



Global eAuction Index (GEI)

# 2020 Annual eAuction Statistics

Scanmarket has released insights into the global performance of eAuctions since 2006. We have gathered so much data on global eAuction usage patterns that we decided to give it a name – The Global eAuction Index (GEI).

The 2020 index covers insights into global savings, volume, geographic distribution, category performance, etc. It is aimed at procurement professionals who wish to better understand and optimize their business to achieve higher savings and efficiencies.

The GEI is an industry statistic asset reported each quarter by Scanmarket and continues to be a highly valuable dataset to obtain insights in categories and sub-categories within procurement.

Four times a year, Scanmarket also publishes its quarterly savings report.



## 2020 FOREWORD

### **Auction Adoption – It works, so use it!**

For most procurement teams, eAuctions play a role in delivering cost savings to the company, but many procurement teams are still struggling with adoption of eAuctions. They are still considered unconventional in some regions of the world and only used a few times a year as a gimmick for negotiating a few tail spend contracts. This lack of adoption results in missed opportunities that could be worth millions of dollars.

To generate user adoption, it is my experience that the first thing a company needs is a sustainable foundation which is gained via the introduction of governing policies that guide the ethics for use of eAuctions within an organization. For several years, I have been a fan of using data to document the value-add of eAuctions which is also why I always look forward to reading the latest eAuction statistics from Scanmarket as they are published quarterly.

Average savings for different categories, regions, etc. is great inspiration for internal discussions on the value of eAuctions. It often adds extra credibility to demonstrate that other companies are already negotiating certain categories with eAuctions and can achieve a certain amount of savings. I hope many other practitioners are using them in their change management efforts to drive eAuction adoption in their companies.

It definitely works, so use it!

**By Jacob Gorm Larsen**

Director of Digital Procurement, Maersk Group  
Author of "A Practical Guide to E-Auctions for Procurement:  
How to Maximize Impact with E-Sourcing and E-Negotiation"



## 2020 COMMENTARY

The global Scanmarket client community never fails to provide highly interesting datasets for annual reviews, and 2020 will not be a year quickly forgotten. The following review will focus on data from Scanmarket's client base of over 350 organizations around the world, providing unique insights into the world of eAuctions and the latest trends.

2020 was a year of record breaking quarters intertwined with a significant amount of variance in savings. Q1 saw average savings vs current price of 14.17% and Q2 a staggering 17.99%. These figures speak volumes to the quality of processes which Scanmarket's clients are conducting around the world and testify to their continued best-in-class focus on source-to-contract execution.

In the first half of the year 2020, the savings numbers were the second highest ever recorded in Scanmarket's history, with only 2009's H1 savings being higher. This is of particular interest given the macroeconomic environment caused by the world gripped by the onset of the COVID-19 pandemic contrasted to the economic turbulence caused by the global financial crisis back in 2008/2009.



### Other Interesting Highlights

2020 as a whole saw average savings return to levels typical within the last decade, closing out at 10.57% across all events. In addition to many of the dramatic trends observed in 2020, one final and perhaps most important trend was revealed at the close of 2020. We can report a record-breaking year in terms of volume of events conducted. Contrasted to a record-breaking year in 2019 on volume of events, 2020 saw an increase of 40.42% over the previous year.

Despite the turbulence across the business world from the global pandemic, organizations are increasingly reliant on eAuctions to drive results as all categories benefit from eAuctions. Stay tuned to Scanmarket's quarterly savings report to see whether 2020's unique trends continue.

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## HOW DO WE MEASURE?

Scanmarket has published eAuction statistics since 2006. For the statistics to be valid and comparable year over year, we apply the same rules of measurement to all data sets in order to achieve the highest possible reliability.

The key rules of measure are:

1. eAuction savings achieved must be more than -100%
2. eAuction savings achieved must be less than 99%
3. eAuction events must last less than 360 minutes (6 hours)
4. All savings reported are always in relation to the current price
5. eAuction of the “Forward” types are excluded from the statistics
6. eAuction categories with very low volume are excluded from the statistics

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## GLOBAL ECONOMY

One thing we have observed over all the years of reporting is the impact of savings achieved from the global economic climate. The financial markets and production output are macroeconomic indications which can help to better understand the external pressures on business over time.

We have taken the OECD's Gross Domestic Product (Real GDP) as a base reference to illustrate the global economic climate over time.

In this section we present:

**GLOBAL ECONOMIC CLIMATE**

**GLOBAL ECONOMIC CLIMATE BY COUNTRY**

# GLOBAL ECONOMIC CLIMATE

The real Gross Domestic Product (Real GDP) as reported by the OECD with the indication of major world events.

Forecast is based on an assessment of the economic climate in individual countries and the world economy, using a combination of model-based analyses and expert judgement. This indicator is measured in growth rates compared to previous year.

GLOBAL ECONOMY



Source: OECD (2021), Real GDP forecast (indicator). doi: 10.1787/1f84150b-en



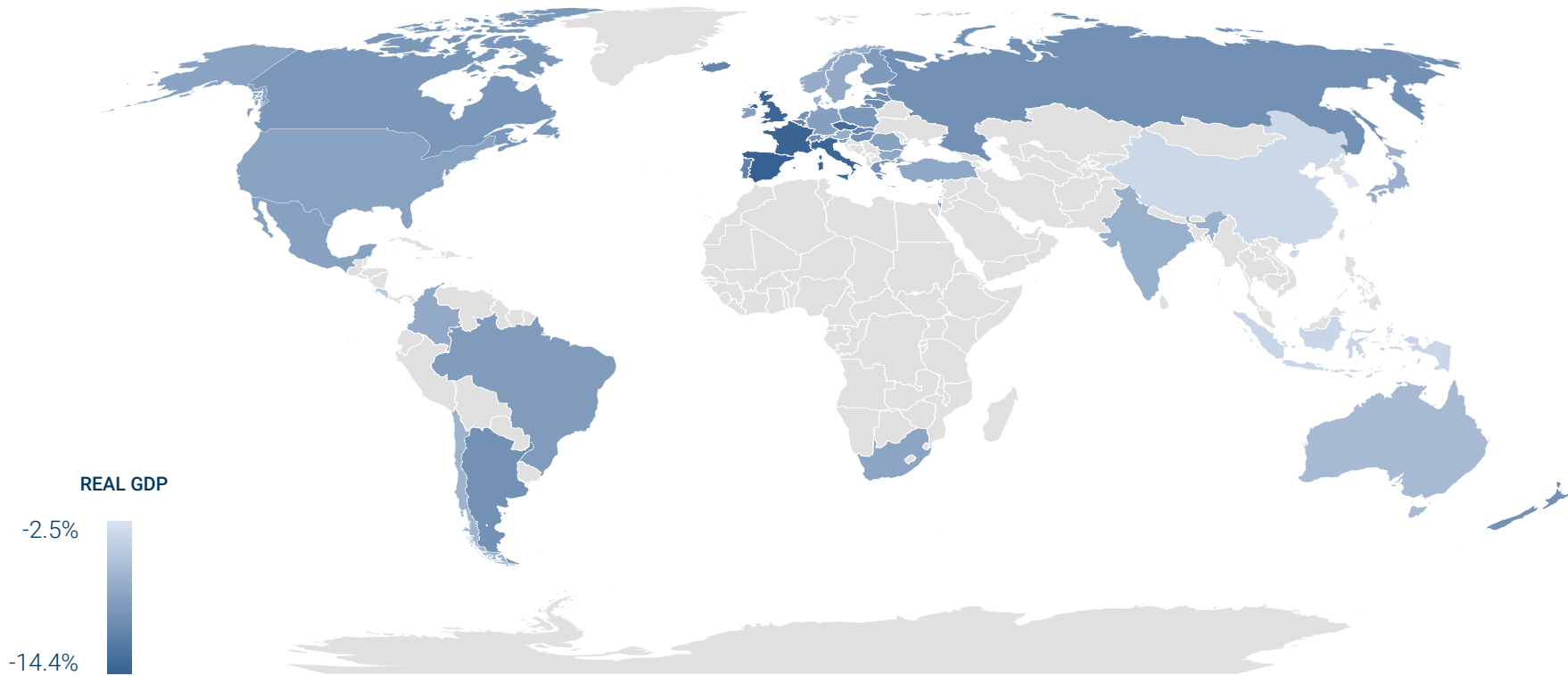
# GLOBAL ECONOMIC CLIMATE BY COUNTRY

The real Gross Domestic Product (Real GDP) as reported by the OECD indicated by country. The darker the color, the lower GDP growth year over year (2020) showing that southern Europe has been significantly impacted economically compared to e.g. Asia during the current COVID-19 pandemic.



