



Q3 2020 eAuction Savings Report

eAuctions Savings Report

Every quarter, Scanmarket reports on statistics covering insights into the savings performed by eAuctions executed globally.

The statistics are provided for procurement professionals who wish to better understand and optimize their businesses to achieve higher savings and efficiency.

Scanmarket has been reporting these statistics each quarter since 2006, and they continue to be a highly valuable data asset to gain insights into categories and strategic sourcing trends.

Q3 2020 commentary

Overall savings were booming coming out of the second quarter of 2020. We have been awaiting third quarter statistics with heightened interest as Q3 was seemingly getting back to normal. March of 2020 saw the more severe and widespread impact of the COVID-19 pandemic, and corporations are still under significant pressure to survive and find new ways to adapt to the new normal.

Looking at how COVID-19 has impacted the statistics in Q3, we need to look at the highest volume categories in the quarter. The top 10 categories more or less remained the same quarter over quarter except for Clothing with 7.56% savings which included "Safety Equipment" as a new entry into the category. As protective measures are being applied in more and more countries, this was to be expected. However, the Clothing category replaced the Healthcare category (Lab equipment, Medical consumables, Ingredients for production etc.) from the top 10 which is perhaps more surprising as COVID-19 continues to dominate Q3.

The third quarter ended with an overall saving of 9.34% compared to 8.3% in Q3 of 2019 and 18% in Q2 of 2020. Coming out of 2020 in Q4, we will learn if the second quarter of 2020 was a single outlier, or the year could end with another record. The overall savings in 2020 will likely have an opposite correlation to the global GDP which has fallen significantly during 2020.

Q3 2020 commentary

Other Interesting Highlights

In general, most categories reported high levels of savings with Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.) showing a 19.73% across all auctions.

In Q3, we are still seeing the most activity coming out of Asia hitting the same activity level as we saw in Q2. This also applies for the US, and as expected we saw an increase in the number of eAuctions coming out of Europe, almost bouncing back to Q1 activity levels after a decrease in the number of eAuctions from Q1 to Q2 of almost 30%. This could indicate that Europe is emerging from the COVID-19 crises with a similar rise in activity level as we saw with the activity level in Asia from Q1 to Q2 when they were coming out of the COVID-19 crises.

Reflecting on these statistics, it's clear that it certainly is a great time to be deploying eAuctions as they are increasingly being seen as the go-to solution and key part of the response to COVID-19. It will be exciting to see how the full year will turn out, so stay tuned for the Q4 statistics coming in January 2021.

3RD QUARTER 2020

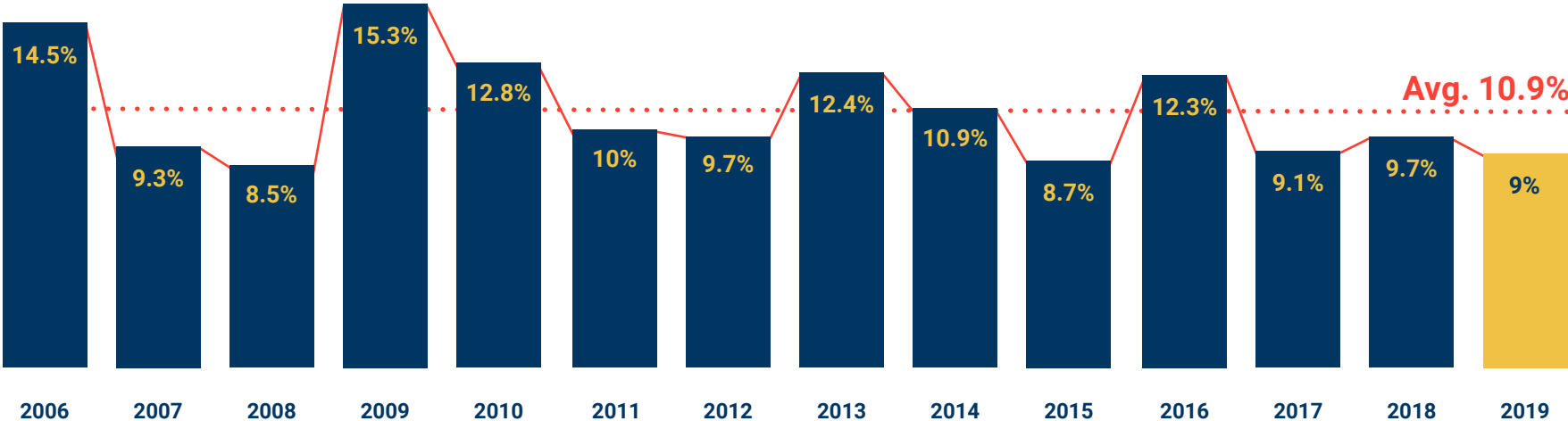
Q3 saw an eAuction savings figure closer to the average, registering 9.34% across all categories, coming down from a record breaking 18% in Q2 of 2020. As we are still in the midst of the global COVID-19 pandemic, we expect 2020 to be a significant year in terms of savings. Likewise, continuing into 2021, there are no indications that the pandemic will be over any time soon, and we will probably learn to live with these conditions for the foreseeable future. It will be interesting to follow the stats for the remaining part of 2020 to see if the savings remain high.

