

Saimaa University of Applied Sciences  
Faculty of Business Administration  
Degree Programme in International business

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## **Supplier selection and evaluation process for a furniture retailer**

Thesis 2018

## **Abstract**

Emmi Kankaanpää

Supplier selection and evaluation process for a furniture retailer, 46 pages, 1

Appendix

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The purpose of this thesis was to study supplier selection and evaluation process theories. The objective was to compare and find similarities and differences between white label and brand selling furniture retailer's supplier selection and evaluation process. The objective of this study was to understand how do white labelled and designer brand products' supplier selection and evaluation differ in a furniture retail company and what supplier characteristics are emphasized.

Theoretical part was gathered from literature and the Internet. Followed by the theory part, hypothesis of supplier selection criteria was presented. The research question was answered by a semi-structured interview that was done to a furniture retail company that was suitable for a comparison for the topic of the thesis.

The results of this study show that there are lot of similarities between acquiring white labels and brand labels from supplier selection and evaluation point of view. A retailer may lean and rely on the brand to enhance sales. On the other hand, a retailer may find other ways to enhance a white label brand, for example with collaboration with furniture designer. Nevertheless, white labels enable to strengthen retailer's own brand name.

Key words: Supplier selection, supplier criteria, white label

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## Appendix 1 Questionnaire

## Concepts

AHP	Analytical Hierarchy process – Evaluation method used to narrow down options
The Kraljic's matrix	A purchasing portfolio
MCDA	Multicriteria decision making
Purchasing	Activity of acquiring goods and/or services for a company to operate and run a business
Scorecard evaluation	Evaluation method to evaluate suppliers by ranking them according to their characteristics
Supplier evaluation	Setting criteria for a supplier and evaluating performance and suitability
Supplier selection	A process of selecting a supplier to acquire materials for a company
White label	A white label product is manufactured by one company and branded, marketed and sold by other company.

## 1 Introduction of thesis

Supplier selection and evaluation is a wide range of implications in a supply chain. A supplier in a retailer's supply chain plays an important role to meet the objectives required from them. Therefore, strategic partnership between a supplier and a retailer should be integrated to be a part of a company's supply chain. Vendors are considered to be the best intangible assets for any company. Selection of a wrong vendor or supplier shake a retailer's financial stability or operations. Supplier selection is one of the most important aspects in industrial purchasing process. (Elango & Umadevi & Rajesh 2012.)

To maintain a competitive position in business environment, it is essential for organizations to provide quality products among service at good cost and shorter lead time. As a result, selecting suitable suppliers becomes one of key operations of purchasing and supply chain management. (Meo n.d.)

Selecting the right supplier has a direct and positive impact on firm's performance, as well as helping buying firms to achieve long-term competitive advantages and gain added value from the supply chain (Meo n.d.).

Supplier selection process is worth researching for because suppliers' efforts and contribution affects retailer's sales and therefore it effects the entire business. Lengthy and complex supply chains can be money consuming and inefficient. Thus, it is important to research sourcing and its opportunities and methods.

Company's suppliers effect company's image, financial success and corporation's social responsibilities and thus it is necessary that they are to be chosen carefully aligned with companies' strategies. This research is made to acquire a better understanding of how supplier analysis and selection is done in furniture retail.

The thesis consists of theoretical framework, hypothesis and results of research question as an outcome of a semi-structured interview. Theoretical framework consists of purchasing, supply chain management and theories about supplier selection and evaluation process. Finally, hypothesis is introduced according to

research done concerning the topic and last, the results of semi-structured interview are presented.

The Kraljic's matrix, a commonly known purchasing portfolio is used in sourcing and purchasing. It helps to categorize purchased products and evaluate the supplier risk in relation to profit impact. The matrix will be used in this thesis to evaluate and compare companies' supplier selection criterias differences.

The matrix divides products in to four categories. All of them are discussed in the theoretical part of the thesis, but strategical and leverage are more emphasized, since they are critical for retailer's sales and turnover. The strategical and leverage products are also used in the hypothesis for a company's brand and white label purchasing comparison.

