

# Better Buying™ Index Report



EXECUTIVE SUMMARY | NOVEMBER 2024

## Better Buying Purchasing Practices Index™ 2024

A total of 27 buyer companies participated in Better Buying’s eighth annual ratings cycle during Q2 2024, an increase of one company from the 26 companies in the previous year. Of these, 22 participated in consecutive ratings cycles, continuing from 2023, enabling year-over-year comparisons to be made.

### KEY TAKEAWAYS

1. The overall Softgoods score increased by 1 point, from 66 to 67; however, individual category scores and performance reveal a more mixed and nuanced picture of the purchasing practices of global brands and retailers.
2. Statistically significant correlations were found between most categories of purchasing practices, highlighting the importance of a holistic approach to making improvements.
3. Sporting Goods buyers performed better than Fashion Goods buyers across all categories, with particularly large differences in Planning and Forecasting, Design and Development, and Payment and Terms.
4. There was an increase in ratings for more fashion-oriented buyers compared to the previous year, with buyers in this category struggling to manage uncertain consumer demand.
5. The Win-Win Sustainable Partnership category experienced substantial improvement, particularly in audit harmonization, with more suppliers reporting that buyers accepted recently completed audits instead of conducting their own.
6. Similar to previous years, most suppliers selected the Planning and Forecasting category as the most important priority area for improvement.

STARS RECEIVED		SCORES (2023 n=1,241)	SCORES (2024 n=1,300)
Overall	★★★	66	67
Planning and Forecasting	★★	59	59
Design and Development	★★★★	73	72
Cost and Cost Negotiation	★★★★	73	73
Sourcing and Order Placement	★	28	28
Payment and Terms	★★★	70	71
Management of the Purchasing Process	★★★★★	91	91
Win-Win Sustainable Partnership	★★★	72	78



## KEY FINDINGS

- More than 70% of BBI's 22 repeat subscriber companies increased their overall BBPPI score.
- One BBI subscriber improved their score in the Win-Win Sustainable Partnership Category by 23 points compared to 2023, another achieved a 16 point increase in Cost and Cost Negotiation, and a third improved on Planning and Forecasting by 13 points.
- 90.5% of suppliers reported that buyers accepted recently completed audits instead of conducting their own, an increase of over 2 percentage points from the previous year.
- Significantly more Sporting Goods buyers than Fashion Goods buyers provided forecasts 90 days or more in advance, with three times as many (29.4% compared to 8.2%) doing so more than 180 days in advance.
- The percentage of suppliers reporting buyers agreeing capacity in advance for repeat orders fell 5 points on last year.
- 51.8% of suppliers reported Fashion Goods buyers using high-pressure cost negotiation strategies, compared to 41.3% of Sporting Goods buyers, a difference of 10 percentage points.
- Fewer suppliers are reporting formal commitments to long-term business from buyers compared with 2023, with the number reporting none at all rising from 42.5% in 2023 to 47.5% in 2024.
- The average ORR (Order Risk to Reward) was 96.6%, in 2024, a 15 point increase on 2023 (79.8%).

## CONCLUSIONS AND RECOMMENDATIONS FOR BUYERS

- Sporting Goods buyers consistently demonstrated better purchasing practices compared with their Fashion Goods counterparts. While the declines from last year are likely a reflection of the higher number of ratings in 2024 for Fashion Goods buyers, who tend to have poorer practices, it is crucial to address for both buyer types to address these disparities and improve their purchasing practices.
- Correlations between purchasing practices categories highlight the need for buyers to take a comprehensive, holistic approach to improving their purchasing practices, rather than making isolated improvements.
- Audit harmonization improved significantly in 2024. Buyers should accept recently completed audits instead of requiring their own in order to reduce duplication, ease the administrative burden on suppliers, alleviate audit fatigue among suppliers and promote more efficient collaboration.
- Buyers should formalize long-term relationships with suppliers through multi-year contracts, enabling better capacity planning and sustainability investments. Prioritizing accurate forecasts and clear communication helps suppliers plan resources and fosters trust. Collaborative cost negotiations, taking into account inflation and rising expenses, are essential for healthier, sustainable buyer-supplier partnerships.

### 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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