



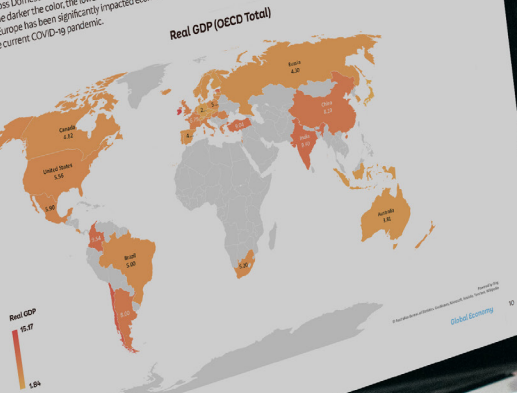
Annual eAuction Statistics Report

2021 Global eAuction Index

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.

Gross domestic product (GDP) is the standard measure of the value added created through the production of goods and services in a country during a certain period.



2021

Scanmarket releases insights every year into the performance of e-auctions executed globally on its platform. Since 2006, we have gathered so much data on e-auction usage patterns that we decided to give it a name – The Global eAuction Index or GEI report.

The 2021 index includes statistics on e-auction savings, volume, geographic distribution, category and performance, and more. Procurement professionals who wish to achieve higher savings and efficiencies use this report to better understand e-auction strategy and execution.

Scanmarket also publishes quarterly eAuction Savings Reports, so stay tuned for more data coming soon.

Foreword

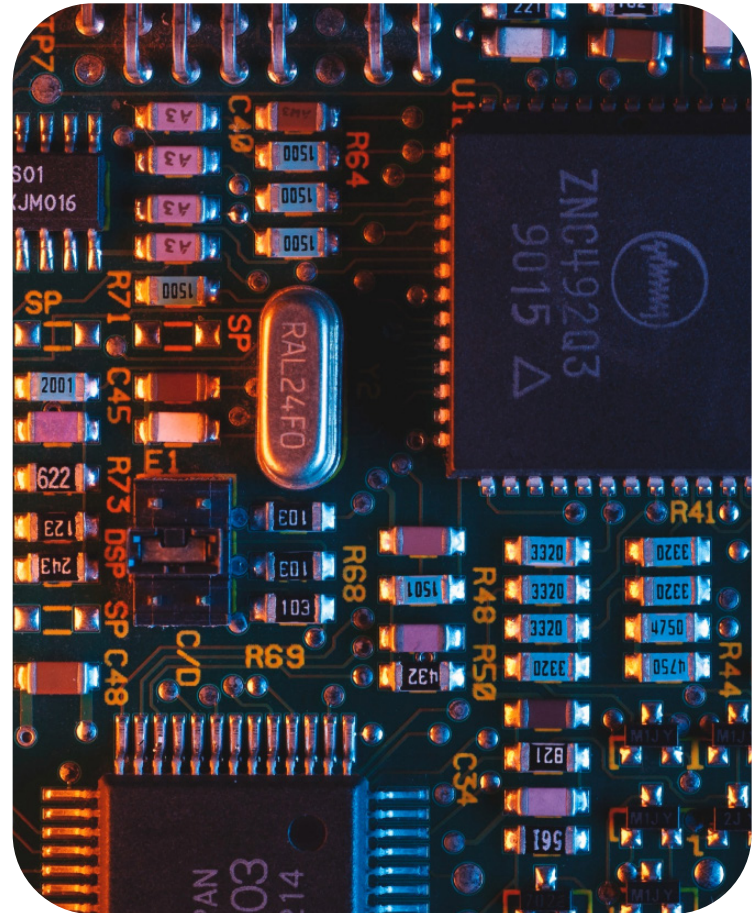
Selecting e-sourcing technology that is user friendly, drives efficiency, promotes compliance, and provides strong optionality will elevate your procurement team to a new level.

Gone are the days when procurement would bring in three suppliers due to analysis complexity, or when the best price is unachievable in a short period of time, or when cost leadership is sacrificed due to bandwidth concerns.

Developing a sourcing strategy with supplier relationship management software will unlock value like never before. A successfully managed event self-funds this technology investment for many years to come.

Frank McKey

Senior Vice President, Chief Supply Chain & Procurement Officer,
JABIL Inc.



JABIL

2021 Commentary

In 2021, extreme market conditions emboldened suppliers to take certain liberties in some categories. These suppliers had a “take it or leave it” attitude, but the world began to slowly emerge from pandemic lockdowns in Q3 and Q4. People started to return to offices, and global GDP was on the rise again. However, inflation began to rise as well.

More unprecedented circumstances continued to challenge the world economy such as Brexit and the US/China trade war, and many businesses and their COGs were negatively impacted. Scanmarket’s 2021 e-auction results show that some categories were auctioned less while others were auctioned more to compensate for price increases in volatile categories.

After the 2021 dataset ended, Russia and Ukraine tension escalated which will significantly impact the 2022 business climate and most likely e-auctions and prices too. But, no matter what, digitalization and virtual collaboration is here to stay which will continue to drive more e-auction usage.

In some categories, it is an extreme sellers' market while other categories remain unaffected or mildly affected, even if some suppliers would have buyers think otherwise. This is where sourcing and e-auction strategy comes into play. If buyers cannot convince suppliers that they are in a position of power, negotiations are futile.

There was a significant increase in overall e-auction volume in 2021 with a record year-over-year growth of almost 75%. It is worth noting, Scanmarket's client community continues to grow driving growth in the overall numbers, but the gains can also be attributed directly back to existing client communities as well.

Despite the harsh economic circumstances, some stories stood out among Scanmarket's user community. At a category level, Services remained the most auctioned category with average savings of 9.01%, which highlights the flexibility of e-auctions in some of the most challenging categories. We observed significant savings within the *Iron & Metals* category (16.92%) as well as *IT Equipment* (11.99%). By far, the toughest categories observed in our top 10 most auctioned categories were *Ingredients for Food Production* with -7.17% vs current price observed.

The 10 most auctioned categories recorded double digit savings vs current price including *Services*, *Iron & Metals*, *Packaging Materials*, and *IT Equipment*. 2021 saw an average saving of 4.62% across all auctions.

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How We Measure

01

Scanmarket has published e-auction statistics since 2006. For the statistics to be comparable year-over-year, we apply the same rules of measurement to all data sets to achieve the highest reliability.

The key rules of measurement are:

- 01** eAuction savings achieved must be more than -100%.
- 02** eAuction savings achieved must be less than 99%.
- 03** eAuction events must last less than 360 minutes (6 hours).
- 04** All savings reported are always in relation to the current price.
- 05** Forward e-auctions are excluded from the statistics.
- 06** eAuction categories with very low volume are excluded from the statistics.

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The Global Economy

02

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 that can help us better understand the external pressures on businesses over time.

We have taken the OECD's Gross Domestic Product (Real GDP) and Inflation (CPI) rate as base references to illustrate the global economic climate over time.

