

Better Buying™ Index Report



EXECUTIVE SUMMARY | FEBRUARY 2024

Better Buying Purchasing Practices Index™ 2023

A total of 1,241 Softgoods ratings were submitted for 33 buyer companies, including 1,230 ratings for 26 Better Buying™ subscribers. Twenty-four of these subscribers participated in two ratings cycles (Q2 2022 and Q2 2023) and were able to track year-over-year changes in their scores.

KEY TAKEAWAYS

1. The overall Softgoods score has remained unchanged, at 66, for 3 consecutive ratings cycles.
2. Nearly all Better Buying™ subscribers have continuously improved in some of the 7 categories of purchasing practices, although performance varies from subscriber company to subscriber company.
3. Buyers' payment terms have not recovered to pre-COVID-19 levels. There has been little improvement in this area.
4. The majority of Better Buying™ subscribers have improved their Cost and Cost Negotiation and Payment and Terms scores.
5. Too few buyers are providing suppliers with long-term, formal commitments to ongoing business, with 72.6% of suppliers reporting commitments of less than a year - revealing a large gap between what suppliers need in order to operate long-term, sustainable, stable businesses, and what they are getting from buyer companies.

BETTER BUYING PURCHASING PRACTICES INDEX™ 2023 SCORECARD

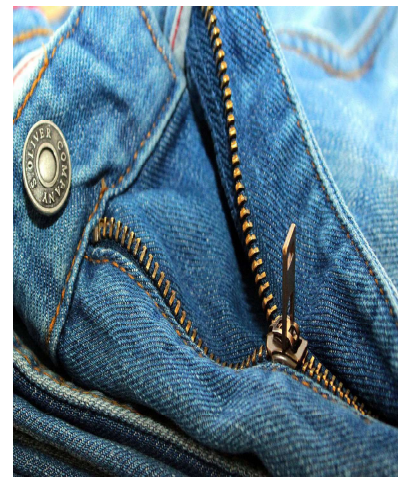


KEY FINDINGS

- The 2 categories where Better Buying™ subscribers increased their scores by the highest percentage were Cost and Cost Negotiation, where the maximum increase was points, and Payment and Terms, where it was 6 points.
- 15 out of 24 Better Buying™ subscribers increased their score for Cost and Cost Negotiation in 2023, compared with 2022, with one subscriber increasing their score by 18 points in this category.
- 13 out of 24 subscribers increased their score for Payment and Terms in 2023.
- In 2023, 54.5% of suppliers were not paid for samples, down slightly from 2022 (56%). But more improvement is needed.
- Of those that were paid for samples, 84.8 % reported that 90-100% of their buyers paid on time, up slightly from 82.4% in 2022, but 2.9% reported that 49% or less paid on time, a slight improvement on 2022, when the figure was 4.1%.

CONCLUSIONS AND RECOMMENDATIONS FOR BUYERS

- Commit to covering all the costs of compliant production, as this is critical to ensuring living wages, safe and healthy working conditions, and supplier financial sustainability.
- Commit to formal commitments with suppliers. These signify that you share responsibility for the payment of better wages, improving working conditions, reducing environmental impacts, and optimizing production quality and speed.
- In addition to maintaining responsible purchasing practices, champion other practices that reduce pressure on suppliers, such as implementing efficient methods for handling unused capacity, and providing ongoing feedback to suppliers as demand changes. Invest in advanced forecasting tools and supply chain management systems to enhance accuracy, reduce uncertainties, and save costs in the long-term for both you and your suppliers.
- Don't address supplier practices in isolation. Take a holistic approach to supplier collaboration, and improving overall outcomes.



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.

Visit our website: www.betterbuying.org. For general inquiries, contact info@betterbuying.org