HICX

Voice of the Supplier Survey 2024

The Nexus of Communication and Collaboration

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Introduction

When we conducted our first Voice of the Supplier Survey in 2022, we wanted to capture the picture of what suppliers really felt when working with their most important customers. Despite the strategic importance of suppliers to a brand, we found that doing business with an enterprise was generally not at all as easy as it could be.

Ease of doing business: A frictionless experience?

In 2022, when thinking about who they considered to be their most important customer, 61% of suppliers agreed with the statement, "We find it challenging to do our best work for this customer. Fast forward to the end of 2023, and we find that this remains a sticking point. In our new survey, the same question revealed that 59% of suppliers still agree with the same statement.

"We find it challenging to do our best work for this customer."
Percentage of suppliers who agree.

61%

in 2022

59%

in 2023

An improvement, yes, but hardly one of significance. So, what's happening?

Current trends

Certainly, we know that supplier centricity is becoming ever more important. Attendance at our recent Supplier Experience Live Event, held in Amsterdam in the latter part of 2023, showed that this is a hot topic, with lots of interest and lively discussion.

During the event, the ongoing need for digital transformation in Procurement was emphasized as a prerequisite to enhance efficiency, reduce costs, and ensure such goals as those relating to sustainability, diversity and other areas can be tracked and met. The importance of effective data management and integration for informed decision-making was also highlighted. Meanwhile, speakers throughout the conference highlighted the strategic advantage of fostering positive relationships with suppliers, and methods for effective supplier relationship management were debated, with topics focused on value creation and the importance of ***communication***.

"I think it is important to view it through the lens of the supplier, because it helps you to better understand the issues as an organization that you might have, and fix it in a way that adds a lot of value. Some organizations do not realize that they have problems and that is partially because they are not looking at it through the right lens."[1]

Costas Xyloyiannis, CEO, HICX

Elevating communication

It was encouraging to see that communication was a key theme running through the entire event. It was also one of the most dominant and pressing issues that surfaced in this, the most recent, Voice of the Supplier Survey 2024.

[1] How Supplier Data Drives Resilience, Visibility & Value (hicx.com)

[2] Learn How To Enable Best-of-Breed ProcureTech, Free Webinar (hicx.com)

In the dynamic landscape of supplier management, effective communication transcends adhoc dialogue. It encompasses collaboration, loyalty, and, above all, yields strategic advantage. As this survey will show, successful supplier relationships are built on strong foundations of communication, every step of the way, throughout the entire lifecycle.

However, the concurrent trends of digitalization and the need for effective data management mean that suppliers are being asked to provide more and more information via a plethora of platforms – and by many people from across different parts of the enterprise.

48%

of suppliers agree its most important customer could improve its communication with them very much.

The result is a complex communication and collaboration environment for both parties. Further, as the survey highlights, there is the danger that far from making relationships smoother, technology solutions have introduced even more friction.
It explains why the majority of suppliers still agree that it is challenging to do their best work for their most important customer. Further still, almost half of suppliers (48%) think the customer could improve its communication with them ***very much***.

"Traditional technology is wholly inadequate to support the digital evolution. There is a mountain, an overwhelming amount of evidence, to say that the way we've done it in the past doesn't work. It's abundantly clear that we have to do something different."[2]

Dr. Elouise Epstein, Partner, Kearney

The Voice of the Supplier

So, in our new report, we will delve into these topics in more detail through that all important lens of the supplier.

We'll start with the impact of digitalization and data management, and then explore more closely how we can integrate other key themes from Supplier Experience Live to improve relationships, namely standardization and efficiency.

We'll tackle the central issue of communication and look at what suppliers are telling us about what would improve supplier engagement and foster greater supplier centricity.

Finally, we'll explore the benefits we can expect to gain, as told through the lens of the supplier.

Voice of the Supplier Survey 2024

In this 'Voice of the Supplier' survey, we asked 1,000 suppliers who serve enterprise customers in the CPG, FMCG, Aerospace and Defense and Energy sectors about their experience serving some of the biggest organizations in the world. In each case, suppliers were asked to focus on one of their key customers and all respondents were individuals that work directly with that customer.