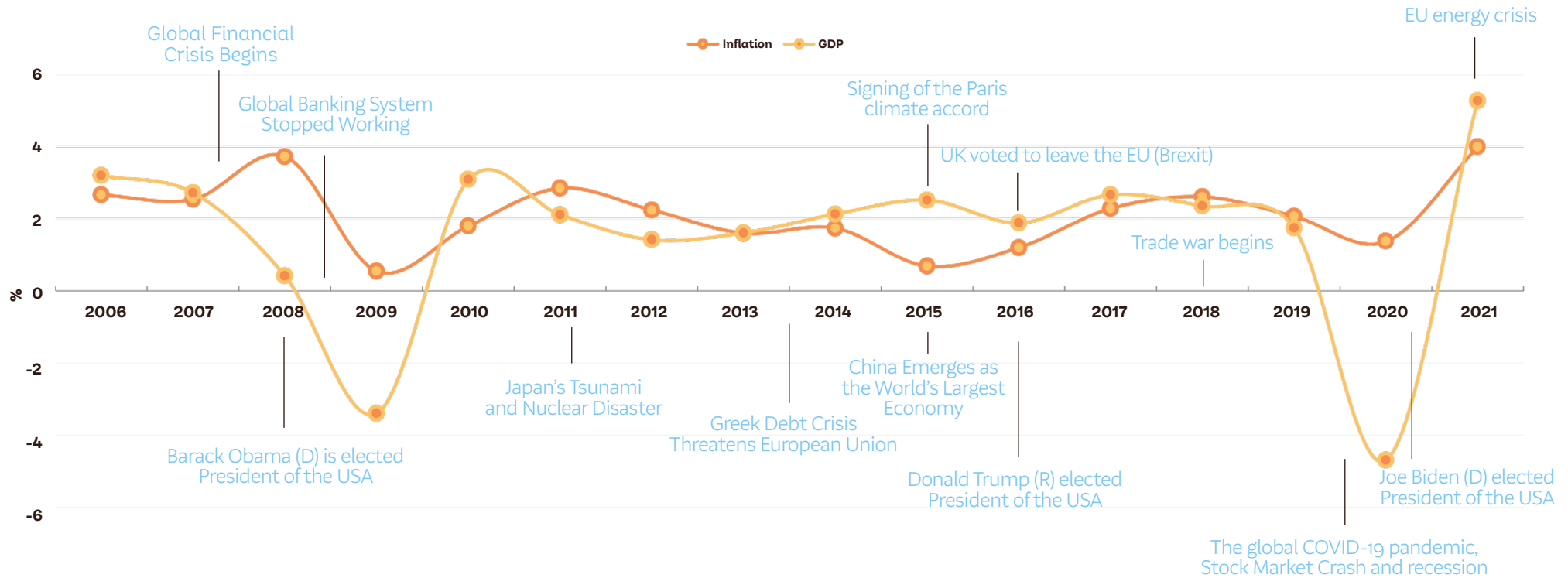
GLOBAL ECONOMIC CLIMATE - GDP & INFLATION
GLOBAL ECONOMIC CLIMATE BY COUNTRY

Global Economic Climate - GDP & Inflation

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

This data is based on measurements of the economic climate in OECD countries. Gross domestic product (GDP) is the standard measure of the value created through the production of goods and services in a country during a certain period. Inflation is measured by consumer price index (CPI).

Real GDP (OECD Total) and Inflation (OECD CPI)



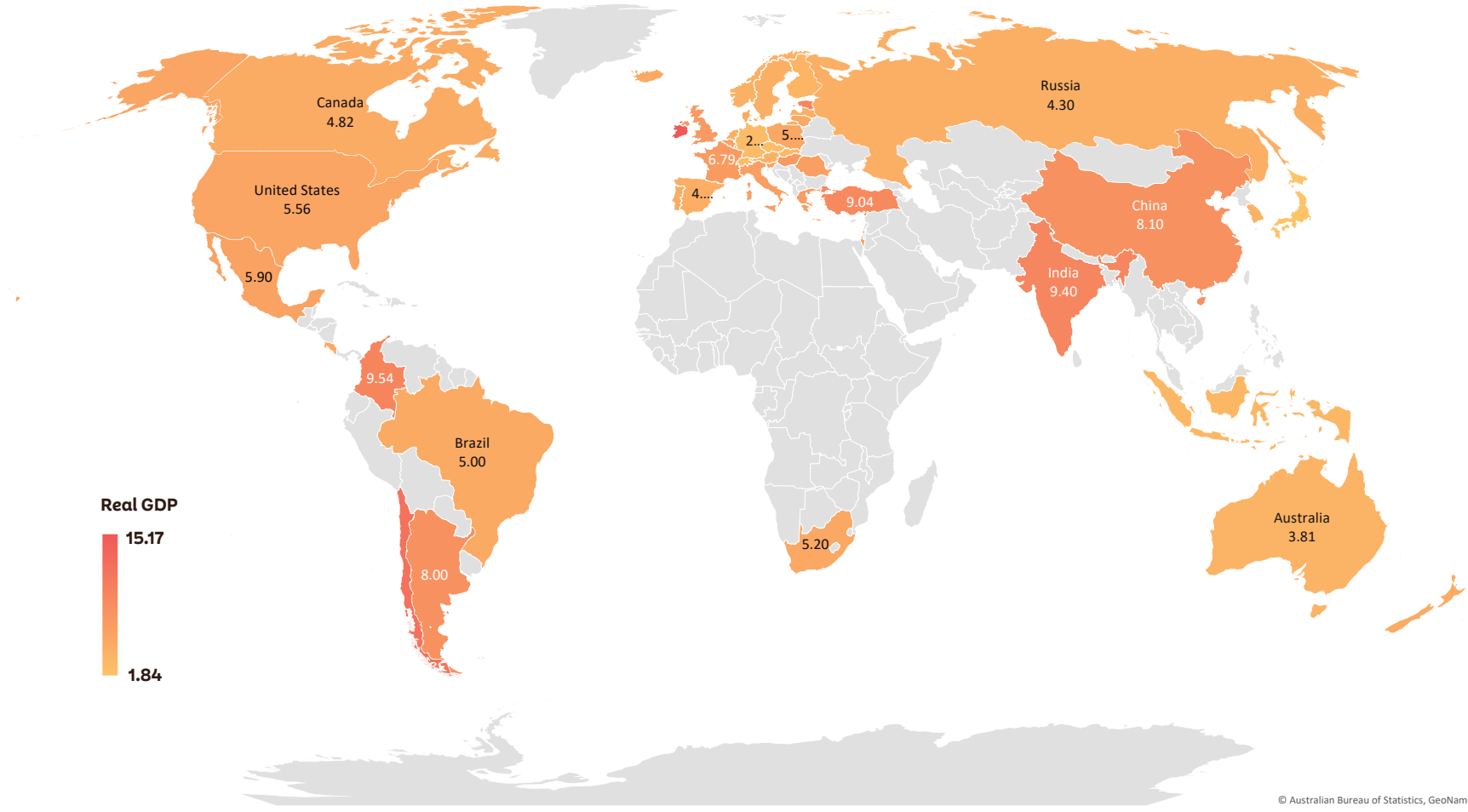
Source: OECD (2022)

Global Economic Climate by Country

The real Gross Domestic Product (Real GDP) as reported by the OECD is indicated by country. The darker the color, the lower GDP growth year-over-year. For example, the data below shows that southern Europe was significantly impacted economically compared to Asia during the COVID-19 pandemic.

Gross domestic product (GDP) is the standard measure of the value created through the production of goods and services in a country during a certain period.

Real GDP (OECD Total)



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Annual Savings

03

In this section, we look at annual e-auction savings year-over-year alongside quarterly reporting insights.