Forecast is based on an assessment of the economic climate in individual countries and the world economy, using a combination of model-based analyses and expert judgement. This indicator is measured in growth rates compared to previous year.

GLOBAL  
ECONOMY



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Source: OECD (2021), Real GDP forecast (indicator). doi: 10.1787/1f84150b-en



# ANNUAL SAVINGS

In this section, we look at the annual savings year over year as well as reporting on quarterly performance.

In this section we present:

**2020** FULL YEAR

**HISTORICAL** FULL YEAR SAVINGS

GLOBAL **GDP** VS. ANNUAL **SAVINGS**

**QUARTERLY** SAVINGS

**QUARTERLY** SAVINGS OVER TIME

**QUARTERLY** VARIATIONS OVER TIME

**SAVINGS** BY REGION

**QUARTERLY SAVINGS** BY REGION

## 2020 FULL YEAR

The general trend over the past 15 years has been one of dramatically increased savings in a given year followed by a gradual reduction of savings for the next two to three years before the pattern repeats. In a year dominated by seismic macroeconomic activity, it is highly unusual to observe an average savings figure going against the trend in recent years as well as one that sits almost perfectly average at 10.57% for the year as a whole. 2020 could never be a year associated with the term “average” but figures displaying exactly that leave much for discussion and debate.

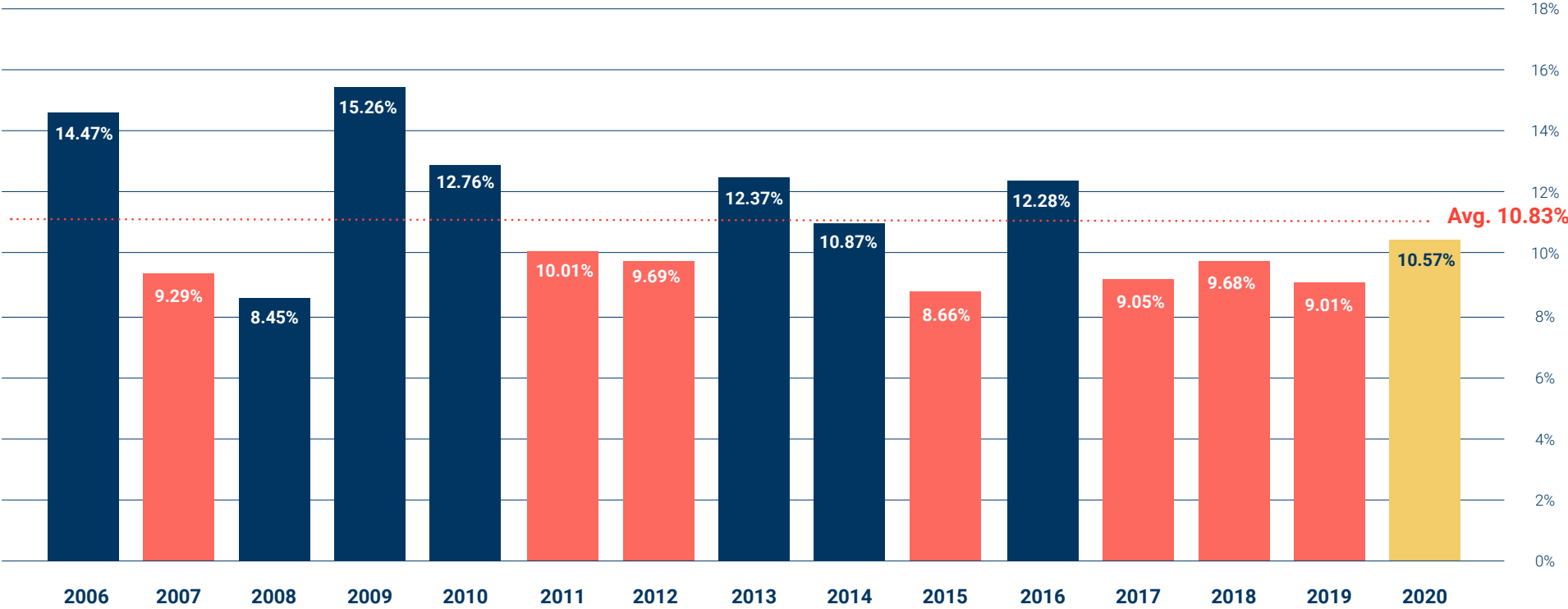
A man with dark hair and a beard, wearing glasses and large black headphones, is sitting at a wooden desk. He is looking down at a silver laptop in front of him, with his hands on the keyboard. The desk also has a smartphone and some cables. The background is a plain wall.

10.57%

# HISTORICAL FULL YEAR SAVINGS

This chart shows the average annual savings in percentages compared to the current price. The average savings from 2006 to 2020 is 10.83% with 2009 representing the all-time high savings of 15.26% for a full year average and 2008 with the all-time low of 8.45%.

ANNUAL SAVINGS



Source: Scanmarket (2021)

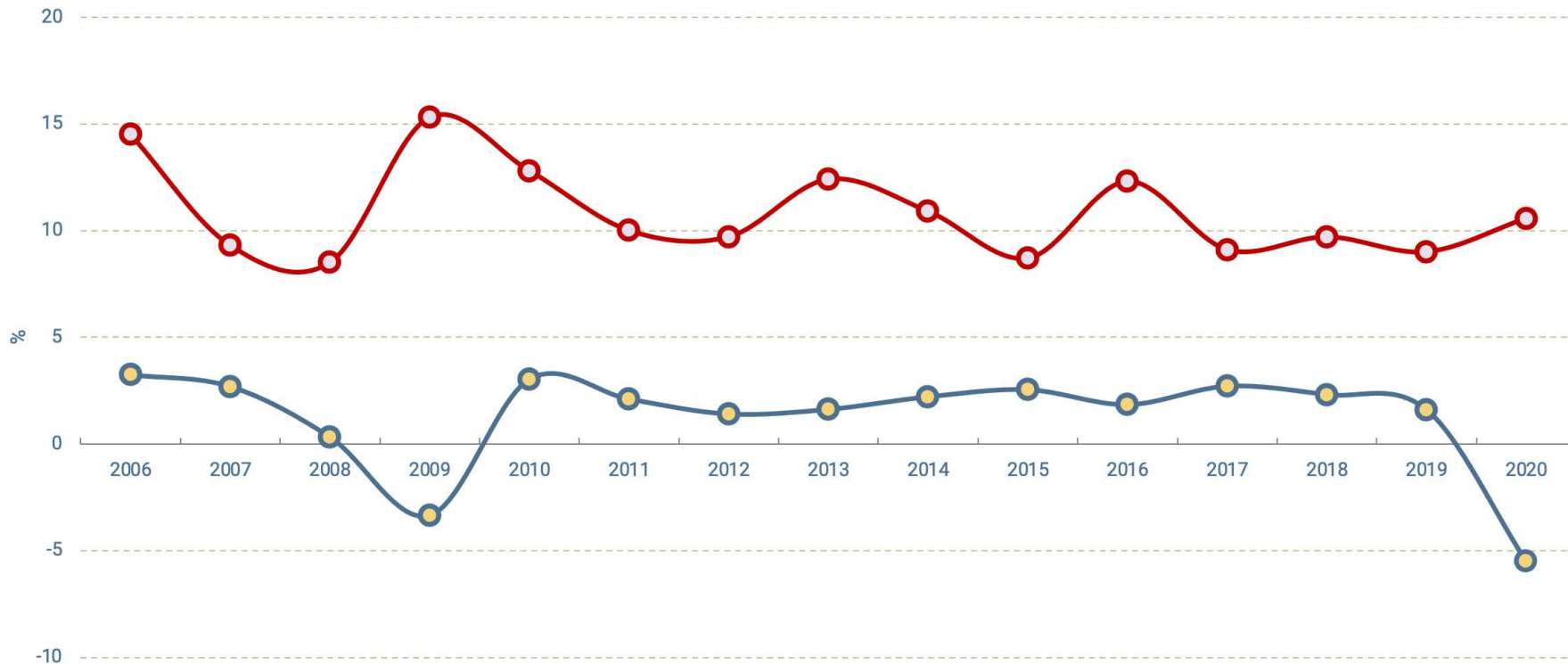
# GLOBAL GDP VS. ANNUAL SAVINGS

This chart shows the Real GDP (OECD total) percentages since 2006 (blue) with the average annual savings in percentages (red) for the same period.



