



HOW CORPORATES PURCHASE

© MPA MAY 1999

Glebe House, 1 Glebe Farm Campus, Knapwell, Cambridge, UK, CB3 8GG

Tel: +44 1954 268168 Fax: +44 1954 268068

Email: mpa@brg.co.uk

Web site: www.brg.co.uk

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form, or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the copyright owner.

NOTE

The information given in this report has been compiled from published sources, and interpreted from fieldwork based on informed opinions. While every care has been taken in the preparation of the report, there may have been some errors in the information obtained. Although it is impossible to verify every single detail by cross checking, we believe the general picture we have provided is reasonably accurate and comprehensive.

Many MPA reports contain an overview of selected company financial information and capabilities, based on published sources where available. Although the companies represented are believed to be the major suppliers, the profiles are meant to be indicative rather than definitive.

It is fundamental to the philosophy of MPA constantly to seek to extend and improve our service to clients.

In pursuit of these aims, we shall be pleased to consider all requests for regular or periodic updating of all or any part of the information contained in this report, or for extensions in coverage in terms of product areas, market sectors and/or geographic regions.

We, of course, are always happy to discuss with any subscriber the possibility of undertaking further work, whether arising out of this report, or in different business areas.

MORE INFORMATION ON MPA

At the end of this report you will find a copy of our corporate brochure, and a list of our latest published reports. Should you require more information on either our published reports or our private client services, please contact us at the address given.

CONTENTS

1 INTRODUCTION	Error! Bookmark not defined.
1.1 BACKGROUND TO THE STUDY	Error! Bookmark not defined.
1.2 OBJECTIVES OF THE STUDY	Error! Bookmark not defined.
1.3 METHODOLOGY AND SAMPLE DATA	Error! Bookmark not defined.
2 THE PURCHASING FUNCTION	Error! Bookmark not defined.
3 CONTRACT SUPPLY	Error! Bookmark not defined.
3.1 INTRODUCTION	Error! Bookmark not defined.
3.2 SUPPLIERS & PRODUCTS	Error! Bookmark not defined.
3.3 CHANGING CONTRACT SUPPLIERS	Error! Bookmark not defined.
3.4 'LEAKAGE' FROM CONTRACTS	Error! Bookmark not defined.
3.5 TENDER REQUIREMENTS	Error! Bookmark not defined.
3.6 CONTRACT ACCOUNT MANAGEMENT	Error! Bookmark not defined.
4 NON-CONTRACTED PURCHASING	Error! Bookmark not defined.
4.1 INTRODUCTION	Error! Bookmark not defined.
4.2 PRODUCTS & SOURCES	Error! Bookmark not defined.
4.3 ATTITUDES TO CONTRACT SUPPLY	Error! Bookmark not defined.
5 SOURCING SUMMARY	Error! Bookmark not defined.
6 SINGLE SOURCING	Error! Bookmark not defined.
6.1 INTRODUCTION	Error! Bookmark not defined.
6.2 INTEREST IN SINGLE SOURCING	Error! Bookmark not defined.
6.3 DEFINITION OF SINGLE SOURCING	Error! Bookmark not defined.
7 THE SERVICING GAP	Error! Bookmark not defined.
7.1 INTRODUCTION	Error! Bookmark not defined.
7.2 MARKETING COMMUNICATIONS.....	Error! Bookmark not defined.
7.3 ORDERING METHODS.....	Error! Bookmark not defined.
7.4 DELIVERY	Error! Bookmark not defined.
8 COST EVALUATIONS	Error! Bookmark not defined.
8.1 INTRODUCTION	Error! Bookmark not defined.
8.2 PRICE EVALUATIONS	Error! Bookmark not defined.
8.3 EXTERNAL AGENCIES.....	Error! Bookmark not defined.
9 OTHER ISSUES	Error! Bookmark not defined.
9.1 INTRODUCTION	Error! Bookmark not defined.
9.2 DISTRIBUTOR OWN BRAND.....	Error! Bookmark not defined.
9.3 PAN-NATIONAL SUPPLY.....	ERROR! BOOKMARK NOT DEFINED.