2021 FULL YEAR

HISTORICAL FULL YEAR SAVINGS

GLOBAL GDP & INFLATION VS. ANNUAL SAVINGS

QUARTERLY SAVINGS

QUARTERLY SAVINGS OVER TIME

QUARTERLY VARIATIONS OVER TIME

SAVINGS BY REGION

QUARTERLY SAVINGS BY REGION

2021 Full Year

4.62%

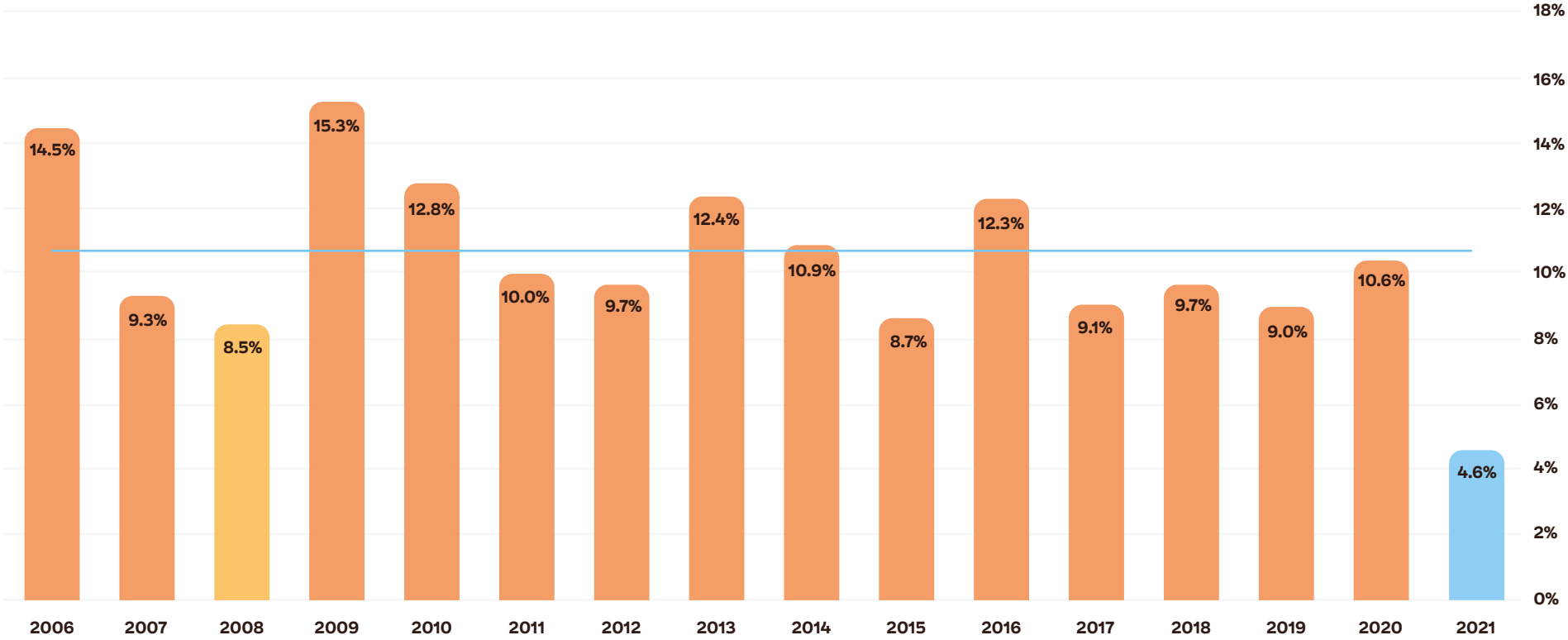
2021 Full Year

The general trend over the past 16 years has been one of dramatically increased savings in a given year followed by a gradual reduction of savings for the following two to three years. In a year dominated by seismic macroeconomic activity, it is unusual to observe average savings that are against the prevailing trend and far below the annual average savings of only 4.62%. The events leading up to this impact are felt far and wide as global economies grapple with inflation rates not seen in over 40 years. In the following sections, we'll explore this pattern shift in greater detail.



Historical Full Year Savings

The following chart shows the average annual savings in percentages compared to the current price. The average savings from 2006 to 2021 is 10.83% with 2009 representing an all-time high savings of 15.26% and 2008 with an all-time low of 4.62%.

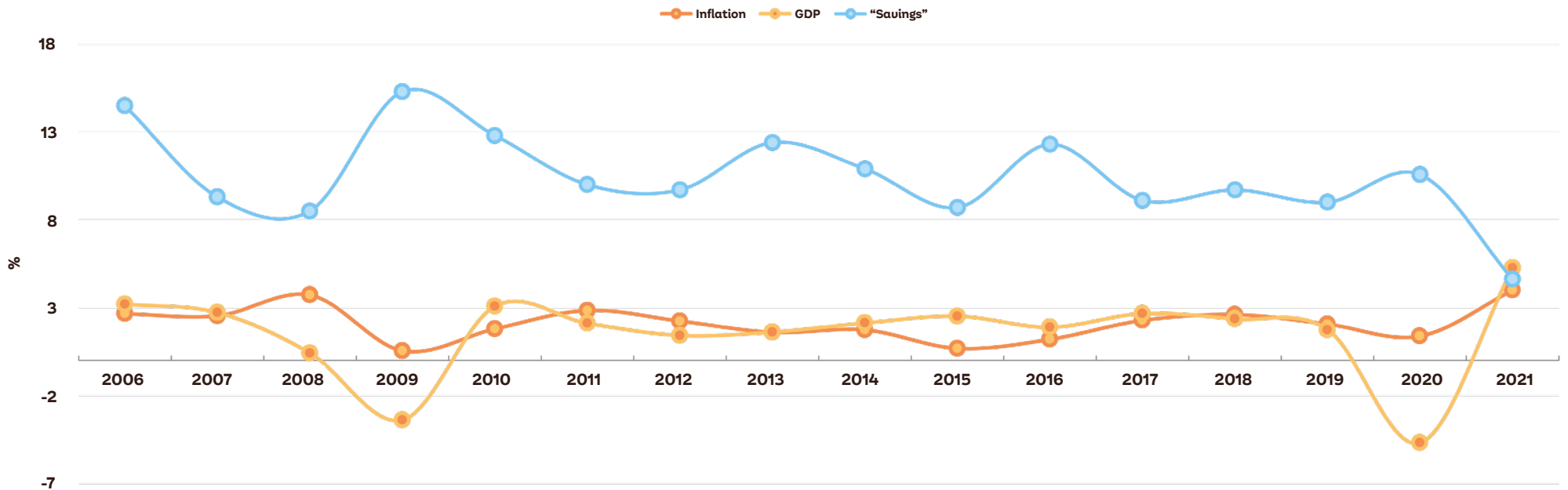


Global GDP & Inflation us. Annual Savings

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

Since 2006, the world has experienced events that have impacted macroeconomics both financially and politically. Some interesting patterns emerge when comparing the average savings achieved to the GDP as illustrated below. During the global financial crisis in 2008, e-auction savings did not follow the decline in world GDP. In fact, savings often increased during the same period. For example, 2009 and 2016 followed the same pattern as 2020 during the COVID-19 pandemic. As the world economy emerges from its period of hibernation, the wider market factors are now forcing significant costs challenging global buying markets.

Average Annual Savings us. Real GDP (OECD total) & Inflation



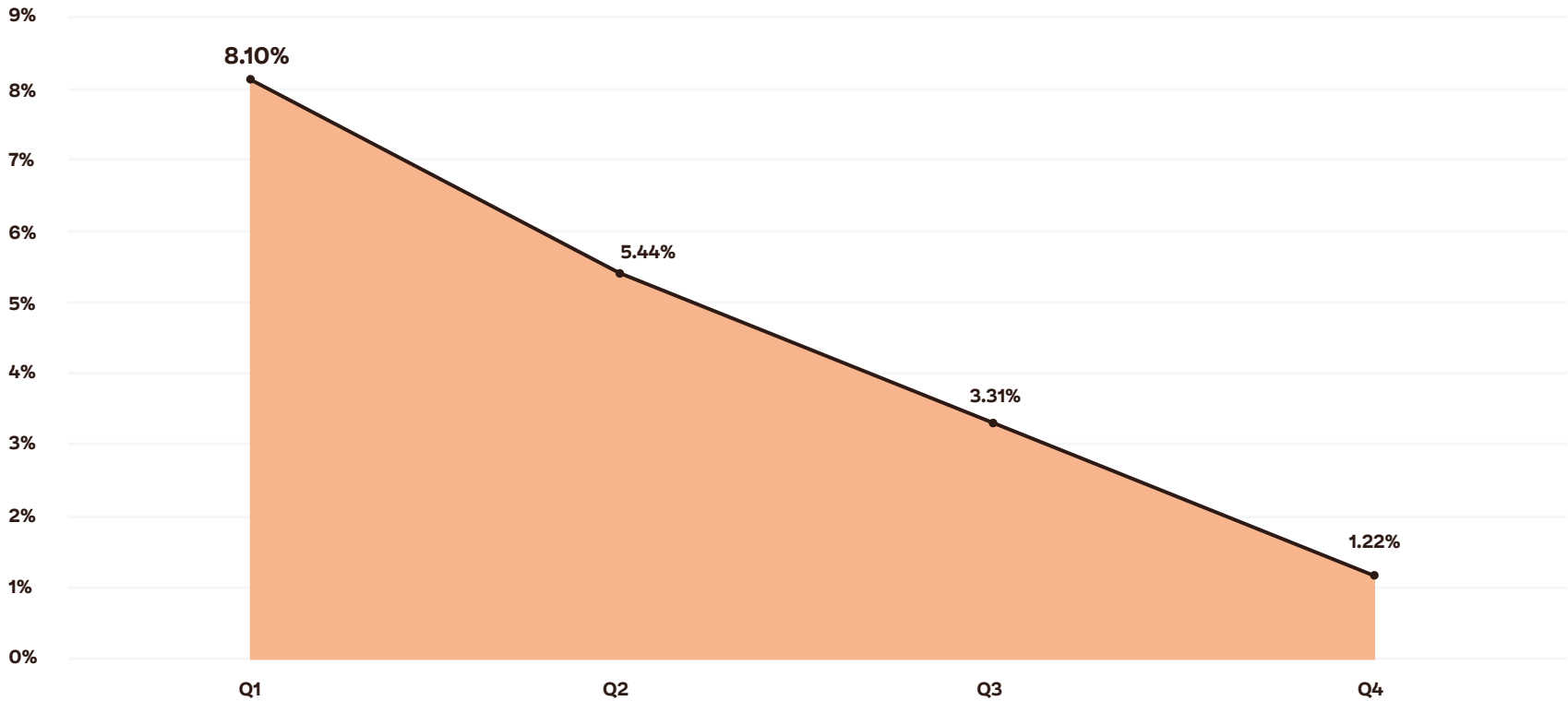
Source: Scanmarket (2021)

Quarterly Savings

The savings performance of the individual quarters of 2021 are shown below.