Since 2006, the world has experienced multiple events that have impacted macroeconomics both financially and politically. If we compare the average savings achieved to the GDP as illustrated, we see some interesting patterns. During financial crisis, eAuction savings are not following the decline in world GDP. Actually, the savings often increase during the same period. For example, see 2009 and 2016 while the same is seen in 2020 during the COVID-19 pandemic.

Average Annual Savings vs. Real GDP (OECD total)



ANNUAL SAVINGS

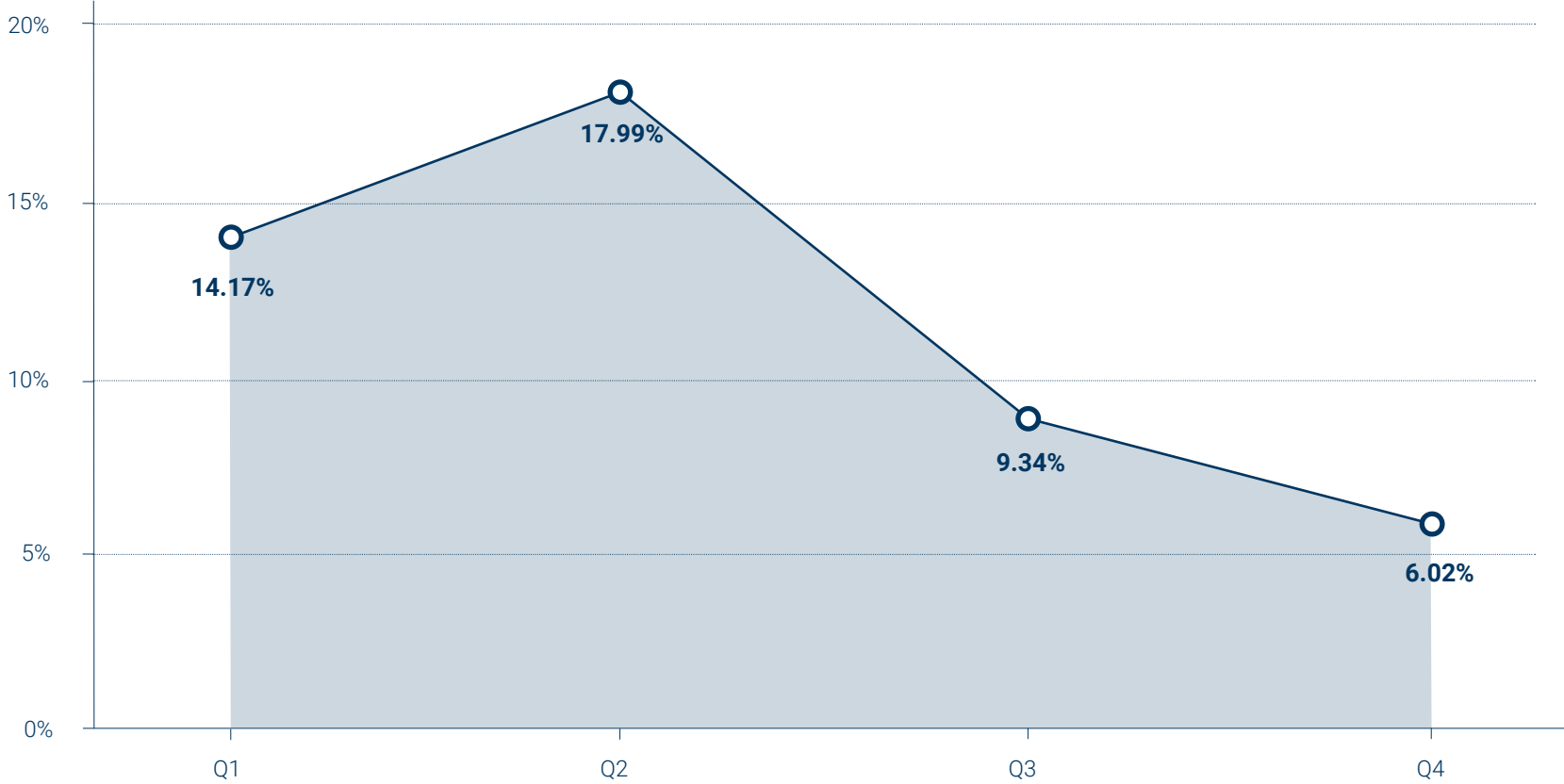
Source: Scanmarket (2021)

# QUARTERLY SAVINGS

The savings performance of the individual quarters of 2020 are shown below.



2020 started out on a surge coming out of Q4 2019 from a rather low savings of 7.8% and went right into double digit savings percentages of 14.17% and 17.99% in Q1 and Q2. Q3 finished with a decline to 9.34% and with a further decline to 6.02% in Q4 which ended the year on a very low quarterly savings achievement only seen a very few times before.



ANNUAL SAVINGS

Source: Scanmarket (2021)

# QUARTERLY SAVINGS OVER TIME

Looking back over time, the quarterly savings can expose indications of how the different quarters are better or worse for eAuction execution. We have extracted the data from the previous 12 years\* of quarterly savings data to investigate how the individual quarters perform in terms of savings.

\*Scanmarket did not report quarterly savings until 2009.



There are some clear indications that Q1 and Q2 are growing quarters to execute eAuctions. The saving percentages are double digit and outperform the other quarters. Q3 has been trending downwards earlier, but the trend seems to have stopped and is flattening out in recent years. Q4 is a tough quarter to achieve significant savings, and the overall trend is pointing downward today.



ANNUAL SAVINGS

# QUARTERLY VARIATIONS OVER TIME

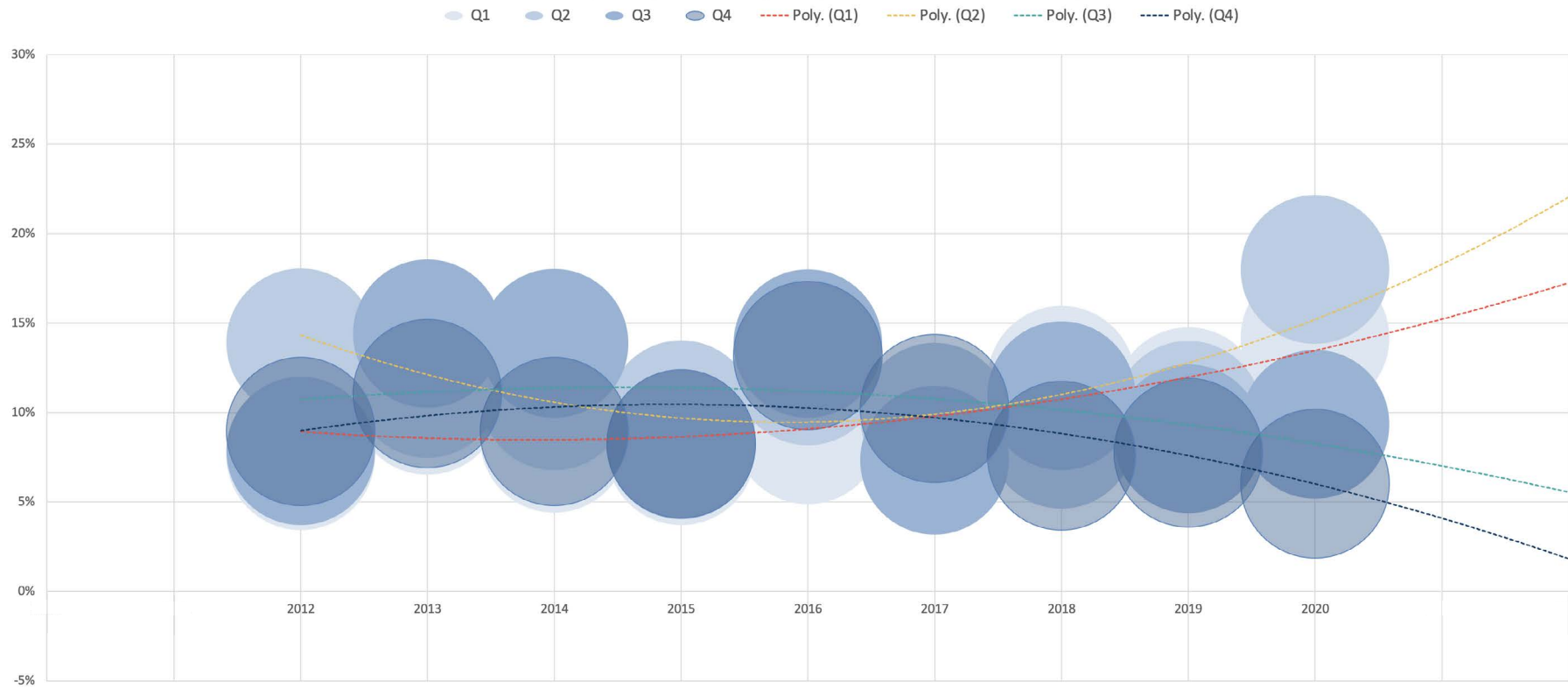
Taking a look at how the variation or spread of the quarterly savings performance is interesting to understand if the intra quarterly performance is stable or following a concave or convex pattern.