## **1.1 Research topic**

The topic and title of this thesis is Supplier selection and evaluation process for furniture retailer. The aim of this research is to learn about supplier selection process and evaluation for furniture retailer through finding practises habits and criteria for selecting and evaluating suppliers.

The idea is to compare a design brand and white labelled products' supplier selection and evaluation process. Comparison is done between these two characterized products. The idea is to learn differences and similarities between strategically different type products and how a company manages the two-opposite type of products' supplier selection and evaluation.

This thesis aims to answer the research question, which is:

How do white labelled- and designer brand products' supplier selection and evaluation differ in a furniture retail company? What supplier characteristics are emphasized?

This thesis starts with chapters of theories about supply chain management and purchasing, to form an overall picture of the topic. It then culminates to supplier selection and evaluation process theories to understand the general theory of the topic.

The thesis introduces more closely two types of supplier evaluation methods. At last, through a qualitative research this thesis answers the research question concerning furniture retail sector's supplier selection and evaluation process between white labels and brands.

## **1.2 Research method**

The research method for the thesis is a qualitative research method. It is completed by semi-structured interview. The nature of the topic requires qualitative answers to be able to describe characteristics of suppliers and processes of supplier selection and evaluation.

Qualitative data will be produced from the semi-structured interview made for a furniture retail company. The results are then compared and analysed. The results aim to show a comparison and analysis between white label and brand purchasing.

Qualitative research aims to understand the topic through the compilation and analysis of qualitative data. A qualitative method refers to a study using material produced by people or person in their own words or in writing. (Lapin AMK n.d.)

This thesis includes a hypothesis in a form of a table that compares company's, white label- and brand purchasing and supplier selection and evaluation criteria. The hypothesis will then be resolved through semi-structured interview done for a company. Results will be showed in a similar table.

The semi-structured personal interview was conducted a furniture retail company's product manager in November 2018. Theoretical framework consists of secondary data that is referenced from literature and other sources. References are chosen accordingly to support the research topic.

## **2 Supply chain management**

Supplier selection and evaluation is a wide range of implications but just one part in a supply chain. A supplier in retailer's supply chain plays an important role to

meet the objectives required. Therefore, strategic partnership with great performance should be integrated to be a part of supply chain. (Elango et al. 2012.)

In order to maintain a competitive position in business environment, it is essential for organizations to provide high quality products and services at lower cost and shorter lead time. As a result, selecting appropriate suppliers becomes one of the most important aspects of purchasing and supply chain management. Selecting the right supplier has a direct and positive impact on firm's performance, as well as helping buying firms to achieve long-term competitive advantages and gain added value from the supply chain. (Meo n.d.)

To satisfy customers' demand, manufacturers must choose those suppliers that can deliver required raw materials and components in a quality level with low cost. In addition, because of shortened product life cycle, manufacturers and suppliers need to develop strategic partnerships so they can adapt to a rapidly changing market. (Huang & Samson (ed.) 2011, p.229.)

Furthermore, with rising consumerism and the concern about the environment, even more manufacturers are therefore building a consumer and environmentally friendly image, partially reflected in their supplier selection practices. (Huang, Samson (ed.) 2011, p.229)

Goffin et al. (1997) say that supplier management strategy is the strategy used by the company to improve its supplier's performance and capabilities to meet the company's short- and long-term supply needs. Supplier management is concerned to be organizing the optimal flow of high-quality, value-for-money materials or components to a company from a suitable pool of suppliers that fit the company's needs. (Ndubisi & Jantan & Hing & Ayub 2005, p.334.)

### **3 Purchasing**

Purchasing is defined as the activity of acquiring goods and/or services to accomplish the goals of an organization and fulfil company's needs to operate a business (Business dictionary 2018).



Company's objective is to maintain the quality and value of a company's products, and to avoid unnecessary cash tied-up in inventory and to maintain the flow of inputs to maintain the flow of outputs. These will then strengthen the company's competitive position (Business dictionary 2018).