The survey was conducted by OnePoll from 27th Nov 2023 to 15th Dec 2023.

Key Findings

Digital transformation and data management adds complexity and creates burden for suppliers...

31%

of suppliers have to log into ten or more systems to do business with their most important customer.

60%

say that their most important customer expects them to do too much administration.

61%

of suppliers agree that their most important customer sends them too many information requests.

While the focus has been on the transactional, collaboration has suffered and poor communication is a big issue for suppliers...

48%

of suppliers think that their most important customer could improve its communication with them very much.

98%

Almost all suppliers think improvements in communications are necessary.

33%

A third of suppliers believe that information needs to be easier to find (e.g. sustainability policies, compliance information).

31%

of suppliers want better service and support (e.g. help desk, self-service facility).

This poor communication can damage other aspects of the relationship and creates friction...

46%

of suppliers said that their most important customer can be unpleasant to work with.

48%

agreed that they found it hard to resolve queries with their most important customer.

47%

said that the most important customer can hinder their progress.

44%

of suppliers state that they are too stretched to volunteer new ideas.

Removing friction would yield positive benefits, especially around data collection...

54%

of suppliers said they would be able to reply to requests more accurately if their most important customer made it easier to work with them.

54%

of suppliers agreed that they would be able to provide more detailed feedback to requests.

53%

of suppliers said they would be able to and happy to volunteer extra information.

Good communication is a driving factor behind suppliers' concept of 'customer-of-choice'...

40%

When asked, almost 40% of respondents used the word communication, relationships or partner in their response to the question 'what does customer-of-choice mean to you?'

Chapter 1: Digital Transformation and Data Management

31%

of suppliers stated that they have no fewer than ten or more systems that they are expected to log into in order to do business with their most important customer.

As Duncan Jones, former Vice President and Principal Analyst at Forrester Research, put it during the Supplier Experience Live Conference, “The future looks more like a multi-planetary system, a solar system if you like.” What he’s referring to is the evolving technology landscape in Procurement and Supply Chain, and the explosion of digital technologies and services that both internal users but also, most importantly, suppliers must navigate in order to do business with a brand. It is closely reflected in the results of our survey. 31% of suppliers stated that they have no fewer than ten or more systems that they are expected to log into in order to do business with their most important customer.

This technological reality manifests itself in another result from the survey. 60% of suppliers said that their most important customer expected them to do too much administration to work with them. And, when it comes to data management and requests for information, 61% of suppliers agreed that their most important customer has too many of such requests.

60%

of suppliers said that their most important customer expected them to do too much administration to work with them.

61%

of suppliers agreed that their most important customer has too many data management related and information requests.

What does this mean? Indeed, we can surmise that from the supplier's perspective, they would like to step into what could be described as a 'steady state' relationship, one which is predominantly centred around transactions. Buyers invite them to new tenders, they make offers and deliver products, and the buyer pays their invoices.

The challenge is, however, that, from the buyer's perspective, the 'steady state' looks a lot more complex. The backbone still remains transactions, of course; however, complexity abounds around issues such as requests for compliance documents, quality information, performance information, scorecards, tax information, to name just a few.

These new initiatives frequently also introduce new technology to an already complex supplier landscape. As a result, the reality of the 'steady state' for suppliers is transactions going backwards and forwards, but combined with requests for additional information, as well as providing new, but also updating, out-of-date data.

Start the supplier relationship right: Onboarding

In this convoluted world of supplier management, the journey ultimately begins, of course, with onboarding – a critical phase that sets the tone for the entire relationship.

As Costas Xyloyiannis, CEO of HICX, points out, "We can all admit that there is a massive data problem, or rather, a data entry problem." It starts from the moment we initiate the relationship with our suppliers.

As Costas describes:

“Our people are going into all of these tools, entering information over and over again, so there is a massive amount of data redundancy.”

Ruth Bromley, Director Procurement Enablement, Heineken, who also spoke at the Conference, emphasizes this further adding, “To enhance the supplier experience, we have to start from the very first point of contact: onboarding.”

And to this point, Adam Hubbard, Supply Chain Governance and Performance Manager, EDF, stresses, it is imperative to, “streamline and centralize onboarding processes to avoid duplication and ensure consistency.”

