The good news is that the internet has revolutionised organisations’ ability to locate and collect information on potential suppliers. Sources of information on certain potential suppliers can be collated from previous internal recorded performance, annual reports, catalogue library, publications, trade directories, exhibitions, other buyers, sourcing agents, distributors, embassies, trade consultants, existing suppliers, customers and colleagues.

There are multiple sources of market and supplier information available. However, the reputation of a particular source must also be investigated and ascertained. The key here is to triangulate, which means that the buyer needs to explore, compare and contrast data from multiple sources before he or she can validate it.

The whole point of conducting market research is to understand the prevailing market conditions and the ability of current or potential new suppliers to effectively deliver the product or service. In this respect, supply market intelligence becomes one of the most important and critical stepping stones for an effective sourcing strategy. As one manager noted, “Supply market intelligence may be the only competitive advantage of the future!”

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**Reading**


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**Activity 3.3**

Give three examples of when the buyers may not have a clear picture of the level of supply market risk.

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**Tools for supply market analysis**

Collecting the data is just the first part of the research and analysis job. To effectively represent and communicate the market conditions, the Procurement function may employ a number of different data representation tools to portray and explain the current situation and potential suppliers. We shall discuss three tools here: Porter’s ‘Five Forces’, SWOT analysis and Supplier Analysis.