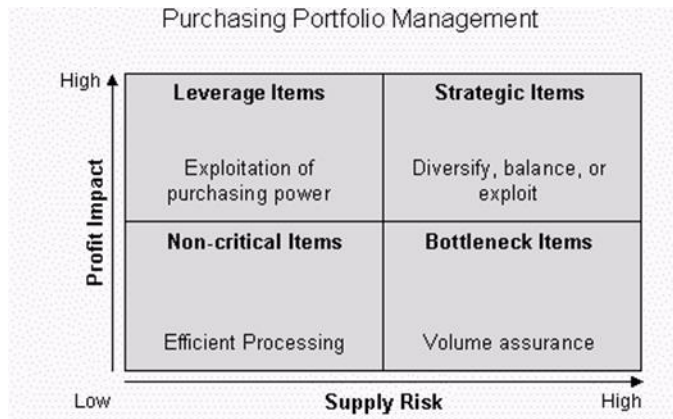


Figure 1 Purchasing Portfolio model (Logistiikan maailma n.d.)

Figure 1 is a purchasing portfolio that measures supply risk in relation to profit and vice versa. Purchased products can be categorized in to four different sections depending on the nature of the product; Non-critical-, Bottleneck-, Leverage- and Strategic items. (Logistiikan maailma n.d.) The matrix is used for supplier segmentation and helps evaluate suppliers.

The vertical axis describes the impact and importance of each procurement category for the buying company. The horizontal axis describes the nature of the supplier's market, which is assessed separately depending on a product. The more there are suppliers in the market, the more competition there is among suppliers. Thus, the buyer has purchasing power and the ability to tender suppliers. This market is called buyer's market. (Logistiikan maailma n.d.)

The same market also describes supplier's risk. The supplier is affected by its geographic location, business model and supply chain length, legislative risk, political uncertainties and unreliable transportation routes. These factors have a burden upon the buying company. (Webb 2017.)

The seller's market, on the other hand, illustrates the opposite: vendor companies are few, therefore there are less options for buyer. There is no point in competing

in such a situation, but the buyer must consider other strategies for that category. (Logistiikan maailma n.d.)

The products companies purchase from their suppliers are divided into four categories, non-critical items, bottleneck items, leverage-, and strategical items.

Non-critical items are products that have a low financial impact on organization. These could be office supplies, for example. Although these products are low impact and have an abundant supply, typically the cost of handling these items can often outweigh the cost of the product itself. (Expert programme management n.d.)

Bottleneck items are complex products. They are necessary for the company but have only limited possibility to tender suppliers. This is the seller's market. The supplier relationship is demanding for a company. Nevertheless, suppliers have a limited impact upon company profitability. The market structure and the necessity to purchase some products forces buyers to accept an unfavorable deal. (Webb 2017.)

Leverage items have a high profitability, but a low risk factor. Buyers control the balance of purchasing power in the relationship and leverage their opportunity to enable greater returns. The market dynamics of buyer-seller relationship rest upon an abundance of highly commodified parts. Suppliers can be easily substituted and tendered as their offerings are similar to each other. (Webb 2017.)

Strategical items have high supplier risk and high profit impact items. These are critical to the business since the supplier has strategical relationship with the purchaser. These suppliers are in few among companies. (Webb 2017.)

Each contract with supplier is unique and focuses upon the shared advantages that equal partners, buyer and supplier enjoy in a collaborative relationship. Strategic partners should be considered to be innovative as both product and process innovation. In return suppliers can expect long-term relationship. (Webb 2017.)

### **3.1 Purchase selections**

In retail business purchased products for retail selling purposes sum up company's sales altogether. Therefore, product selection is important. Product selection should be considered from marketability point of view. The products should appeal to as many consumers as possible. (Waters 2018.)

