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# Supplier Marketing 101: What Can Procurement Learn from Marketing?

by Duncan Clark on May 26, 2023



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In this webinar, [Tania Seary](#), Founder of [Procurious](#), invites [Anthony Payne](#), CMO at [HICX](#) and [Nathan Hodges](#), Managing Director at [TrinityP3](#) to discuss why supplier marketing is the inevitable evolution of five key trends in the procurement space:

- Digitalization of the procurement function
- The role of Procurement becoming increasingly strategic
- Demands for strategic data and information exchange
- The need for improved process efficiencies
- Increasing need to become a 'customer-of-choice'

This article answers 4 essential questions to get you started with supplier marketing:

1. What is supplier marketing?
2. Why should we be thinking about supplier marketing?
3. How to put supplier marketing into practice
4. What are the benefits of supplier marketing?



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## What is supplier marketing?

In this webinar, Anthony starts by explaining that supplier marketing, or the idea of using marketing techniques when engaging with suppliers, is an emerging concept for many in the field of Procurement. To define it, Anthony refers to one of the most respected marketing academics, [Philip Kotler](#). As Anthony describes, "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.' Now, all we need to do is swap the word 'customer' with 'supplier' and we have our definition: 'the process by which companies engage suppliers, building strong supplier relationships and create supplier value in order to capture value from suppliers in return.'"

Nathan agrees, adding, "There's a central top tip from which many other things flow, and it's as simple as this: it's about putting that supplier lens on you as a buyer. It's looking at what are the emotional and heuristic behavioral things we can go and tackle, and improve our position as the buyer." For example: "The desire for a supplier to feel respected or understood or to feel like working with this particular procurement team could be more fun, easier or simpler than working with others."

Just as companies engage customers, build customer relationships, and create customer value in traditional marketing, supplier marketing applies similar principles to engage and nurture relationships with suppliers.

### Why should we think about supplier marketing?

The strategic importance of suppliers cannot be overstated.

Tania refers to [Dr Elouise Epstein](#) from [Kearney](#) who highlights that suppliers present both risks and opportunities for organizations. Engaging with suppliers and improving their experience becomes crucial in mitigating risks and capitalizing on opportunities.

### Five trends driving the need for supplier marketing

As Anthony explains, "There are five trends driving the need for supplier marketing:"

1. **Digitalization:** The increased adoption of digital tools and systems in procurement creates a more complex technological environment. While technology should have a positive impact, it can also negatively affect supplier experience. It is essential to consider suppliers' perspectives and leverage technology to enhance their experience.
2. **Strategic role of Procurement:** Procurement is no longer solely focused on cost savings. It plays a strategic role in establishing partnerships and collaboration with the supplier ecosystem. Supplier marketing becomes a key driver in building trust and strengthening these relationships.
3. **Demands for information capture and exchange:** Procurement is uniquely positioned to orchestrate the capture and exchange of information and data. With growing demands in areas like environmental impact, sustainability, and diversity and inclusion, Procurement needs to navigate these requirements while ensuring suppliers are not overwhelmed. Requiring more information further drives the need for digitization to avoid increasing labour costs.

As Anthony puts it, "What that means in real tangible terms is today they have two people managing this process. If they don't automate, if they (the buyers) don't digitize, they're going to have to hire 30 people into that team just to manage collecting data."

4. **Improved efficiencies in processes:** To achieve greater efficiency, Procurement must seek process improvements. Neglecting this aspect puts a burden on both the enterprise and suppliers, making it crucial to streamline and optimize processes.
5. **Becoming the customer-of-choice:** In a post-pandemic world, the focus on becoming the customer-of-choice has intensified. When resources are constrained, organizations want to be the customer that suppliers prefer doing business with. Supplier marketing plays a pivotal role in establishing and maintaining that preference.

Nathan continues, "We've got a client at the moment who is embarking on an enormous project to get their customer base to be self-serving. We've told them straight away: 'If it works for the tech vendor and you as the organization, but it doesn't work for your customer, then it doesn't work.'"

What I'm loving here is Anthony's idea around supplier marketing, which is the lens that gets put into that conversation that makes sure that it's actually a three way improvement, not just a two way improvement."