Know your supplier: Data collection and segmentation

Of course, streamlining, centralizing and standardizing onboarding is one consideration, but the journey extends far beyond this initial onboarding phase. It encompasses a continuum of engagement, marked by ongoing lifecycle management. When continuing with data collection and management, the real challenge becomes keeping the data up to date – and relevant to your organization.

“Suppliers are badly suffering from initiative fatigue.”

However, the sentiment of suppliers as revealed in this survey underscores the importance of focusing on *streamlining the amount* of additional administrative tasks required. As Anthony Payne, CMO at HICX, puts it, “Suppliers are badly suffering from initiative fatigue.”

These new initiatives frequently introduce new technology to an already complex supplier landscape and, furthermore, this is something a supplier is having to do with all their clients, not just their one most important customer, hence the fatigue.

Now, while the buyer may still be in the driver’s seat and have the right to demand information, it must not be forgotten that suppliers also have agency, in that they can choose when and to what extent they engage with an enterprise, and their decisions in this regard can have an effect, positive or negative, on your business.

The role of segmentation

The answer to this lies largely in segmentation.

By this, we are not referring to traditional procurement methods of segmentation, predominantly geared towards internal classifications and resource allocation.

Rather, segmentation in this sense is focused on applying it to ‘supplier experience.’ It can be as simple as filtering a list of suppliers to target specific communications, through to launching different workflows, orchestrating different processes or adapting the configuration of portals and interfaces for various groups of supplier. The underlying factor in all cases is simplification for suppliers – and, with that, the simplification of processing information and data for the enterprise.

Technology solutions need to be carefully selected that are flexible enough to accommodate these demands of segmentation, and customizable in order to support tailored experiences.

Let’s take an example. If we look at technology in the customer marketing space, it has focused much on ***relevancy***. Here, it’s all about delivering the right message, at the right time to the right person to achieve the specific desired outcome. In the customer marketing world this might mean a purchase, but it could also be a sign-up for content or participation in a competition. At any rate, it involves ***segmenting*** audiences at a granular level and then tailoring experiences to that audience to positively influence these desired outcomes.

The same *will* be needed for suppliers. In this case, for example, in order to manage the number of initiatives and collect the required responses to those initiatives, ensuring that a specific supplier only receives the right initiative with the right content and at a convenient time is going to be more effective than requesting the information from a large group in which each supplier has to determine the relevancy of the initiative and the priority themselves. Overall, supplier engagement is going to be better. And we can think of supplier onboarding as just one of those many initiatives.

Applying segmentation, as used in marketing, therefore will be key to unlocking the efficiencies and the automation required to service these new demands, and to successfully collect and analyze the data that follows. Fortunately, these are the areas that technology is best at.

It is becoming clear that segmentation will be an essential component of supplier management, and, by extension, supplier experience management. Through data-driven segmentation strategies, organizations can tailor their approaches to supplier adoption and engagement, thereby maximizing the value derived from each partnership, from onboarding through to communication and collaboration, where some of the greatest pain points emerge. We'll take a look at this next.

Chapter 2: Communication and Supplier Engagement

Almost half of suppliers in our 2024 survey (48%) think that their most important customer could improve its communication with them ***very much***. Almost all of them (98%) think improvements are necessary.