The variation of quarterly savings performance changes year by year. The variation in trends since 2012 reveals a lot in how we see the quarters are outperforming each other.

Until 2017/2018, the variation was relatively stable and actually converging. However, after 2018 and until today, the variations have increased significantly creating a clear concave curve. This tells us that the future will probably drive even more savings spread between each quarter.

Quarterly Savings Variance by Year



ANNUAL SAVINGS



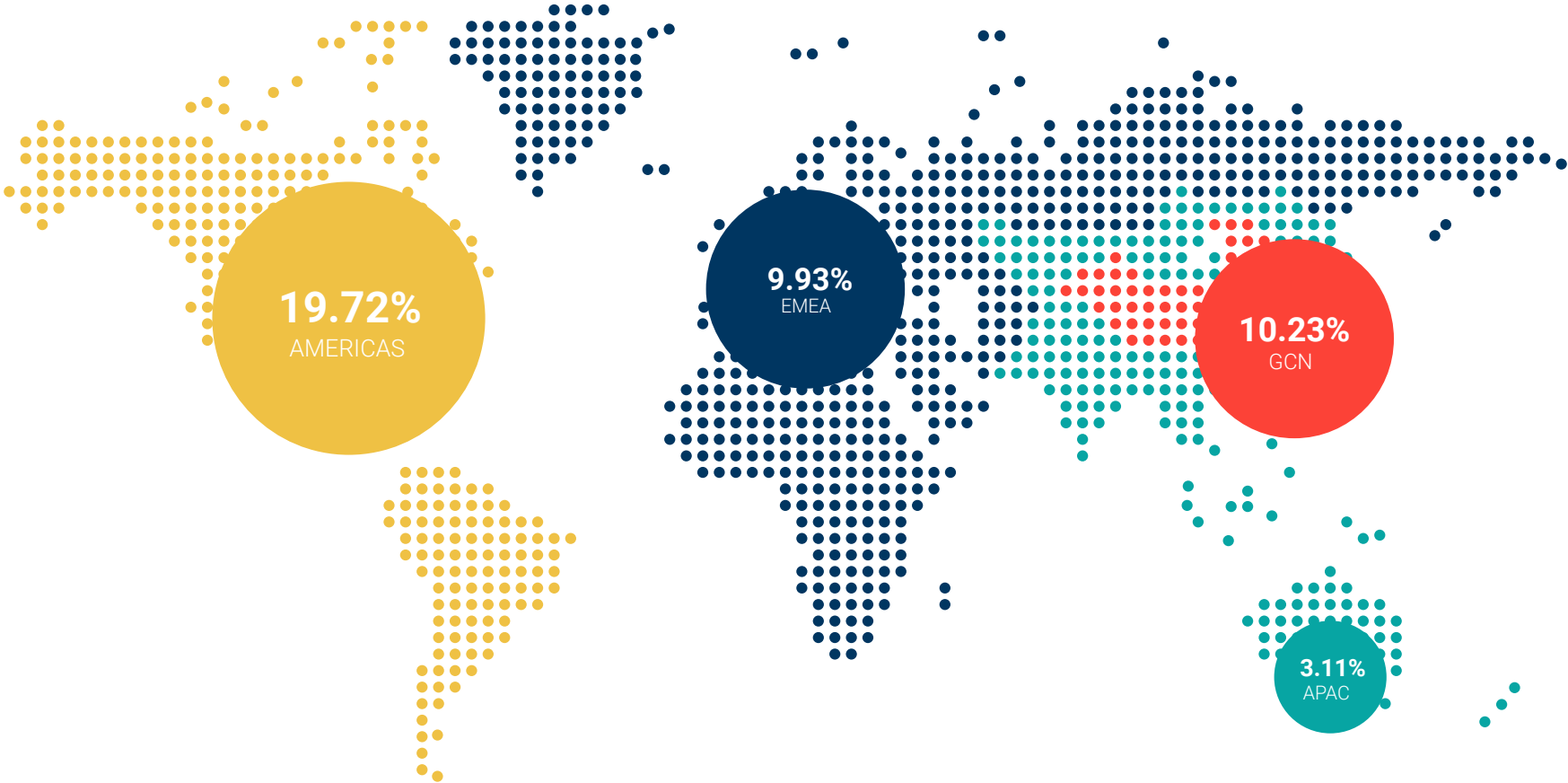
# SAVINGS BY REGION

The map below illustrates the average eAuction savings achieved in 2020 by region. The size of the bubble indicates the relative eAuction savings of the region.



In 2020, the AMERICAS region outperformed all other regions with almost twice as high savings recorded. EMEA and GCN are on par with approximately 10% in overall savings while APAC was under pressure to deliver little more than 3% in savings.

ANNUAL SAVINGS



Source: Scanmarket (2021)

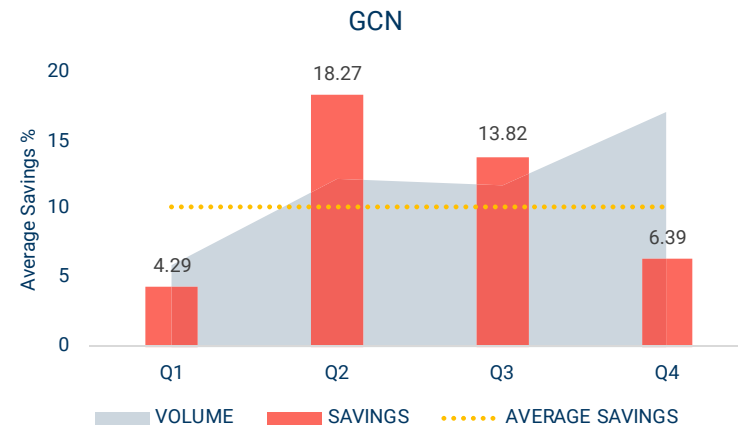
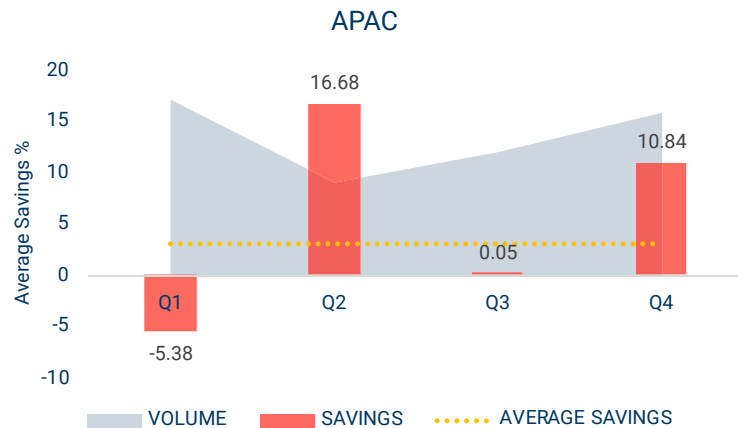
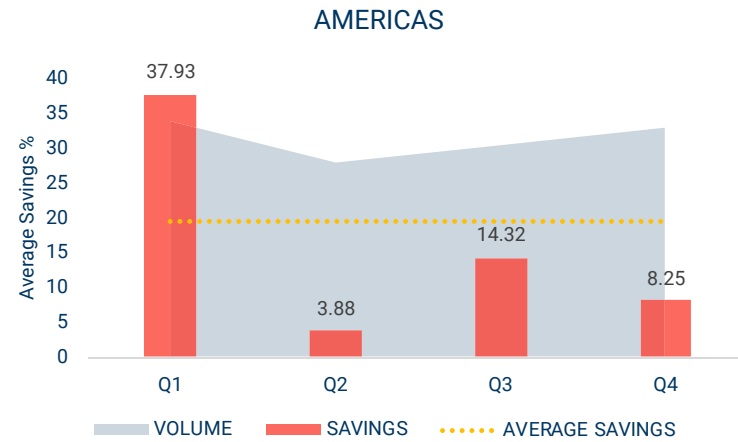
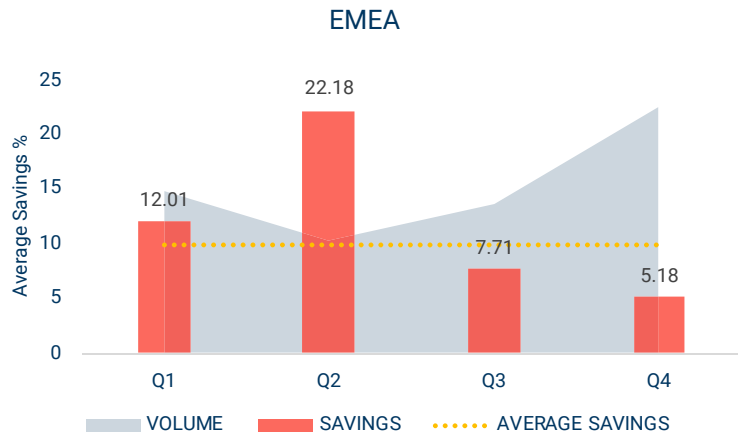
# QUARTERLY SAVINGS BY REGION

