3. **Value chain analysis** — It is used to help identify the cost savings opportunities that exist within the supply chain. The goal is to be able to understand, identify, and exploit cost savings opportunities that may have been overlooked by business unit managers or even by suppliers in bringing the products and services to the appropriate location.

4. **Supplier research** — Supplier research is required to identify the specific capabilities and financial health of key suppliers that are in the supply base or that may not currently be in the supply base. Some of the key elements include the following:
   
a. Cost structure  
b. Financial status  
c. Customer satisfaction levels  
d. Support capabilities  
e. Relative strengths and weaknesses (SWOT)  
f. Core competencies  
g. Strategy/future direction  
h. Culture and policies  
i. How the buying organisation fits in their business

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**Activity 3.4**

In market analysis, what are the factors that may affect the level of demand and level of supply?

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**Appraising market segments**

When a buyer conducts supply market analysis, he or she will have two possible options:

1. The buyer may decide that he or she does not want to go any further in the analysis. This may be the case if the buyer concludes from the assessment that the supply market suffers from distorted competition or it is risky to buy from the market.