48%

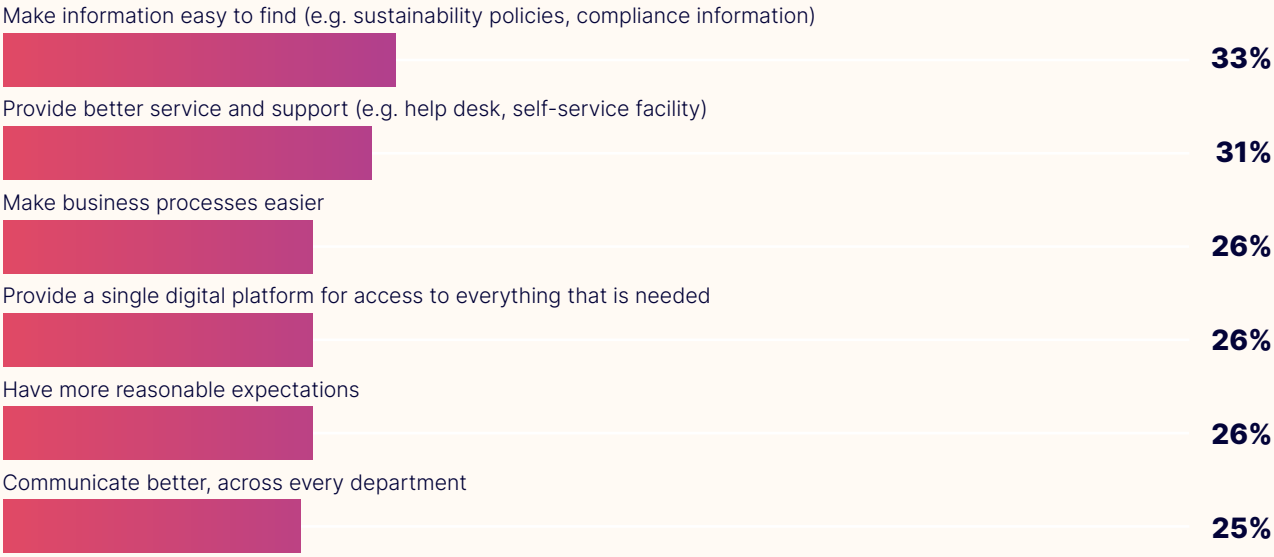
of suppliers think that their most important customer could improve its communication with them very much.

98%

Almost all of them think improvements in communications are necessary.

Communication is the top priority for suppliers

The headline is obvious. But, breaking it down further, when suppliers were asked about the top three things that their most important customer could do to improve their relationship with them, communication-related topics dominated the list.



On the other hand, and for comparison, paying invoices on time came at the bottom of this list of priorities. This shows that while there is more satisfaction with transactional aspects of the relationship, making information available, providing better service and support, and providing a centralized platform to access everything the supplier needs are areas to work on.

Leaving a sour taste

Having bad communications can damage other aspects of the relationship.

For example, **58%** of suppliers agreed with the statement that their most important customer only cares about getting the best price from them. **46%** of suppliers said that their most important customer can be unpleasant to work with. **48%** agreed that they found it hard to resolve queries with their most important customer, and **47%** said that the most important customer can hinder their progress.

These are almost certainly technology-related collaboration issues. Because, on the people side of the equation, there is much better news, as **92% of suppliers agreed** that the people with whom they work are collaborative and helpful.

Boosting supplier engagement and improving experiences

In the previous section, we considered the role of segmentation in the context of data collection and information gathering. However, it also plays a wider role in ensuring suppliers receive the right information and the right level of communications from the enterprise.

Looking at the examples above, it is clear that different types of information will be relevant to suppliers in different ways. Sustainability and compliance could vary by supplier type, by supplier category, and by region. Equally, we cannot engage in the same way with all suppliers, but we do still need to surface the information that is most relevant to each one of them, regardless of the status of the relationship.

This is where the idea of segmentation can be extended to encompass a wider emerging discipline around supplier marketing, a concept that can revolutionize how communications with suppliers are handled.

For example, the content requirements for strategic suppliers will be different from tail spend suppliers. Using segmentation, content can be adapted to best speak to the needs of these different groups. An enterprise news update about innovation for tail spend suppliers might focus on payment process improvements, but for strategic suppliers it might concern new product introductions.

This speaks to the point that suppliers are making around ensuring information is relevant, up-to-date and accessible.

What is supplier marketing and how could it help?

As Anthony Payne describes, “Supplier marketing is about the continuous desire to be a customer-of-choice. So, asking yourself ‘How can we be a friendly face?’, ‘How can we offer a friction free experience?’, ‘How can we make it easier for suppliers to do business with us?’, in order to get this status of customer-of-choice.”

But first, we need a clear definition for supplier marketing.

To define what we mean by ‘supplier marketing,’ we should start by thinking about well-established practices in the modern world of marketing.