The inflationary impact of supply chain shortages and overheated fiscal policies are reflected in the 2021 quarterly data set. The first quarter follows the trends of 2020. However, as the year continued, macroeconomic events tightened their grip. More and more buyers are now turning to e-auctions to shield against the dramatic cost increases in certain categories. It is a testament to the power of e-auctions that a positive savings figure vs current price is still being achieved across the world in these current market conditions.

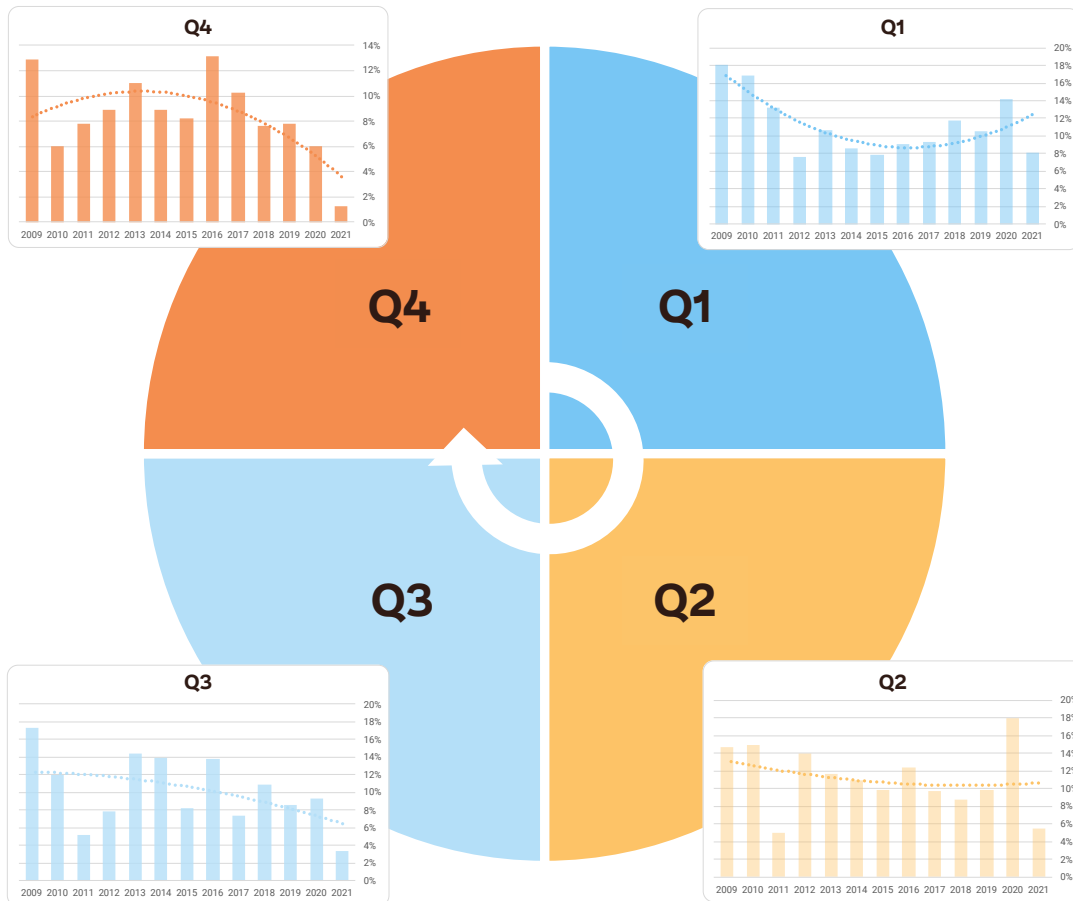
2021 Quarterly Savings



Source: Scanmarket (2021)

Quarterly Savings Over Time

Over time, quarterly savings expose how different quarters are better or worse for e-auction execution. We have extracted data from the previous 12 years (Scanmarket did not report quarterly savings until 2009) of quarterly savings data to investigate how the individual quarters perform in terms of savings.



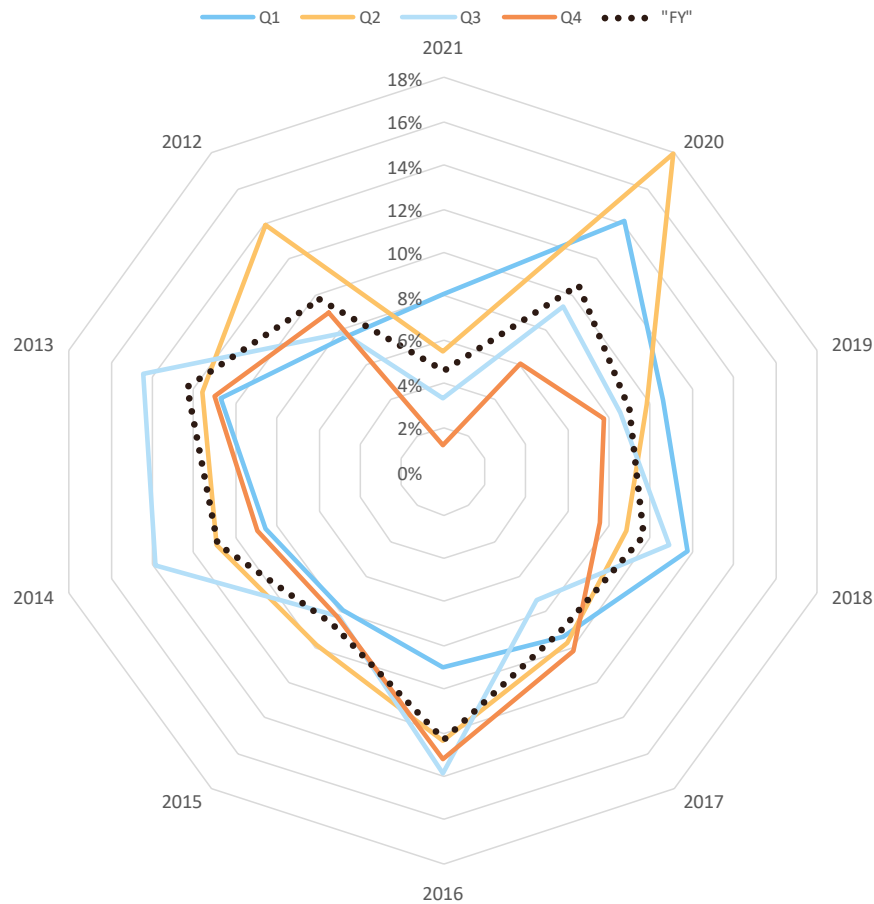
There are some clear indications that Q1 and Q2 are growing quarters to execute e-auctions. The saving percentages are double digit and outperform the other quarters. Q3 was trending downwards earlier, but the trend seems to have stopped and flattened out in recent years. Q4 is a tough quarter to achieve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

Quarterly Variations Over Time

The variation of quarterly savings performance is interesting if the intra quarterly performance is stable or follow a concave or convex pattern.

The variation of quarterly savings changes year by year, and the variation in trends since 2012 reveals a lot in how we see quarters outperforming one another. Until 2017/2018, the variation was relatively stable and converging. However, after 2018 until today, the variations have increased significantly creating a clear concave curve. This tells us that the future will probably drive even more savings between each quarter.

