategic buyer.



Free up time with automation



Highlight successes with data



Educate and advise stakeholders



Partner with strategic vendors

4 More data-driven purchases



Data is more:

- Accurate
- Actionable
- Up to date
- Automated
- Robust
- Accessible



say that big data analytics and intelligence drive advanced negotiations for procurement.¹

Benefits:

- Cost savings
- Forecast accuracy
- Negotiation power
- Supply chain visibility
- ROI
- Less waste

BUYER TIP

Considering a purchase but don't have data to support it? Ask suppliers for:

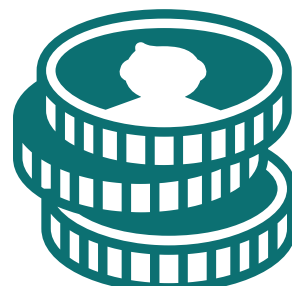
- Case studies
- Research
- Testimonials
- Statistics



5 Transparency



Consumers Government NGOs Stakeholders



2-10%

how much more consumers are willing to pay for transparency.⁵

Buyers must adapt strategies to capitalize on opportunity.

Areas of expected transparency:



- Ingredients
- Labor practices
- Trade ethics
- Animal welfare
- Eco-impact
- Materials

BUYER TIP

Adjust your supplier strategy to unlock transparency.

- Ask deeper questions
- Focus on ROI, not price
- Prioritize quality vendors
- Challenge claims

SOURCES:

1. SAP Software Solutions, An SAP Perspective: Procurement 2025, January 2018

2. CAPS Research, Supply Chain Cost Savings Strategies — Establishing and Achieving Cost Savings Goals, June 2017.

3. Procurement Leaders, Raconteur: Future of Procurement, April 2019

4. Gartner, Senior Executive Priorities Survey, 2018.

5. Informa, Supply Chain Visibility and Social Responsibility: Investing Consumers' Behaviors and Motives, 2018.



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