Philip Kotler is widely known as the Father of Modern Marketing. His book, Marketing Management, is now in its fourteenth edition and he has authored or co-authored over 70 books on the topic.

"The process by which companies engage *suppliers*, build strong *supplier* relationships and create *supplier* value in order to capture value from *suppliers* in return."

Kotler defines marketing as, "The process by which companies engage customers, build strong customer relationships and create customer value in order to capture value from customers in return."

Let's consider that in the context of suppliers for a moment. You could easily replace 'customers' with 'suppliers' and define supplier marketing as, "The process by which companies engage suppliers, build strong supplier relationships and create supplier value in order to capture value from suppliers in return."

It is an area in which there is much opportunity.

As consumers, we are all used to a world of increasingly personalized content and experiences, whether it's via recommendation engines or highly targeted adverts based on browsing history, and, of course, the vast amount of information that brands can access about us.

With the continued evolution of digitalization, along with the explosion in best-of-breed, data-driven solutions, the same is becoming increasingly true about suppliers.

For example, technology is available to enable a supplier to access your portal in their chosen language, to see or evaluate compliance and risk information relevant only to them, or to access important transactional information at the click of a button. This is in spite of an environment which frequently has multiple ERPs, P2P suites and a dozen other best-of-breed applications which might need to be accessed in order to serve the supplier.

Building on this, with intelligent self-service, a supplier can choose their own preferences, allowing the enterprise to deliver what will feel to the supplier as being much closer to a one-to-one experience, and removing unnecessary friction.

There is indeed a case to be made for taking a supplier marketing segmentation approach to *all* Procurement activities as this enhances the supplier experience, while improving efficiencies on the enterprise side, for the following reasons:

- You can launch different initiatives based on segments
- You can customize different workflows
- All experiences will be tailored for all suppliers

The onus is on the enterprise to put the effort into supplier marketing in order to derive the value. It is their brand, their risk, or their opportunities to innovate that are at stake. We'll turn to the topic of innovation, as well as the broader benefits of this approach next.

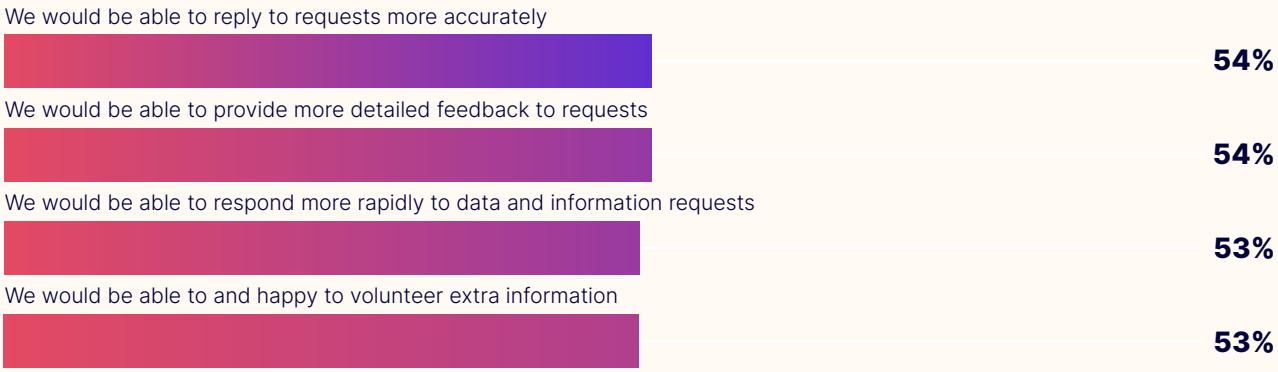
Chapter 3: The Benefits of Supplier Centricity and Great Supplier Experience

44% of suppliers state that they are too stretched to volunteer new ideas, a statistic that starkly reveals the detrimental effects of bad relationships, processes full of friction, redundant data and information requests, and overall poor communications.

As Anthony Payne explains, “We cannot be successful without our suppliers, and in order to have the best results, we need to build strong supplier relationships.” It is vital that we change this situation by fostering enduring partnerships that drive mutual value creation.