Regional performance can vary significantly over the course of a year. The relative volume indicators are illustrated in the light blue chart by the region. Quarterly savings performance is illustrated with the addition of the average full year of savings for the region in the yellow dotted line.



While EMEA and CGN delivered stable and almost identical savings in 2020 (around 10% on average), the APAC and AMERICAS are more volatile, and the quarterly savings achieved vary quite significantly. Despite the variation quarter-over-quarter, the AMERICAS still delivered an average savings of almost 20% while APAC barely reached 3% in savings. The relative volume of eAuction events indicates an end-of-year growing trend across all regions in 2020 with a mid-year dip in volume.

ANNUAL SAVINGS





# ANNUAL VOLUME

Annual eAuction event volume is always interesting to monitor and explore.

In the following section, we take a deeper look at the volume of eAuction events seen from the event manager's (buyer/purchaser) perspective who is responsible for executing the auction.

In this section we present:

**VOLUME** BY REGION

**COUNTRY HEATMAP** ON VOLUME

**QUARTERLY AUCTION** VOLUME GROWTH

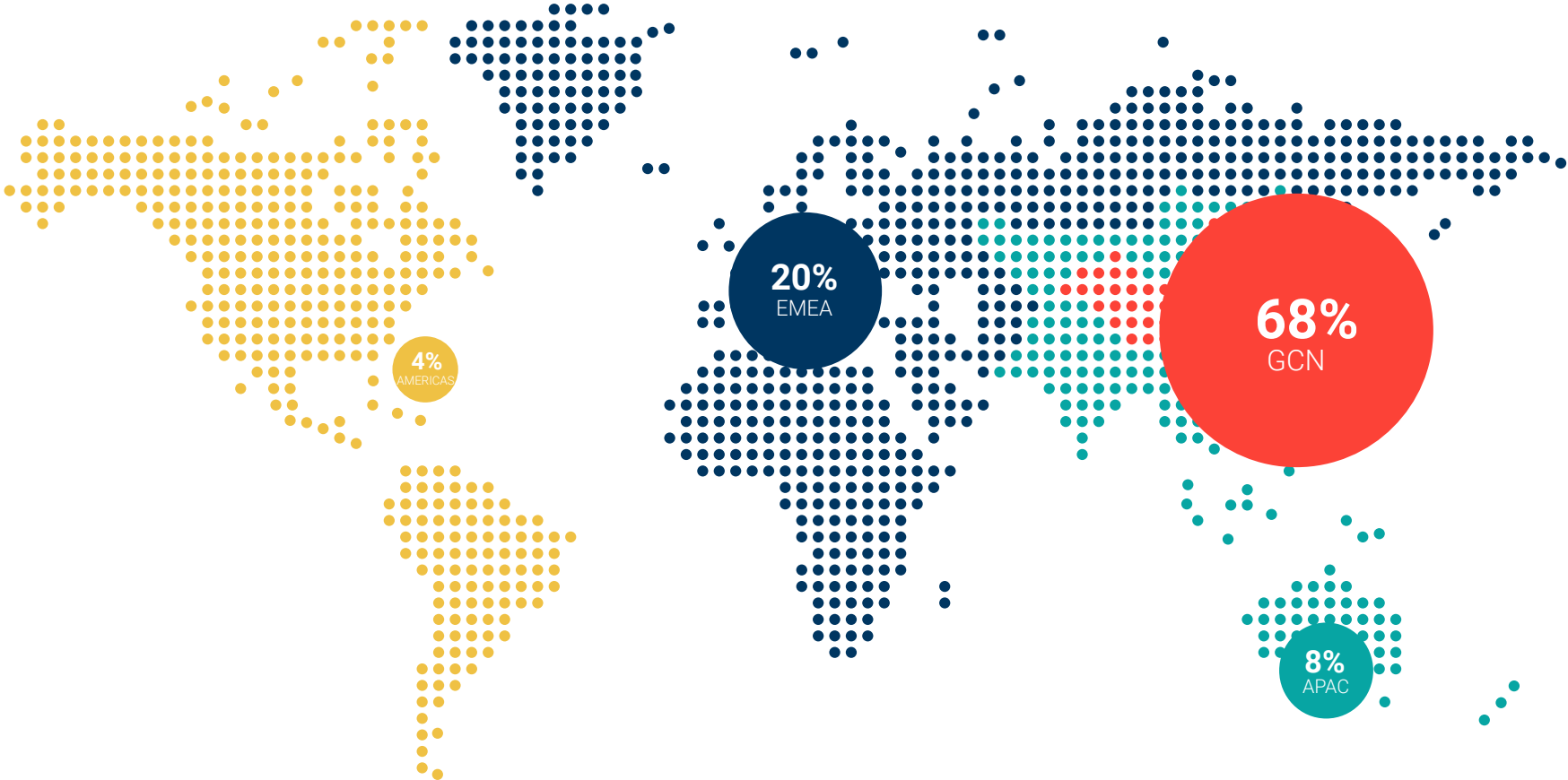
**QUARTERLY VOLUME** BY REGION

# VOLUME BY REGION

The map below illustrates the relative eAuction volume in 2020 by region. The size of the bubbles is relative to the region's full volume in 2020.

Again in 2020, a large share of the data set's eAuction events was attributed to China (68%) which can skew the overall statistics if not properly offset. AMERICAS and APAC only had minimal share (4% and 8% respectively) while EMEA accounted for 20% of all the events being executed in 2020.

ANNUAL VOLUME



Source: Scanmarket (2021)