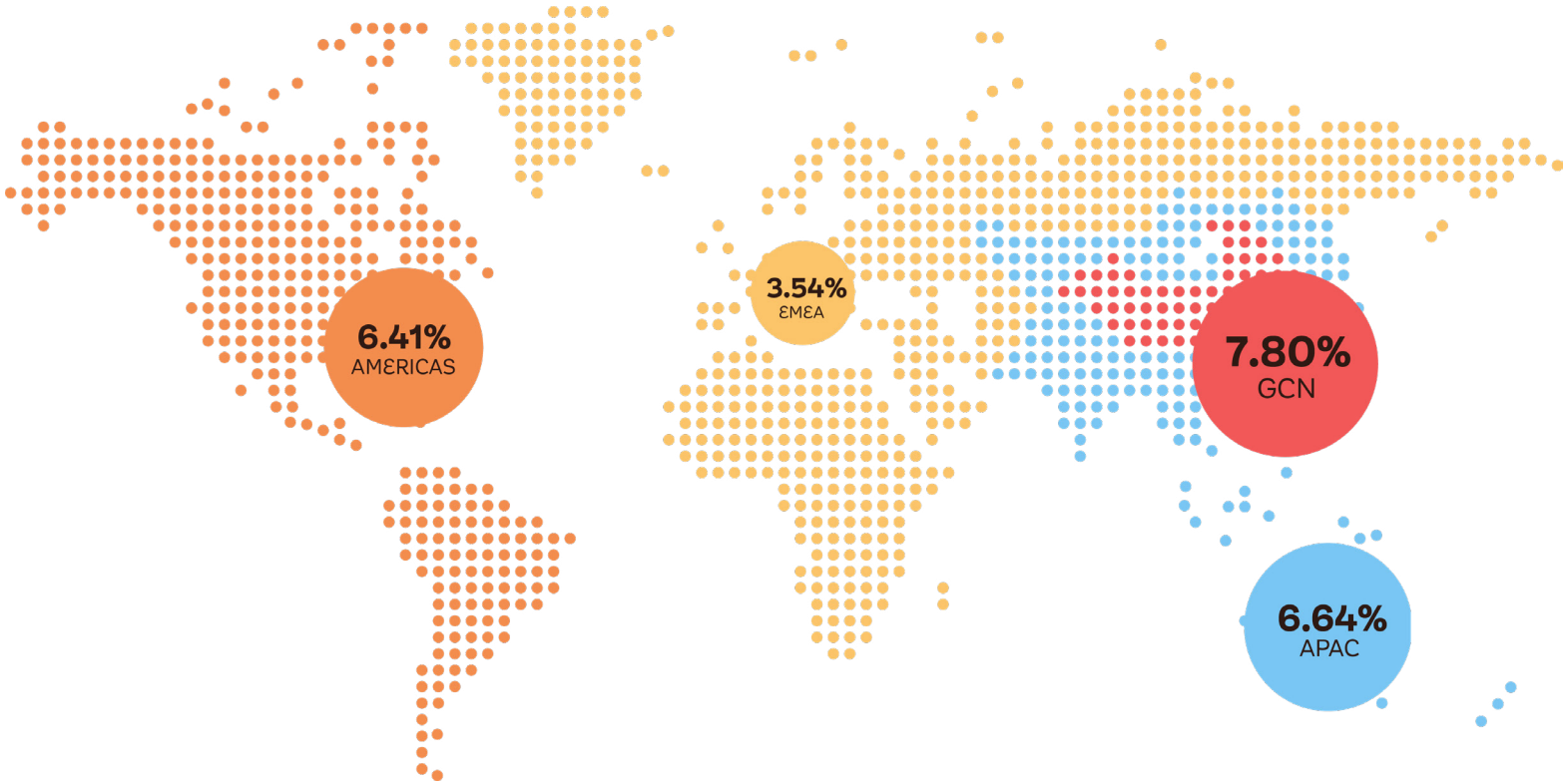
Quarterly Savings Variance by Year



Savings by Region

The map below illustrates the average e-auction savings achieved in 2021 by region. The size of the bubble indicates the relative e-auction savings of the region.

In 2020, the Americas region recorded the highest level of savings and APAC posted the lowest savings figure. In 2021, the trend is completely reversed. We observed APAC recovering from around 3% in 2020 to 7.8% in 2021. The region has been slower to emerge from the pandemic lockdowns. With the region being a step behind on the COVID-19 journey, this could explain the stronger savings observed. Conversely, most parts of EMEA emerged from the global health crisis throughout the year and are now experiencing dramatic cost of goods inflation.

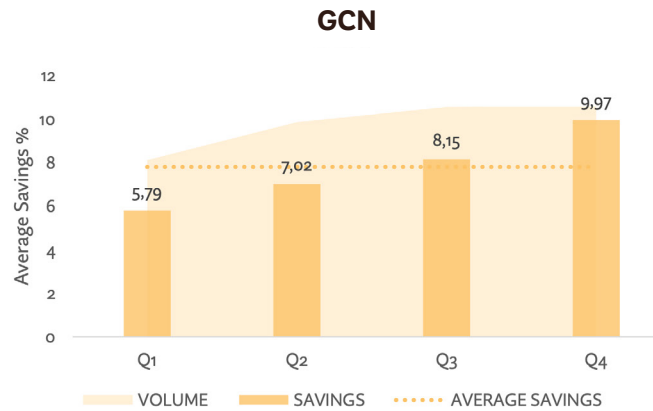
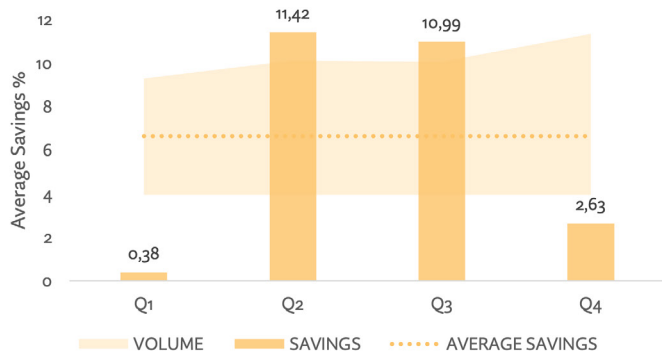
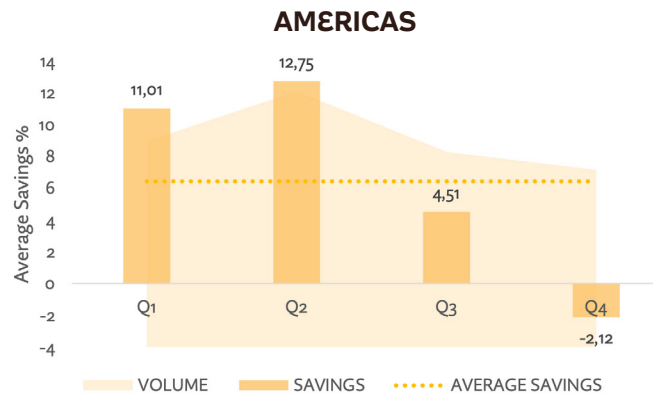
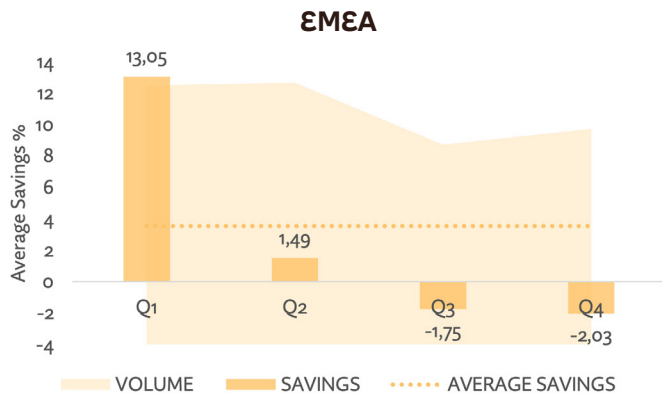


Source: Scanmarket (2021)

Quarterly Savings by Region

Regional performance can vary significantly over the course of a year. The relative volume indicators are illustrated in the shaded areas of the 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.

2021 was a period of dramatic quarter-over-quarter savings differentials with the initial quarters across the western regions performing well. Perhaps the most striking results is that of EMEA gripped by Brexit, COVID, and the slow buildup of the Ukraine crisis. The APAC and GCN regions performed well as the year progressed, almost mirroring that of the Americas and EMEA.



Annual Volume

04

Considering the global macroeconomic output, the level of e-auction volume was very interesting in 2021. As commodity markets surged, many categories represented a seller's market. In the following section, we take a deeper dive into the volume of e-auction events as seen from the buyer's perspective who is responsible for executing the auction.