## How to put supplier marketing into practice?

Putting supplier marketing into practice involves applying marketing principles to supplier engagement and communications. The underlying principle is segmentation, which has been widely used in the consumer world.

## Segmentation

Anthony explains, "I referred to Philip Kotler earlier and I'm sure the first page on his textbook on marketing is segmentation. The same applies here. It means understanding your suppliers." By segmenting suppliers, procurement can create better journeys, target the right content, and tailor experiences to improve supplier interactions and engagement.

Giving an example, Anthony continues, "We've talked about this earlier, about the need to get information. Very simply, you don't need the same information from every supplier. If you don't segment – and you ask the same question from all your suppliers – then you are outsourcing your problem to your suppliers. There's a lot of technologies readily available to help with this and that to me is all part of supplier marketing."

By focusing on delivering benefits to suppliers, such as improved efficiency and streamlined workflows, Procurement can enhance its engagement and position itself as a valuable, 'easy-to-work-with' partner.

In Nathan's words, "I'd look to biases and the unconscious behaviors that you can address that are actually more powerful often than the conscious ones, and I say test and learn and assume there are things that you don't know and see what you can improve there."

Understanding suppliers' needs, wants, and desires is crucial for building effective relationships, and being able to create desirable offerings for suppliers aligns their interests with the procurement objectives.

## What are the benefits of supplier marketing?

Anthony gives us four key areas which are benefiting from adopting a supplier marketing approach.

- **Efficiency.** Anthony explains, "There is a reality now that your relationship with suppliers is not just transactional anymore. It's so much more complicated than that. It's also about sharing information. That will have an effect on the efficiency of your business. By adopting a supplier marketing approach – adopting technology, putting yourself in suppliers' shoes, using some of the marketing techniques – you can gather that information in a much more efficient way."
- **'Fill rate.'** Anthony continues, "You need to gather information from 87 suppliers. If you are very targeted and these suppliers don't get spammed by different parts of your organization, then the chances are that they will give you that information because suppliers want to help."
- **Better return on technology investments.** "You're making all these investments in tooling that will improve your buying organization. If it won't be used by the suppliers it's a waste of money. So if you think about how marketers would position this to improve user adoption and engagement you get a better return on investment," Anthony explains.
- **Becoming customer-of-choice.** As Anthony puts it, "If you are easier to do business with, if it is more efficient and there is a lot less friction, then your suppliers are going to be much more willing to work with you."

## Become the customer-of-choice with supplier marketing

Concluding the webinar, Tania summarizes, "Relationships are – and will continue to be – the core skill you need to be successful in your roles. Because people buy from people, not companies. Procurement really is a relationship business. Even in the future, where we will have AI and technologies supporting us, we will still be in the center of it all, making the critical final decisions and using our 'humanness' to make judgements and influence others and keep our businesses on track."

As buying organizations you need to think of your suppliers as organizations that have choice, influence that choice, make yourself easier to work with, and that will translate into you becoming a customer-of-choice.

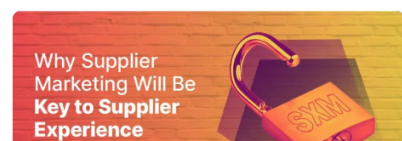
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### What Are the Wider Benefits of Supplier Marketing?

The Benefits of Supplier Marketing As the various use cases from our previous article show, the underlying principle when it comes to supplier marketing is simplification. It should be as simple as possible and as frictionless as possible for suppliers when they are doing business with you. Greater simplification for them creates more simplicity for [...]

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What is 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 14 edition and he has authored or co-authored over 70 [...]

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Supplier segmentation definition Let's once again start with a marketing definition, this time in relation to segmentation. Investopedia offers the following description: "Market segmentation is a marketing term that refers to aggregating prospective buyers into groups or segments with common needs and who respond similarly to a marketing action."<sup>1</sup> Anthony Payne, CMO HICX, comments, "As [...]"

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Supplier Segmentation: One Size Does Not Fit All As Dr Epstein points out, "The way in which we work with our suppliers has to change." Never has this statement been more true or more urgent. As the recent HICX Suppliers' Perspective Survey revealed, 61% of suppliers said that they find it challenging to do their [...]"

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