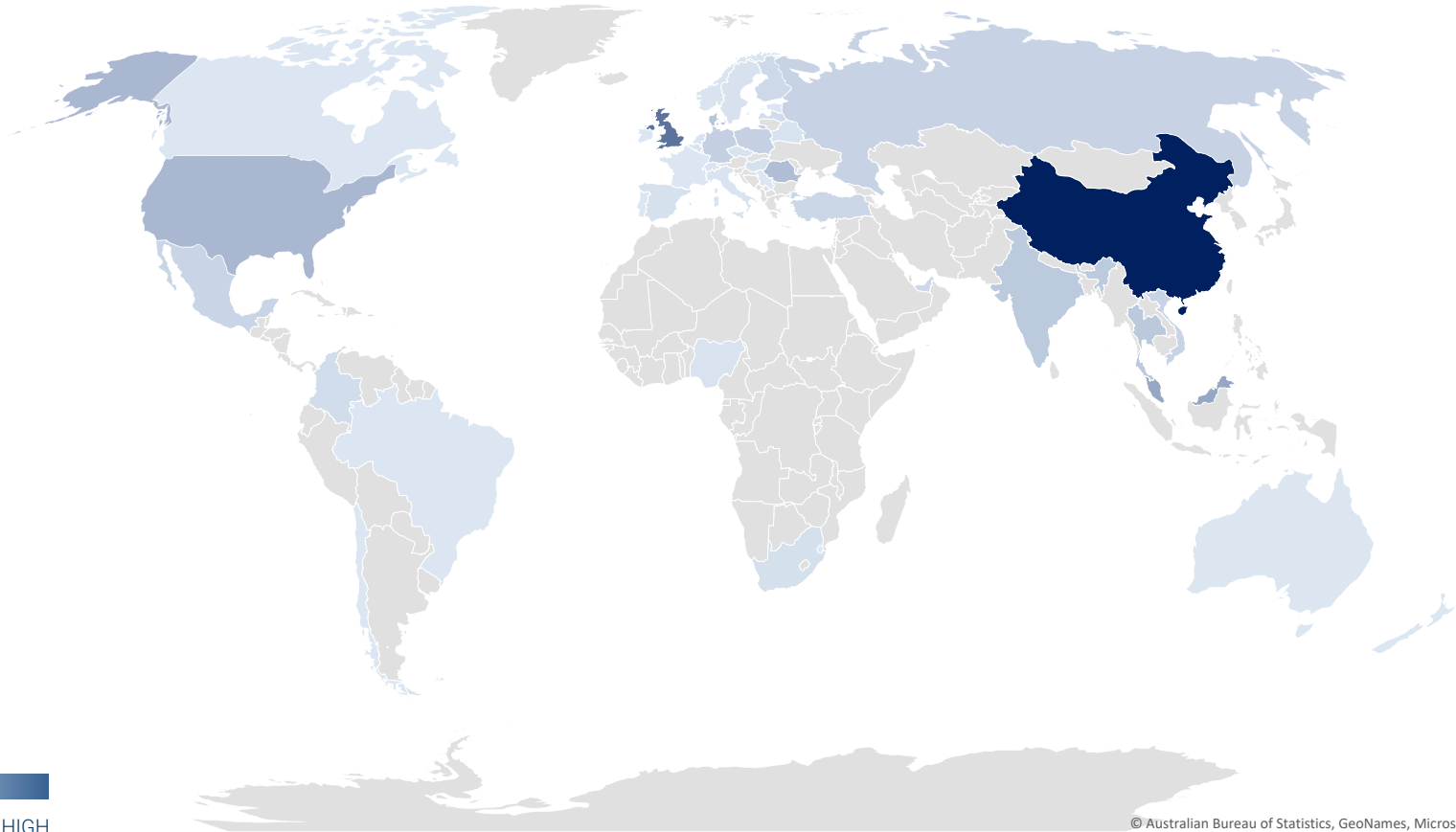
# COUNTRY HEATMAP ON VOLUME

The map below indicates the volume by country in 2020.



China represents a significant amount of the data set's eAuction activity due to its large manufacturing and outsourcing activity. However, the UK and Malaysia both also had good volume and activity in 2020.

ANNUAL VOLUME



VOLUME  
LOW HIGH

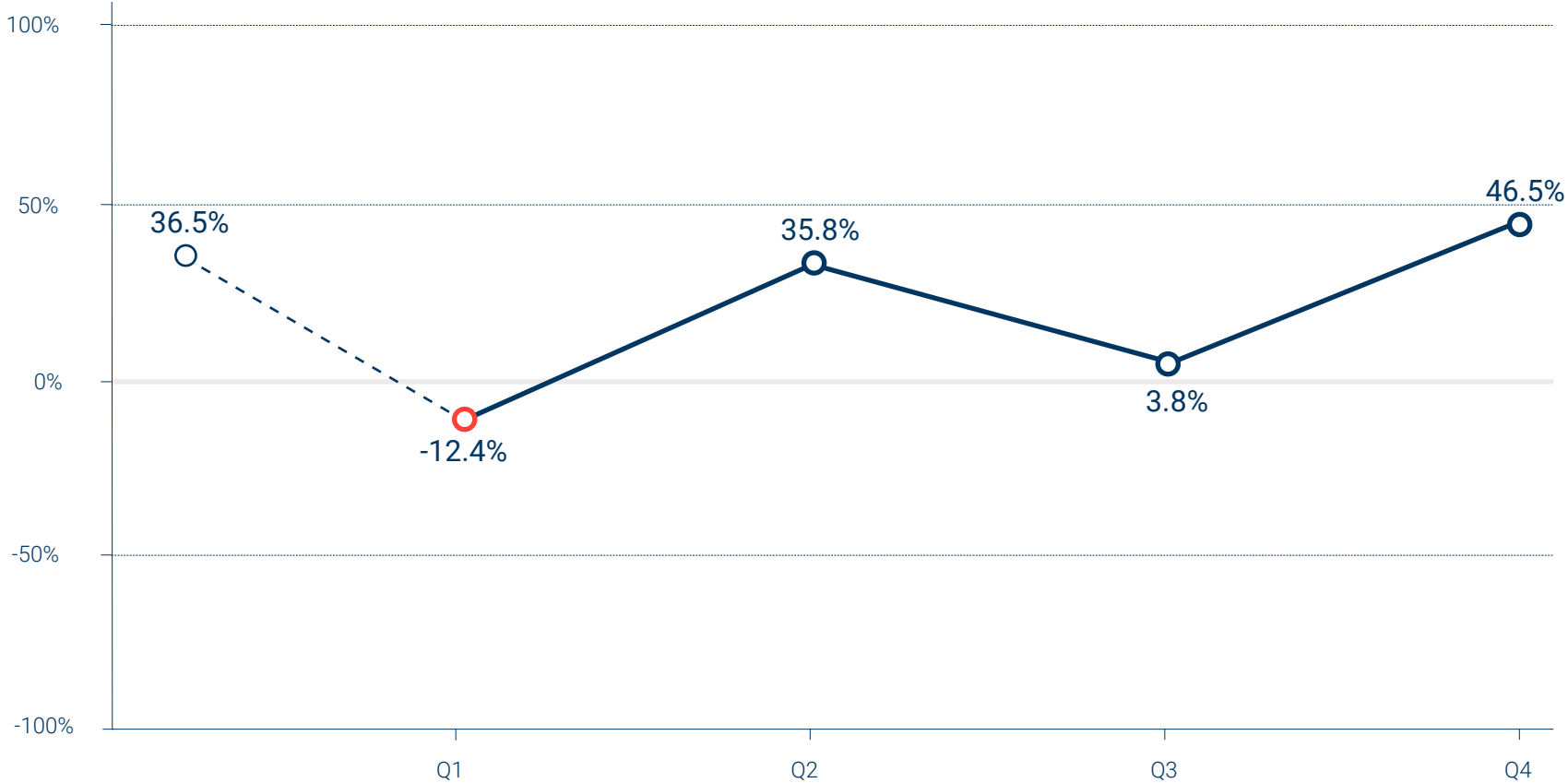
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# QUARTERLY AUCTION VOLUME GROWTH

This chart illustrates the past four quarters of average auction growth across all categories in 2020. The dotted line indicates the moving average growth achieved over the four quarters.

Growth in volume fluctuated a lot over the course of 2020. In Q4 of 2019, the growth rate was 36.5% but coming into Q1 of 2020 the growth rate fell flat at -12.4%, while the growth rates returned to positive for the remainder of 2020. Despite those massive fluctuations, 2020 saw a significant growth of 40.4% in overall eAuction volume.