TABLE OF TABLES

1 INTRODUCTION.....	Error! Bookmark not defined.
1.1 BACKGROUND TO THE STUDY	Error! Bookmark not defined.
1.2 OBJECTIVES OF THE STUDY	Error! Bookmark not defined.
1.3 METHODOLOGY AND SAMPLE DATA	Error! Bookmark not defined.
Table 1.1 Fieldwork Methodology	Error! Bookmark not defined.
Table 1.2 Research Sample by Sector.....	Error! Bookmark not defined.
Table 1.3 Sample by Business Activity	Error! Bookmark not defined.
Table 1.4 Research Sample by Region*	Error! Bookmark not defined.
2 THE PURCHASING FUNCTION.....	Error! Bookmark not defined.
Table 2.1 Respondents' Involvement in Office Products' Supply Decision-Making	Error! Bookmark not defined.
Table 2.2 Contract Negotiators' Main Responsibility	Error! Bookmark not defined.
Table 2.3 How Office Products Purchasing is Carried Out	Error! Bookmark not defined.
Table 2.4 Number of Sites for which Respondents are Responsible	Error! Bookmark not defined.
Table 2.5 Number of Workers for which Respondents are Responsible.....	Error! Bookmark not defined.
Table 2.6 Number of Workers per Number of Sites (% Base).....	Error! Bookmark not defined.
Table 2.7 Location of Sites for which Respondents are Responsible	Error! Bookmark not defined.
Table 2.8 Analysis of Respondent & Dependent Office Site Location (% Base).....	Error! Bookmark not defined.
Table 2.9 Analysis of Respondent & Dependent Office Site Location (% Base).....	Error! Bookmark not defined.
Table 2.10 Comparison of Products Purchased Currently & Formerly (% Base).....	Error! Bookmark not defined.
Table 2.11 Annual Spend on Office Products, 1998.....	Error! Bookmark not defined.
Table 2.12 Annual Spend on Office Products by Number of Dependent Workers (% Base).....	Error! Bookmark not defined.
Table 2.13 Average Share of Total Office Products Spend (Unweighted)	Error! Bookmark not defined.
Table 2.14 Distribution of Office Paper's Percentage Shares of Total Office Products Spend.....	Error! Bookmark not defined.
Table 2.15 Distribution of Office Stationery's Percentage Shares of Total Office Products Spend.....	Error! Bookmark not defined.
Table 2.16 Distribution of Computer & Printer Consumables' Percentage Shares of Total Office Products Spend.....	Error! Bookmark not defined.
Table 2.17 Distribution of Office Furniture's Percentage Shares of Total Office Products Spend.....	Error! Bookmark not defined.
3 CONTRACT SUPPLY	Error! Bookmark not defined.
3.1 INTRODUCTION	Error! Bookmark not defined.
Table 3.1 Method of Sourcing Office Products	Error! Bookmark not defined.
Table 3.2 Method of Sourcing Office Products by Spend (% Base).....	Error! Bookmark not defined.
3.2 SUPPLIERS & PRODUCTS	Error! Bookmark not defined.
Table 3.3 Contracts Awarded by Each Supplier Type (% Base)	Error! Bookmark not defined.
Table 3.4 Products Purchased on Contract from Each Supplier (% Base Buying Each Product Type).....	Error! Bookmark not defined.
Table 3.5 Products Purchased on Contract from each Supplier	Error! Bookmark not defined.
(% Base Buying Each Product Type) - continued	Error! Bookmark not defined.
3.3 CHANGING CONTRACT SUPPLIERS	Error! Bookmark not defined.
Table 3.6 Usual Duration of Supply Contract.....	Error! Bookmark not defined.
Table 3.7 Extent of Contract Supplier Switching in Last Two Years	Error! Bookmark not defined.
Table 3.8 Reasons for Changing Supplier	Error! Bookmark not defined.
Table 3.9 Extent of Respondents' Previous Experience of New Supplier	Error! Bookmark not defined.
Table 3.10 Reasons why Former Supplier Retained	Error! Bookmark not defined.
3.4 'LEAKAGE' FROM CONTRACTS	Error! Bookmark not defined.
Table 3.11 Respondents' Perception of Organisational Sourcing Outside of Established... Supply Contracts.....	Error! Bookmark not defined.
Table 3.12 Percentage of Organisations' Total Spend on Office Products Accounted for .. by 'Leakage' Purchases	Error! Bookmark not defined.
Table 3.13 Suppliers Picking Up 'Leakage' Business	Error! Bookmark not defined.
Table 3.14 Suppliers Picking Up 'Leakage' Business by Amount of Leakage (% Base)....	Error! Bookmark not defined.
Table 3.15 Expected Change in Share of Contracted Business in the Next Two Years	Error! Bookmark not defined.
3.5 TENDER REQUIREMENTS	Error! Bookmark not defined.
Table 3.16 Issues Required in a Written Tender Response from Potential Contract Suppliers.....	Error! Bookmark not defined.
Table 3.17 Average Importance of Issues in Evaluation of a Written Tender Response	Error! Bookmark not defined.
3.6 CONTRACT ACCOUNT MANAGEMENT	Error! Bookmark not defined.