VOLUME BY REGION

COUNTRY HEATMAP ON VOLUME

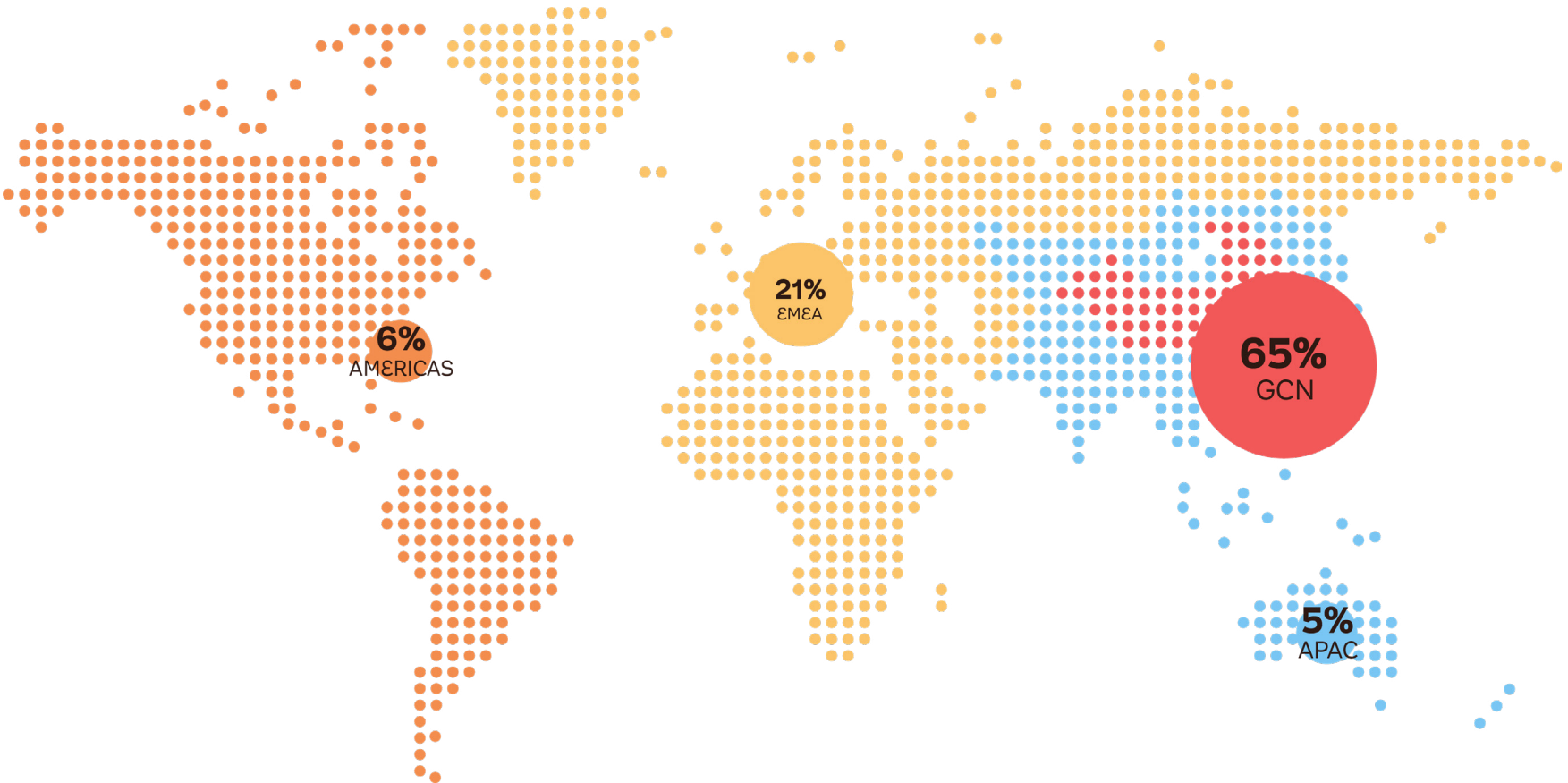
QUARTERLY AUCTION VOLUME GROWTH

QUARTERLY VOLUME BY REGION

Volume by Region

The map below illustrates the relative e-auction volume in 2021 by region. The size of the bubbles is relative to the region's full volume in 2021.

A large share of e-auction events can be attributed to China (65%) once again in 2021. This can skew the overall statistics if not properly offset. AMERICAS and APAC had a minimal share (6% and 5% respectively) while EMEA accounted for 21% of all the events executed in 2021.

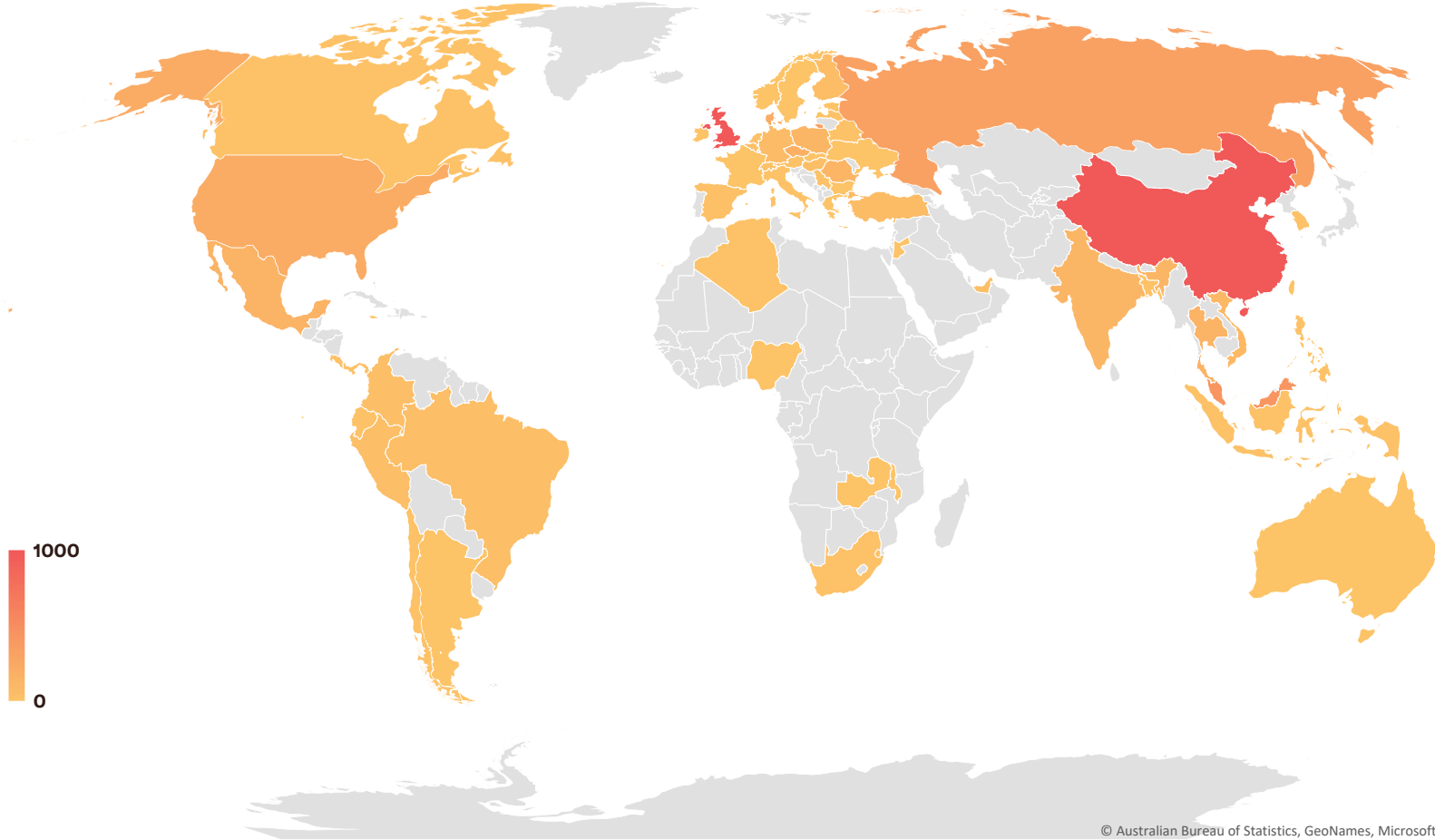


Country Heatmap on Volume

The map below indicates e-auction volume by country in 2021.