Selling high price products is generally more profitable but may require more credibility from a retailer to sell. New trends and products can boost sales volumes, but on the other hand, product lifecycle may be short. This requires rapid renewing of selection and notice of new trends. Private label products allow a company to brand an item as it was made by themselves and grow own brand. (Waters 2018.)

## **4 Supplier selection theories**

This, and the upcoming chapters will explain common theories about supplier selection and evaluation. It includes figures and theory to illustrate and explain each step of the way.

Shih et al. (2004) deems that supplier selection is a process that consists of selecting a right supplier to acquire the necessary materials to support the outputs of organisations. Selection of the best and the most suitable supplier is based on assessing supplier capabilities. (Kb Manage n.d.)

Supplier selection, along with supplier evaluation followed by continuous measurement and assessments, is considered as an important organisational process. All purchased products represent between 40% and 60% of final product sales and have a direct impact on the cost and quality of products. In addition, even smallest cost gained by selecting a suitable supplier can have beneficial impacts for a company. (Cips n.d.)

Below are two figures to illustrate to process of supplier selection. They are separated to two graphs to show more specifically what happens in each step of the way.



Figure 2 Supplier selection process

Figure 2 explains the process of supplier selection and evaluation process in four steps in its simplicity. It starts with identifying a need for supplier. The next steps are to identify criteria that is required from a supplier, such as quality and price. The evaluation of vendor happens with the set of criteria identified. Last, is the selection of supplier that meets the needs of buyer.

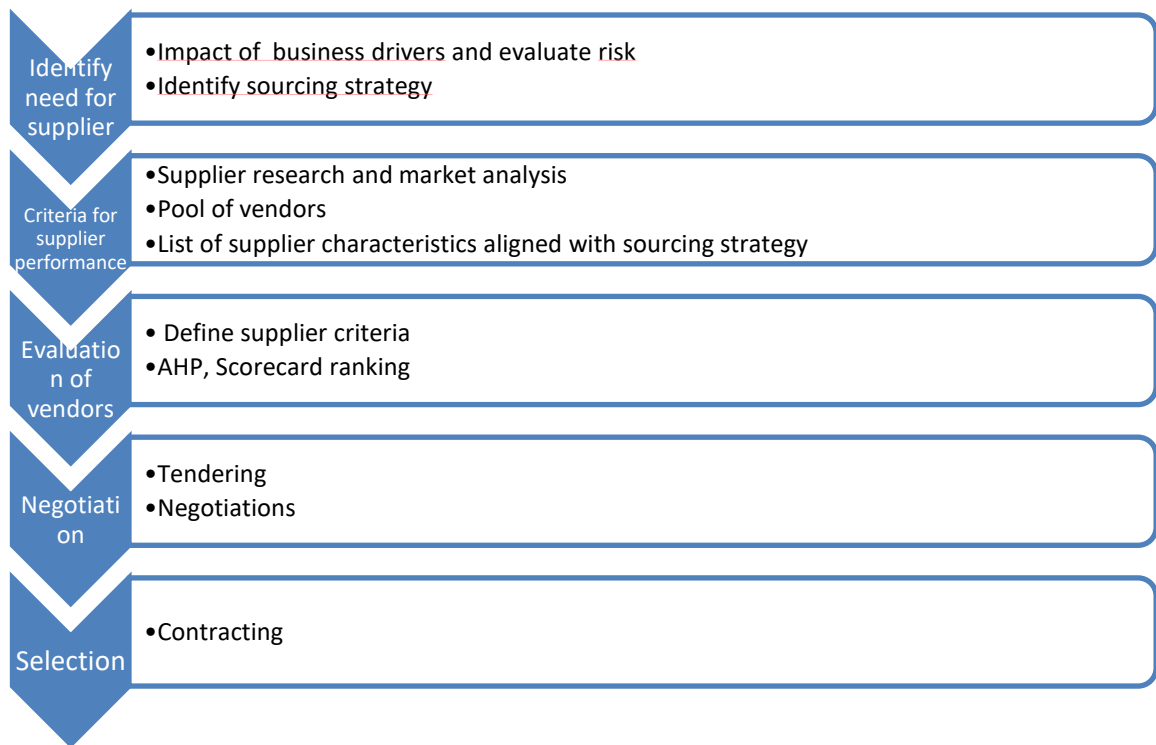


Figure 3 Supplier selection process with steps

Figure 3 explains supplier selection process by steps and what is included in each category. The selection and evaluation process is a scope to start planning and initiating a business operation in sourcing. To identify a need for a supplier, it must be considered what are the business drivers that impact the need to search for applicable supplier.