9.34%

HISTORICAL FULL YEAR SAVINGS

eAUCTION AVERAGE SAVINGS BY FULL YEAR

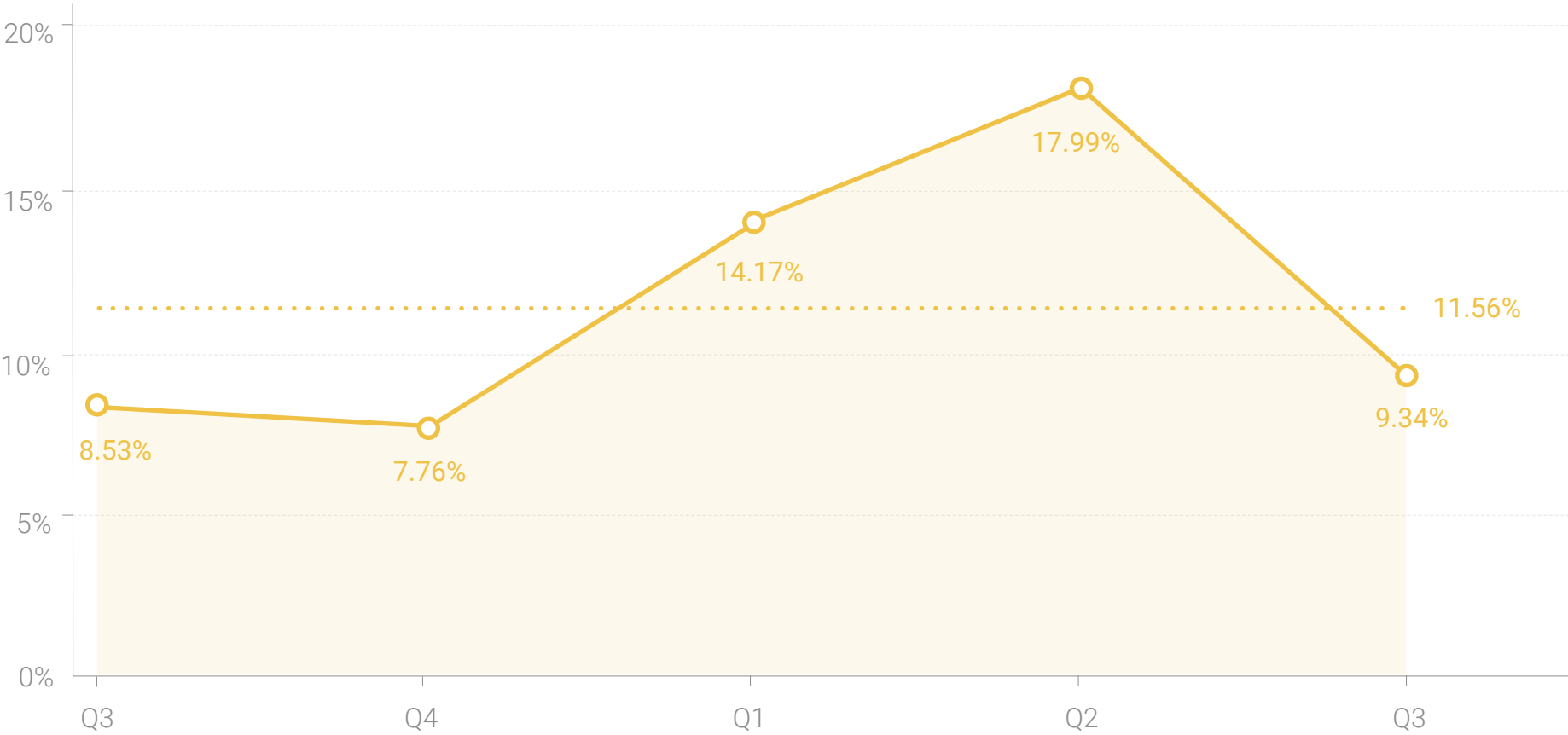
This chart shows the average annual savings in percentages compared to the current price. The average savings from 2006 to 2019 is 10.9% with 2009 representing the all-time high savings of 15.3% and 2008 with the all-time low of 8.5%.