By prioritizing supplier engagement and relationship management, and by using techniques such as segmentation and supplier marketing, buyers can demonstrate their commitment to fostering long-term, mutually beneficial partnerships. Through targeted communication and engagement efforts, buyers can also create a supportive ecosystem where suppliers feel valued, respected, and empowered to contribute their expertise and insights.

For example, when suppliers were asked how it would change the way in which they could perform, if the customer were easier to work with, the top results showed that data quality would be drastically improved:



As Adam Hubbard, EDF, highlights, “The measure of supplier engagement is their willingness to update information.” This underscores the importance of ongoing communication and collaboration in maintaining accurate and up-to-date supplier data – a cornerstone of effective lifecycle management.

Tying it together: Supplier Centricity and Supplier Marketing

The outcomes achievable, and which could be measured, could include:

- Better adoption of tools on the supplier side
- Improved response rates and supplier engagement
- Overall faster response times
- More accurate data, updated more often
- Fewer manual interventions or workarounds
- Greater efficiency
- Fewer enquiries
- A lower cost to serve

Remember that as your relationship with a supplier develops, the segmentation you once did for your supplier will not be set in stone forever. This is an ongoing effort of data gathering and analysis to keep the communication and initiatives relevant for your suppliers.

However, it is worth the effort. From the results of this survey, we can see that segmentation has the potential to foster a sense of partnership and collaboration between buyers and suppliers, positioning the buyer as the preferred customer, or rather, the 'customer-of-choice,' in other words, the golden chalice that all brands want to win from their supplier base.

What do suppliers understand by 'customer-of-choice?'

40%

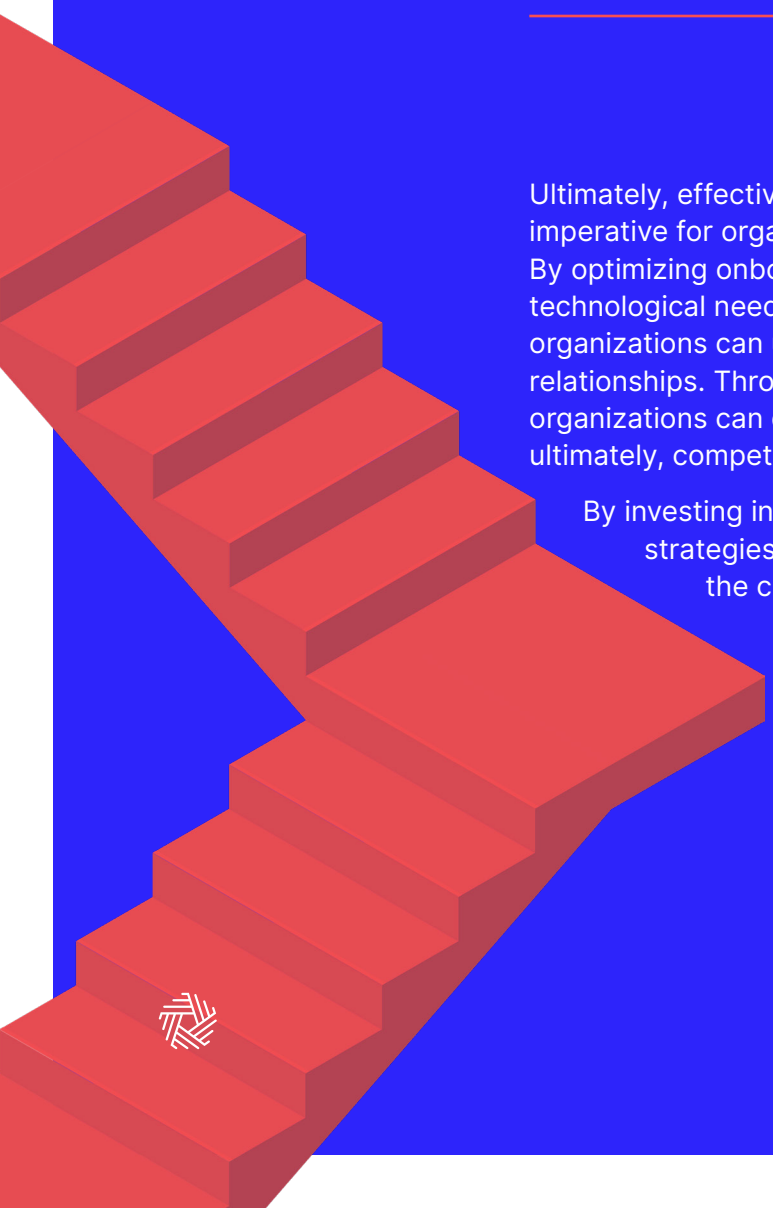
of respondents used the word communication, relationships or partner in their response to the question 'what does customer-of-choice mean to you?'