Table 3.18 Account Management System Currently Received from Main Contracted Supplier & Required in Future (% Base) **Error! Bookmark not defined.**

Table 3.19 Account Reporting System Currently Received from Main Contracted Supplier & Required in Future (% Base) **Error! Bookmark not defined.**

4 NON-CONTRACTED PURCHASING **Error! Bookmark not defined.**

4.1 INTRODUCTION **Error! Bookmark not defined.**

4.2 PRODUCTS & SOURCES **Error! Bookmark not defined.**

Table 4.1 Supplier *Mainly* Used to Obtain Office Products **Error! Bookmark not defined.**

Table 4.2 Period for which Current Main Supplier Used **Error! Bookmark not defined.**

Table 4.3 Supplier Mainly Used Previously by Supplier Mainly Used Currently (% Base) **Error! Bookmark not defined.**

Table 4.4 Reasons for Change of Supplier **Error! Bookmark not defined.**

Table 4.5 Other Kinds of Suppliers Currently Used to Source Office Products (% Base) **Error! Bookmark not defined.**

Table 4.6 Products Purchased from Main Suppliers **Error! Bookmark not defined.**

Table 4.7 Products Purchased from Local Commercial Stationers (% Base) **Error! Bookmark not defined.**

Table 4.8 Products Purchased from National Contract Stationers (% Base) **Error! Bookmark not defined.**

Table 4.9 Products Purchased from Printers (% Base) **Error! Bookmark not defined.**

Table 4.10 Products Purchased from OEMs (% Base) **Error! Bookmark not defined.**

Table 4.11 Products Purchased from Consumables Specialists (% Base) **Error! Bookmark not defined.**

Table 4.12 Products Purchased from Hardware Specialists (% Base) **Error! Bookmark not defined.**

Table 4.13 Products Purchased from Furniture Dealers/Contractors (% Base) **Error! Bookmark not defined.**

Table 4.14 Products Purchased from Product Manufacturers (% Base) **Error! Bookmark not defined.**

Table 4.15 Products Purchased from Paper Merchants (% Base) **Error! Bookmark not defined.**

Table 4.16 Products Purchased from Mail Order Companies (% Base) **Error! Bookmark not defined.**

Table 4.17 Products Purchased from Office Superstores (% Base) **Error! Bookmark not defined.**

Table 4.18 Products Purchased from Public Sector Supply Consortia (% Base) **Error! Bookmark not defined.**

Table 4.19 Products Purchased from High Street Retailers/Grocery Multiples (% Base) **Error! Bookmark not defined.**

Table 4.20 Products Purchased from Others (% Base) **Error! Bookmark not defined.**

4.3 ATTITUDES TO CONTRACT SUPPLY **Error! Bookmark not defined.**

Table 4.21 Interest in Establishing Contract Supply System in the Next Two Years **Error! Bookmark not defined.**

Table 4.22 Interest in Contract Supply by Main Supplier Used (% Base) **Error! Bookmark not defined.**

5 SOURCING SUMMARY **Error! Bookmark not defined.**

Table 5.1 Overall Sample Purchasing Habits (% Using Each Supplier Purchasing Each Product) **Error! Bookmark not defined.**

Table 5.2 Overall Sample Purchasing Habits (% Using Each Supplier Purchasing Each Product) **Error! Bookmark not defined.**

6 SINGLE SOURCING **Error! Bookmark not defined.**

6.1 INTRODUCTION **Error! Bookmark not defined.**

6.2 INTEREST IN SINGLE SOURCING **Error! Bookmark not defined.**

Table 6.1 Interest in Purchasing All Office Products Requirements from One Source Only **Error! Bookmark not defined.**

Table 6.2 Interest in Purchasing All Office Products Requirements from One Source Only (% Base) **Error! Bookmark not defined.**

Table 6.3 Reasons for Lack of Interest in Single-Sourcing **Error! Bookmark not defined.**

6.3 DEFINITION OF SINGLE SOURCING **Error! Bookmark not defined.**

Table 6.4 Range of Products Required in a Single-Source Supply Arrangement **Error! Bookmark not defined.**

Table 6.5 Products Currently Bought vs Those Required in a Single-Source Supply Arrangement (% Base) **Error! Bookmark not defined.**

7 THE SERVICING GAP **Error! Bookmark not defined.**

7.1 INTRODUCTION **Error! Bookmark not defined.**

7.2 MARKETING COMMUNICATIONS **Error! Bookmark not defined.**

Table 7.1 Marketing Communications Received & Required from Main Supplier **Error! Bookmark not defined.**

Table 7.2 Required Frequency of Receipt of Standard Catalogues (% Base) **Error! Bookmark not defined.**

Table 7.3 Required Frequency of Receipt of Periodic Mailer Catalogues (% Base) **Error! Bookmark not defined.**