Source: Scanmarket (2020)

ROLLING FIVE QUARTERS

This chart illustrates the past five quarters of average savings across all categories ranging from Q3 of 2019 to Q3 of 2020. The dotted line indicates the average savings achieved over the five quarters.

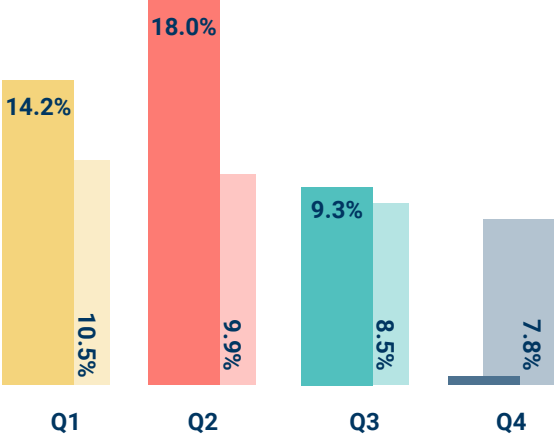


Source: Scanmarket (2020)

QUARTER OVER QUARTER

This chart shows this year's quarters compared to the previous year's quarters. Here, 2020 is compared to 2019 in terms of average savings for all categories in each quarter. Q3 2020 achieved 9.3% savings on average across all categories versus 8.5% in Q3 of 2019.

- Q1** 2020/2019
- Q2** 2020/2019
- Q3** 2020/2019
- Q4** 2020/2019



Source: Scanmarket (2020)

CATEGORIES

The ten best performing categories are reported every quarter, and we rank these categories by volume (number of auctions in the quarter) and by the savings achieved in the various categories.

TOP 10 CATEGORIES BY VOLUME

This table shows the top 10 highest performing categories in terms of auction volume during the third quarter of 2020.

| Rank | Chg. | Prev. | Category area | % Savings |
|------|------|-------|---|-----------|
| 1 | - | 1 | Services (Temporary Labour, Cleaning, IT & Security Services etc.) | 16,29% |
| 2 | ▲ | 3 | Iron and Metals (Tools, Spare Parts, Cables, Screws, etc.) | 12,18% |
| 3 | ▲ | 4 | Electrical and Telecommunication Equipment (Mobile Phones, Batteries, Scanners, Electrical Wires, etc.) | 11,03% |
| 4 | ▼ | 2 | Construction & Repair (Flooring, Damage Control, Engineering, Rebuilding etc.) | 6,91% |
| 5 | - | 5 | Industrial Machinery (Assembly lines, Injection moulding machines, etc.) | 9,55% |
| 6 | - | 6 | Freight & Transportation (Sea, Land & Air) | 14,40% |
| 7 | - | 7 | Retail – Food (Oil, Dressings, Cereals, Bread, Rice, Pasta etc.) | 1,14% |
| 8 | New | - | Clothing (Safety Equipment, Working clothes & shoes, bags, gloves etc.) | 7,56% |
| 9 | ▲ | 10 | Packaging Materials (Cardboard, Foils, Tape, Pallets, Labels etc.) | 19,73% |
| 10 | ▼ | 9 | Chemical Products (Chemicals, Paint, Cleaning appliances etc.) | 5,93% |

9.34%
Average savings for all categories

Left top-10 since last quarter

- 8 *Healthcare*
(Lab equipment, Medical consumables, Ingredients for production etc.)

Source: Scanmarket (2020)

PREVIOUS YEARS

The following section contains the top 10 ranked categories by volume for the past two years.

CATEGORIES BY VOLUME

These tables show the top 10 highest performing categories in terms of auction volume during the previous two years (2018 and 2019).

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 (2020)

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 (2020)



SCANMARKET

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