ANNUAL VOLUME



Source: Scanmarket (2021)

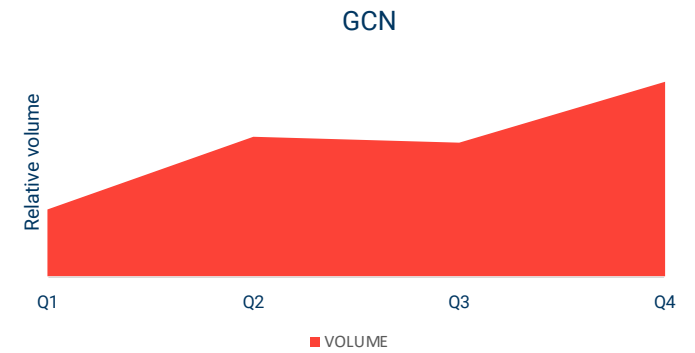
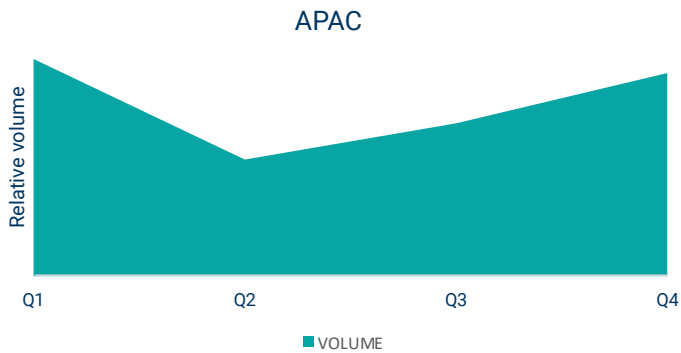
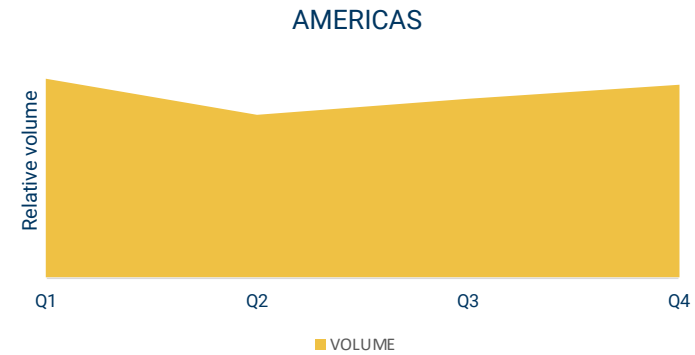
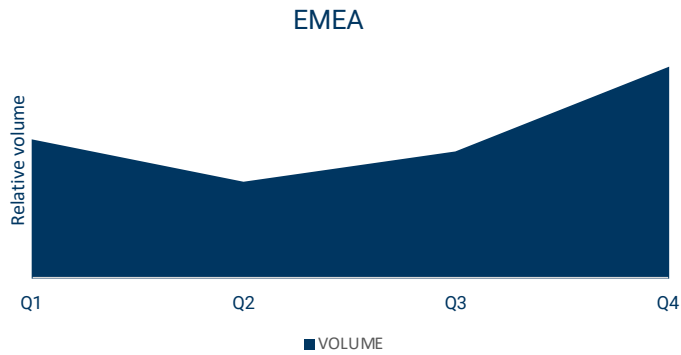
# QUARTERLY VOLUME BY REGION

Regional volume can vary significantly over the course of a year. The relative volume indicators are illustrated in the chart below by region to better understand the variation between quarters.



It is always interesting to watch how the individual regions execute eAuctions and how the methods of running events change. Except for China, the other three regions almost have the same pattern with a dip in Q2 volume. After Q2, all three regions saw an upward trend in volume toward the end of the year. GCN saw a good upwards trend throughout the year with less growth in Q3. Taking the global pandemic into consideration, the early Q1 dip seen in China corresponds well with how the pandemic traveled the world. Also the fact the all other regions saw the COVID impact one quarter later (Q2) and then went back into recovery matches the overall perceptions.

ANNUAL VOLUME



Source: Scanmarket (2021)



## AUCTION MIX

A procurement professional applies various types of auction approaches when identifying and selecting suppliers. The most popular auction type varies over time. This section reports the mix of auction types applied in 2020.

In this section we present:

AUCTION TYPE **MIX**  
**DEFINITION** OF TYPES



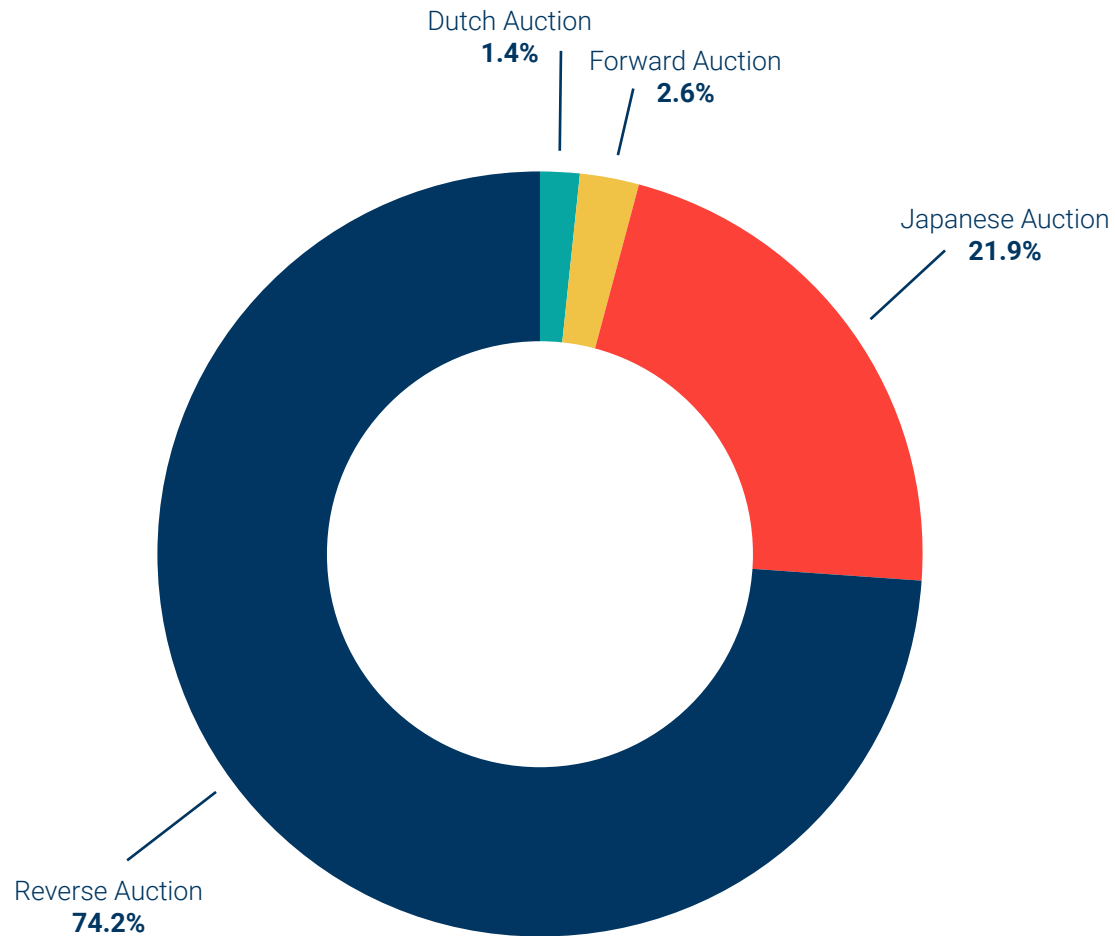
# AUCTION TYPE MIX

In 2020, the eAuction type mix was heavily dominated by Reverse auctions while Japanese auctions came in second. See the definition of the different types of auctions on the following page.



Reverse auctions accounts for almost 3 out of every 4 conducted (74.2%) auction. To learn more about the different types of auctions, see the definitions page.

eAuction type distribution



# DEFINITION OF TYPES

The following describes in short the various types of auctions we measure on.

## REVERSE eAUCTIONS

### List Auctions

List Auctions are useful if you want one supplier for all products and you have a competitive environment on the total price. If a supplier wants to participate in the Reverse List Auction, they must bid on all lines.

### CherryLot™

Cherry Lot Auctions are useful if you have several lots (subtotals) and you want one supplier per lot. If a supplier wants to participate on a lot, they must bid on all lines within the lot.

### Cherry Picking

Cherry Picking Auctions are useful to acquire the best price per product and strong competition exists on the individual product lines. This way, suppliers can participate on individual lines. Cherry Picking Auctions are useful if you are not sure how to group the products and/or if the grouping depends on the final winner for each product.

## STEP eAUCTIONS

### Japanese Auctions

A Japanese Auction is a type of Step Auction with price decreases in intervals during the auction.

### Dutch Auctions

Dutch Auctions put maximum pressure on suppliers because there are no second chances. A Dutch Auction is a type of Step Auctions in which the price increases during the event. The format is first come, first served, so the first supplier to accept the price wins.

## FORWARD eAUCTIONS

### Forward Auctions

Most people are familiar with Forward eAuctions (like we know them from eBay and auction houses), in which multiple buyers bid on a product or service by offering increasingly higher prices.



## CATEGORIES

At a category level, 2020 did not disappoint in bringing forward trends of significant interest, the most obvious being the dramatic rise to first place position in each and every quarter of the Services category. To those new to the world of eAuctions, indirect non-commoditized goods is so often vastly misunderstood in terms of their capacity to play a critical role as part of a holistic eAuction go-to-market strategy.