China represents a significant share of e-auction activity due to its large manufacturing and outsourcing activity. However, the UK and Malaysia both posted strong volumes of e-auction usage in 2021.

eAuction Volume by Country



Source: Scanmarket (2021)

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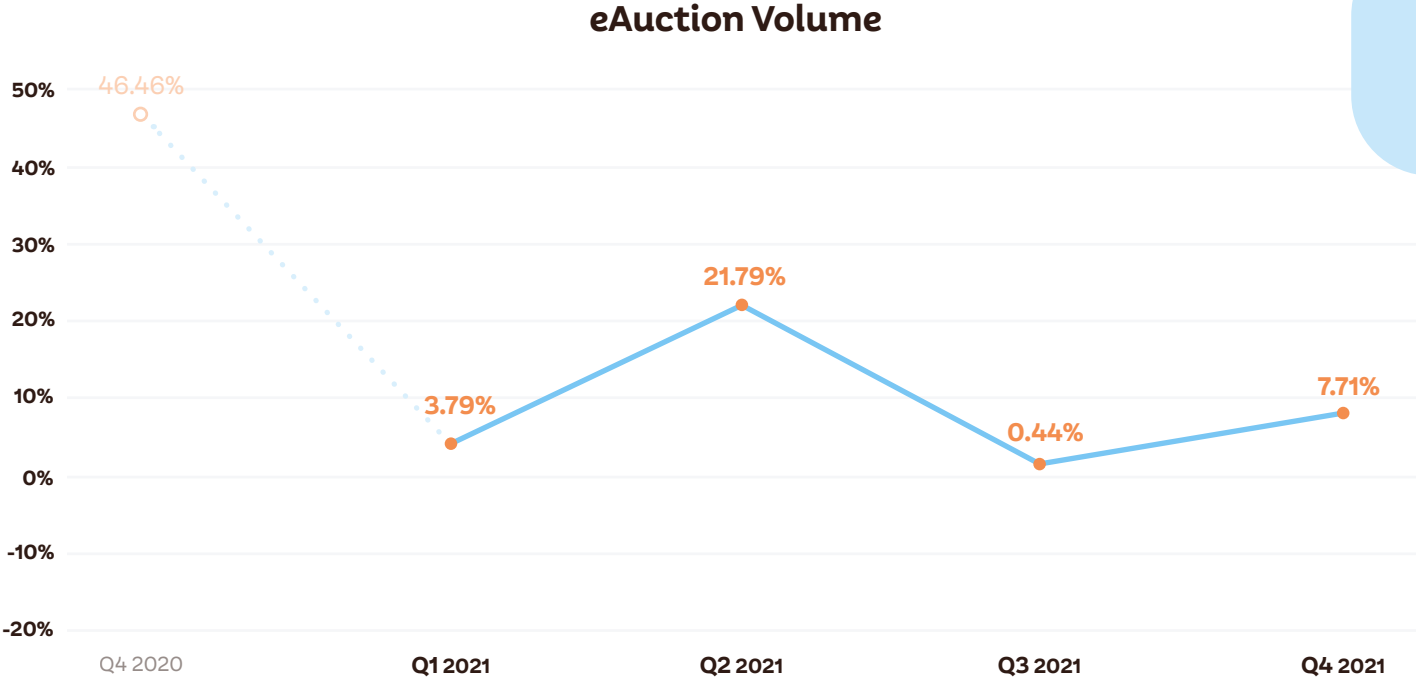
Quarterly Auction Volume Growth

This chart illustrates the past four quarters of average auction growth across all categories in 2021. The dotted line indicates the moving average growth achieved over the four quarters.

eAuction volume fluctuated a lot over the course of 2021. The growth rate was 46.46% in Q4 of 2020, but the growth rate fell flat at 3.79% coming into Q1 of 2021. While growth rates returned in Q2 of 2021, Q3 had limited growth. Despite massive fluctuations, 2021 saw a significant growth in overall e-auction volume of 74.9%.

Global volume growth from 2020->2021

74.9%

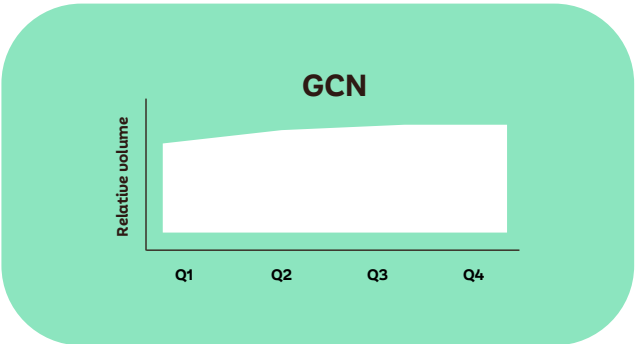
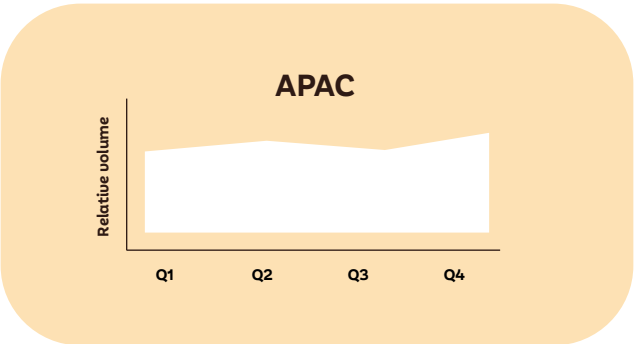
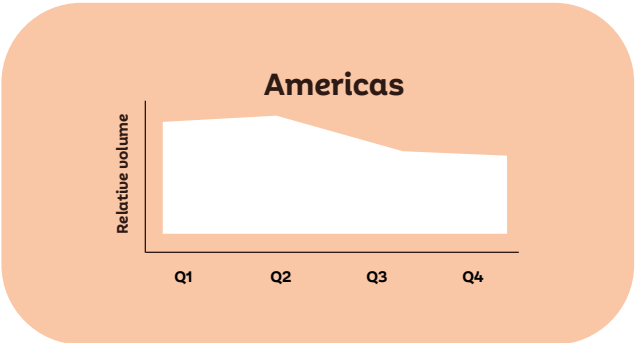
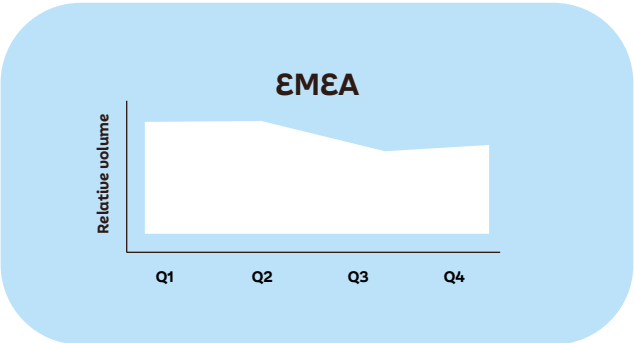


Source: Scanmarket (2021)

Quarterly Volume by Region

Regional e-auction 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.

Once again, the GEI results indicate a stark contrast between the APAC/GCN and Americas/ EMEA regions in 2021. Overall e-auction usage started strong across the western regions but tailed off in the later quarters. The trend was reversed across the east with significantly more e-auction usage as commodity markets surged. Overall growth in e-auctions was observed in Q4 for the EMEA region despite it being the quarter of greatest commodity growth. This highlights the level of e-auction maturity across the region given the challenging market dynamics.



Auction MIX

05

An experienced procurement professional applies various types of auction approaches when negotiating and selecting suppliers. The most popular auction type varies over time. This section reports the mix of auction types applied in 2021.