Table 7.4 Required Frequency of Receipt of Bespoke Catalogues (% Base) **Error! Bookmark not defined.**

Table 7.5 Required Frequency of Receipt of Standard Catalogues with Special Covers & Price Lists (% Base) **Error! Bookmark not defined.**

Table 7.6 Required Frequency of Receipt of Periodic Visits from Representatives (% Base) **Error! Bookmark not defined.**

Table 7.7 Required Frequency of Receipt of Periodic Visits from Account Managers (% Base) **Error! Bookmark not defined.**

Table 7.8 Required Frequency of Receipt of Periodic Telesales Calls (% Base) **Error! Bookmark not defined.**

Table 7.9 Product Range Advice Methods Offered by Main Supplier, Currently Used by Respondents & Those Required in Future (% Base) **Error! Bookmark not defined.**

Table 7.10 Product Range Advice Methods Required in Future by Current Supply System Used (% Base) **Error! Bookmark not defined.**

7.3 ORDERING METHODS **Error! Bookmark not defined.**

Table 7.11 Order Placing Systems Mainly Used, also Used & Required in Future (% Base)**Error! Bookmark not defined.**
 Table 7.12 Order Placing Systems Required in Future by Supply System Currently Used (% Base)**Error! Bookmark not defined.**
 7.4 DELIVERY**Error! Bookmark not defined.**
 Table 7.13 Speed of Delivery Service Usually Currently Received from Main Supplier & Required**Error! Bookmark not defined.**
 in Future (% Base).....**Error! Bookmark not defined.**
 Table 7.14 Speed of Delivery Required in Future by Supply System Currently Used (% Base)**Error! Bookmark not defined.**
 Table 7.15 Levels of Order Fill Currently Received & Required from Main Suppliers (% Base)**Error! Bookmark not defined.**
 Table 7.16 Levels of Order Fill Required by Supply System Currently Used (% Base)**Error! Bookmark not defined.**
 Table 7.17 Delivery Services Currently Received & Required from Main Suppliers (% Base)**Error! Bookmark not defined.**
 Table 7.18 Delivery Services Required by Supply System Currently Used (% Base)**Error! Bookmark not defined.**
8 COST EVALUATIONS**Error! Bookmark not defined.**
 8.1 INTRODUCTION**Error! Bookmark not defined.**
 8.2 PRICE EVALUATIONS**Error! Bookmark not defined.**
 Table 8.1 Price Offering Assessment Via a Core List/Basket of Selected Products**Error! Bookmark not defined.**
 Table 8.2 Core List Price Assessment by Supply System Used (% Base).....**Error! Bookmark not defined.**
 Table 8.3 Method of Discount Evaluation (% Base)**Error! Bookmark not defined.**
 Table 8.4 Method of Discount Evaluation by Supply System Used (% Base)**Error! Bookmark not defined.**
 8.3 EXTERNAL AGENCIES**Error! Bookmark not defined.**
 Table 8.5 Current use of Facilities Management Companies or Cost Reduction Consultants in Selection of Office
 Products Suppliers**Error! Bookmark not defined.**
 Table 8.6 Current use of Fms and CRCs by Supply System Used (% Base).....**Error! Bookmark not defined.**
 Table 8.7 Future use of FM Companies or Cost Reduction Consultants in the Next Two Years**Error! Bookmark not defined.**
 (% Base)**Error! Bookmark not defined.**
 Table 8.8 Future use of FM Companies or CRCs by Supply System Used (% Base)**Error! Bookmark not defined.**
9 OTHER ISSUES**Error! Bookmark not defined.**
 9.1 INTRODUCTION**Error! Bookmark not defined.**
 9.2 DISTRIBUTOR OWN BRAND.....**Error! Bookmark not defined.**
 Table 9.1 Preferences for Manufacturer Brands of Office Products (% Base)**Error! Bookmark not defined.**
 Table 9.2 Products where *Only* Manufacturer Brands are Acceptable (% Base).....**Error! Bookmark not defined.**
 Table 9.3 Expected Price Differential Between Distributor own Brand and *Equivalent* Proprietary Brands (% Base)**Error! Bookmark not defined.**
 9.3 PAN-NATIONAL SUPPLY **ERROR! BOOKMARK NOT DEFINED.**
 Table 9.4 Perceived Advantage of Supplier Offering Pan-National Supply (% Base)**Error! Bookmark not defined.**
 Table 9.5 Perceived Advantage of Pan-National Supply by Supply System Used (% Base)**Error! Bookmark not defined.**
 Table 9.6 Likelihood of Respondents Purchasing Office Products on a Concerted Pan-National Basis in The Next
 Two Years (% Base).....**Error! Bookmark not defined.**