The global Scanmarket client community has elevated itself to one of great understanding with regards to the breadth of categories that are suitable for eAuctions. As a result, we've seen the Services category rise from 4th in 2018 and 3rd in 2019 to 1st place in 2020 with an impressive average savings figure vs current price of 11.62%.

Furthermore, the Freight & Transportation industry has seen a dramatic decrease in capacity in certain sectors such as aviation as the world grappled with the COVID-19 crisis. It's of real interest that the 2020 dataset not only shows this vital category as high as 6th on the top 10 rankings, but it reveals a stunning 21.62% average savings. Given the constraints on supply in many areas of Freight & Transportation, this result is one to be admired and shows the pivotal role eAuctions have to play during a crisis to protect the bottom line.

In this section we present:

**TOP 10 CATEGORIES BY VOLUME (2020)**

**TOP 10 CATEGORIES BY VOLUME YEAR OVER YEAR CHANGE**

# TOP 10 CATEGORIES BY VOLUME (2020)

This table shows the top 10 highest performing categories in terms of auction volume during 2020 with their associated average savings.

CATEGORIES

# 10.57%

Average savings for all categories

Rank	Chg. Prev.	Category area	% Savings
1	▲ 3	Services (Temporary Labour, Cleaning, IT & Security Services etc.)	11.62%
2	- 2	Construction & Repair (Flooring, Damage Control, Engineering, Rebuilding etc.)	6.38%
3	▲ 7	Iron and Metals (Tools, Spare Parts, Cables, Screws, etc.)	32.74%
4	▲ 6	Industrial Machinery (Assembly lines, Injection moulding machines, etc.)	6.73%
5	- 5	Electrical and Telecommunication Equipment (Mobile Phones, Batteries, Scanners, Electrical Wires, etc.)	16.49%
6	▼ 1	Freight & Transportation (Sea, Land & Air)	21.62%
7	New -	Clothing (Safety Equipment, Working clothes & shoes, bags, gloves etc.)	3.24%
8	▼ 4	Retail – Non Food (Bags, Cleaning, Textiles, Appliances, Lamp Oil etc.)	6.01%
9	▼ 8	Retail – Food (Oil, Dressings, Cereals, Bread, Rice, Pasta etc.)	6.25%
10	- 10	Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.)	22.35%

Left top-10 since last year

9 *Ingredients for food production (Additives, Flour, Sugar, Vegetables etc.)*

Source: Scanmarket (2021)

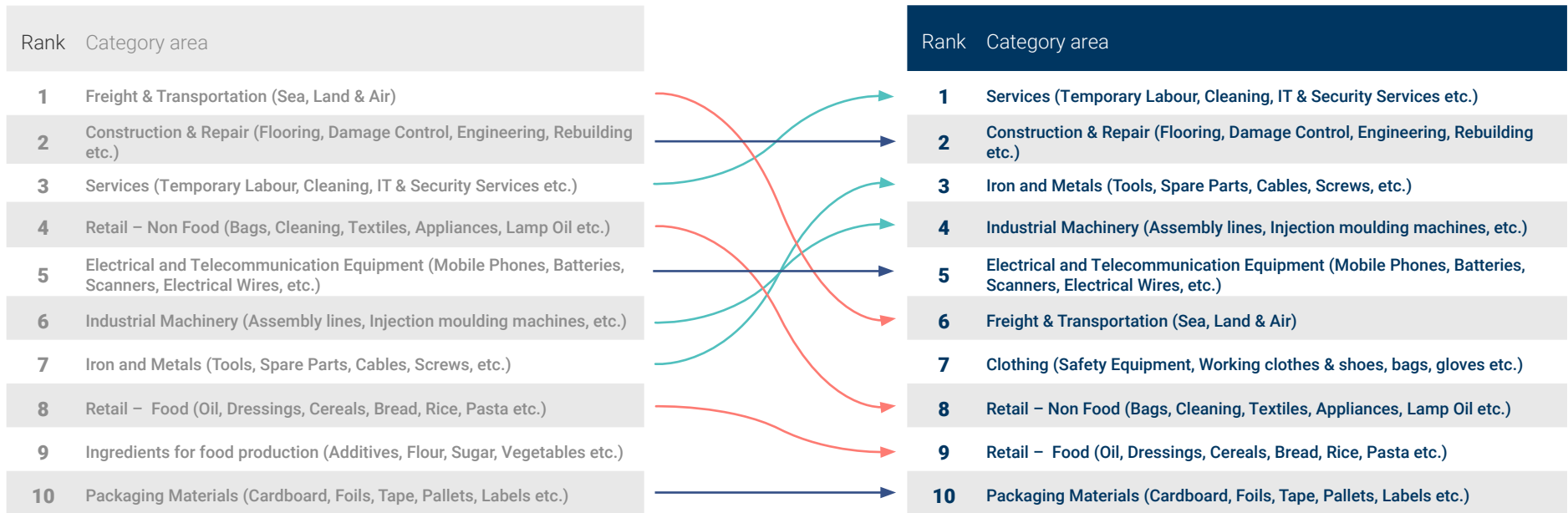
# TOP 10 CATEGORIES BY VOLUME YEAR OVER YEAR CHANGE

The tables below show the top 10 highest performing categories in terms of auction volume during 2019 and 2020 and how the categories have changed in volume from 2019 to 2020.

CATEGORIES

2019

2020



Source: Scanmarket (2021)



## APPENDIX

The following pages include additional information on previous years' category details.

In this section we present:

**TOP 10** CATEGORIES BY VOLUME (2019)

**TOP 10** CATEGORIES BY VOLUME (2018)

## TOP 10 CATEGORIES BY VOLUME (2019)

This table shows the top 10 highest performing categories in terms of auction volume during 2019 with their associated average savings.

# 9.01%

Average savings for all categories in 2019

Rank	Category area	% Savings
1	Freight & Transportation (Sea, Land & Air)	11.42%
2	Construction & Repair (Flooring, Damage Control, Engineering, Rebuilding etc.)	12.65%
3	Services (Temporary Labour, Cleaning, IT & Security Services etc.)	11.20%
4	Retail – Non Food (Bags, Cleaning, Textiles, Appliances, Lamp Oil etc.)	8.07%
5	Electrical and Telecommunication Equipment (Mobile Phones, Batteries, Scanners, Electrical Wires, etc.)	18.71%
6	Industrial Machinery (Assembly lines, Injection moulding machines, etc.)	11.89%
7	Iron and Metals (Tools, Spare Parts, Cables, Screws, etc.)	10.07%
8	Retail – Food (Oil, Dressings, Cereals, Bread, Rice, Pasta etc.)	3.80%
9	Ingredients for food production (Additives, Flour, Sugar, Vegetables etc.)	4.28%
10	Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.)	19.74%

Source: Scanmarket (2021)

## TOP 10 CATEGORIES BY VOLUME (2018)

This table shows the top 10 highest performing categories in terms of auction volume during 2018 with their associated average savings.

# 9.68%

Average savings for all categories in 2018

Rank	Category area	% Savings
1	Construction & Repair (Flooring, Damage Control, Engineering, Rebuilding etc.)	20.83%
2	Freight & Transportation (Sea, Land & Air)	11.37%
3	Iron and Metals (Tools, Spare Parts, Cables, Screws, etc.)	11.37%
4	Services (Temporary Labour, Cleaning, IT & Security Services etc.)	17.85%
5	Retail – Food (Oil, Dressings, Cereals, Bread, Rice, Pasta etc.)	5.62%
6	Household and Industrial Appliances (Coffee Makers, Dishwashers, Generators, Production Machines etc.)	9.96%
7	Retail – Non Food (Bags, Cleaning, Textiles, Appliances, Lamp Oil etc.)	6.96%
8	Electrical and Telecommunication Equipment (Mobile Phones, Batteries, Scanners, Electrical Wires, etc.)	15.89%
9	Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.)	12.91%
10	Ingredients for food production (Additives, Flour, Sugar, Vegetables etc.)	10.19%

Source: Scanmarket (2021)





## Scanmarket

Scanmarket is a source-to-contract software provider that develops advanced functionalities in an effortless design. Originating from the needs of the end user, Scanmarket's S2C solution is attuned to meet the needs of the procurement professional. We take ownership of customer success with experts at your fingertips to drive user adoption. Digitalize your upstream procurement functions with technology that is built to be used.