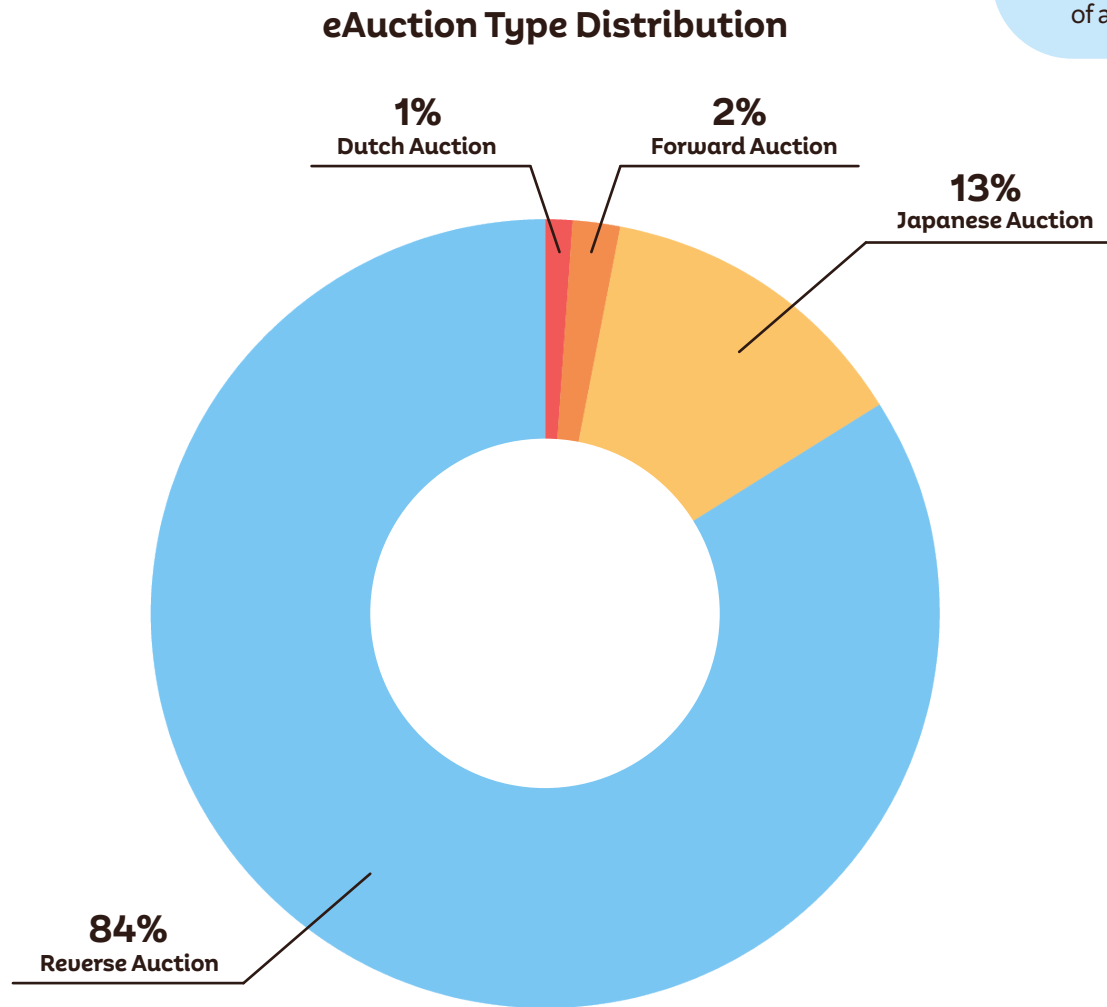
AUCTION TYPE **MIX**
DEFINITION OF AUCTION TYPES

Auction Type MIX

In 2021, the e-auction 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 accounted for 84% of auctions conducted in 2021, but Japanese auctions dropped from 22% in 2020 to 13% as Japanese auctions are typically used in low competition/high risk circumstances.

To learn more about the different types of auctions, see the [definitions page](#).



Definition of Auction Types

The following describes the various types of auctions measured on the Scanmarket platform.



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

06

At a category level, 2021 reflected a dramatic increase in each quarter of the *Services* category to first position. To those new to the world of e-auctions, indirect non-commoditized goods are often misunderstood in terms of their capacity to play a critical role as part of the e-auction go-to-market strategy.

Scanmarket's global client community continues to evolve with more understanding of suitable categories for e-auctions. As a result, we've seen the *Services* category rise from 4th in 2018 to 1st place in both 2020 and 2021 with an average savings figure vs current price of 9.01%.

TOP 10 CATEGORIES BY VOLUME (2021)

TOP 10 CATEGORIES BY VOLUME YEAR-OVER-YEAR

Top 10 Categories by Volume (2021)

The following table shows the top 10 highest performing categories in terms of auction volume and their respective aggregated savings during 2021.

4.62%

Average savings for all categories

Rank	Chg.	Prev.	Category area	% Savings
1	-	1	Services (Temporary Labour, Cleaning, IT & Security Services etc.)	9.01%
2	▲	3	Iron and Metals (Tools, Spare Parts, Cables, Screws, etc.)	16.92%
3	▼	2	Construction & Repair (Flooring, Damage Control, Engineering, Rebuilding etc.)	3.99%
4	-	4	Industrial Machinery (Assembly lines, Injection moulding machines, etc.)	2.77%
5	-	5	Electrical and Telecommunication Equipment (Mobile Phones, Batteries, Scanners, Electrical Wires, etc.)	7.26%
6	-	6	Freight & Transportation (Sea, Land & Air)	4.76%
7	▲	10	Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.)	11.61%
8	New	-	Office Supplies and furniture (Paper, Prints, Toner, USB Sticks etc.)	7.10%
9	New	-	IT Equipment (Stationary, Laptops, Printers, Flat Screens, Projectors etc.)	11.99%
10	New	-	Ingredients for food production (Additives, Flour, Sugar, Vegetables etc.)	-7.17%

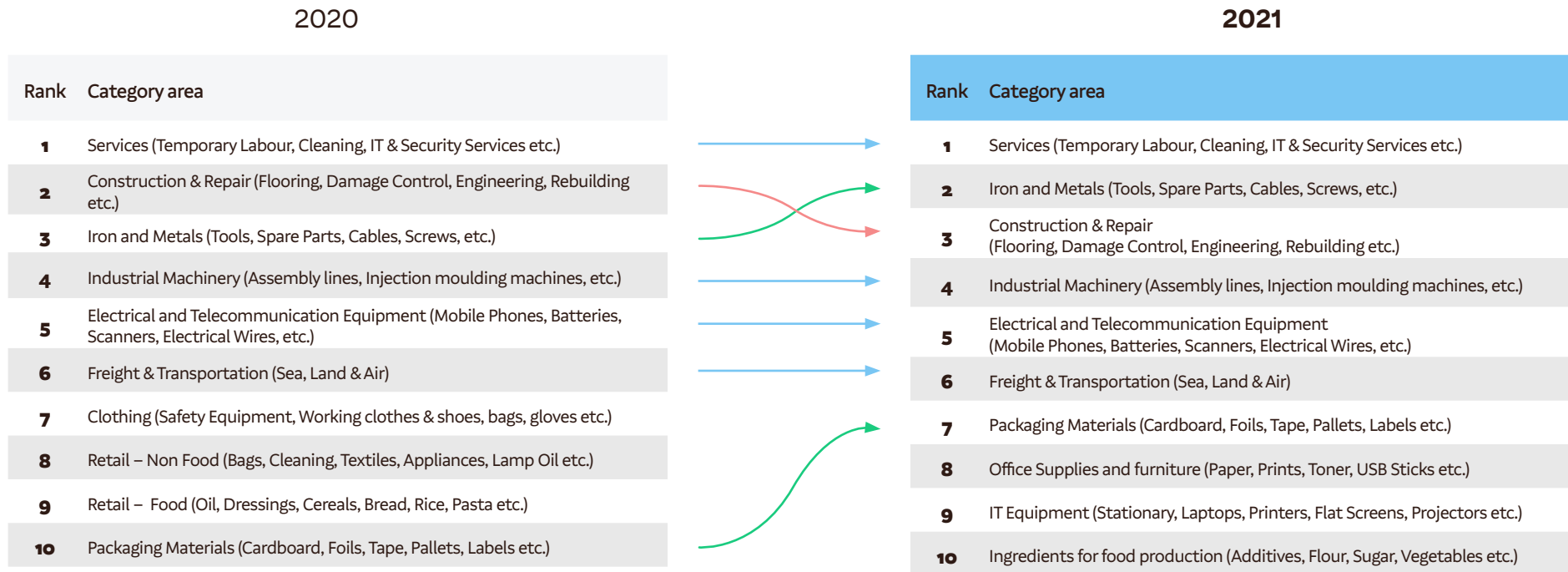
Left top-10 since last year

- 7 Clothing (Safety Equipment, Working clothes & shoes, bags, gloves etc.)
- 8 Retail - Non Food (Bags, Cleaning, Textiles, appliances, Lamp Oil etc.)
- 9 Retail – Food (Oil, Dressings, Cereals, Bread, Rice, Pasta etc.)

Source: Scanmarket (2021)

Top 10 Categories by Volume Year-Over-Year

This tables shows the top 10 highest performing categories in terms of auction volume during 2019 and 2020 and how the categories have changed in volume from 2020 to 2021.



Source: Scanmarket (2021)

Appendix

07

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

TOP 10 CATEGORIES BY VOLUME (2020)

TOP 10 CATEGORIES BY VOLUME (2019)

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.

10.57%

Average savings for all categories in 2020

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

Source: Scanmarket (2021)

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)



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.