When asked, almost 40% of respondents used the word communication, relationships or partner in their response to the question 'what does customer-of-choice mean to you?'

Additionally, supplier marketing initiatives contribute to increased collaboration, strategic advantage, and a competitive edge for buyers, as elucidated by our study findings. Therefore, as organizations navigate the intricacies of supplier management, they must recognize the integral role of supplier marketing and ongoing lifecycle management in fostering enduring partnerships, driving innovation, and achieving strategic objectives.

This research shows that suppliers are more likely to prioritize their engagement with buyers who demonstrate a genuine interest in understanding their needs and preferences, leading to deeper, more meaningful relationships.

Conclusion: Top 3 Steps For Successful Supplier Relationships



Ultimately, effective communication with suppliers is imperative for organizations seeking that competitive edge. By optimizing onboarding processes, understanding suppliers' technological needs, and by fostering supplier engagement, organizations can unlock the full potential of their supplier relationships. Through strategic, tailored communication, organizations can drive collaboration, innovation, and ultimately, competitive advantage in the marketplace.

By investing in segmentation and customized communication strategies, buyers can also position themselves as the customer-of-choice for their suppliers.

Where should we start?

We believe that supplier marketing will become the cornerstone of effective communication and engagement strategies in supplier management, offering a pathway to foster deeper, more meaningful relationships with suppliers. By segmenting suppliers based on various criteria such as size, industry, and strategic importance, brands can adapt their communication and engagement approaches to address the unique needs and preferences of each supplier group. This bespoke approach ensures that communication efforts are relevant, targeted, and resonant, leading to higher levels of engagement and collaboration across the board from suppliers.

The top 3 steps towards successful supplier relationships

1. **Get onboarding right.** The process begins with comprehensive data collection and analysis during the onboarding phase. Have a standardized and smooth process where each question asked of the supplier continues to make the next questions more relevant to the supplier. For example, if the supplier is an SMB, you wouldn't necessarily need to ask all of the same questions of them as you would a large enterprise. This is the start of your segmentation. Does your onboarding process support this?
2. **Reduce the technological complexity.** Work to reduce the number of systems your supplier has to separately log into. Integrate the data transfer between the systems to reduce the administrative burden for your suppliers.
3. **Invest in Supplier Marketing.**

Remember three key aspects:

a. Suppliers represent your 'audience': Segment and target content based on relevant characteristics.

b. Think about your message. This is an action or an 'offer' to encourage supplier engagement. Keep it compelling and relevant based on the segmentation.

c. Know your channels. There are multiple channels where suppliers can go for information or interact with your business. Keep it coordinated for maximum impact.

“Creating a seamless and positive experience for suppliers is not just good practice; it's a strategic advantage.”

Jacy Bassett, VP of Solution Assurance & Enablement, HICX

Meanwhile, as buyers seek to optimize their technological ecosystems, they must prioritize empathy and understanding, recognizing that effective supplier management hinges on aligning technological solutions with suppliers' needs and preferences.

HICX helps Global 5000 companies to organize and manage their supplier data.

The HICX Supplier Experience Management platform enables businesses with thousands of suppliers to efficiently on-board and manage the end-to-end lifecycle of all suppliers, and to find, re-use and maintain supplier data and information across any spreadsheet, app or system. High quality supplier data is essential to digital transformation and the key to becoming customer of choice for all suppliers. Some of the world's largest companies, in a wide range of industries, trust HICX for the management of their supplier data; these include BAE Systems, Mondelez, Baker Hughes and EDF Energy.

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