Step 2 involves analyzing and planning and gathering information. Supplier performance characteristics are defined according to the sourcing strategy. The third

stage is interpretation of the information gathered from suppliers. To narrow options, evaluation of suppliers is done for example with a scorecard rank. (Conrad 2018)

The last two stages are tendering among the narrowed suppliers. Negotiations between company and supplier are done to meet both parties' terms in contract. When mutual understanding is found, supplier and buyer form a contract. (Conrad 2018)

#### 4.1 Supplier research

Supplier research is done to find a qualified supplier for a company. Qualified means whatever that the company's needs are in terms of sourcing strategy and criteria of the supplier. Information can be found from various places apart from the supplier's themselves such as internet, trade shows, current suppliers, market research firms etc. (Sollish & Semanik 2011)

When researching for suppliers and gathering data to find a suitable suppliers, the primary concern is to gather business and financial data to ensure that the supplier supports the sourcing company. In the beginning, when gathering data from various sources (other than the supplier itself), sourcing company should be able to answer the supplier's location, its customers, pricing structure, ownership, production capacity and distribution. (Sollish et al. 2011.)

Below is a figure that expresses information flow between sourcing company and supplier.

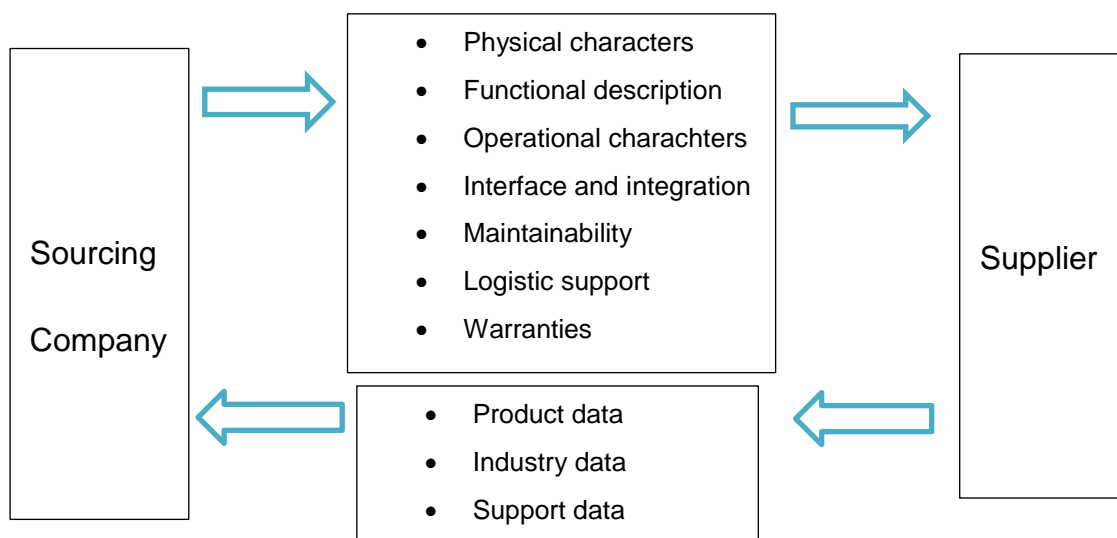


Figure 4 Information flow (Sollish et al. 2011 p.80)

Figure 4 explains the information flow between sourcing company and supplier. This information is exchanged between buyer and supplier. The sourcing company provides information that often accompany to published specifications. Supplier offers then information such as general selling terms, market structure and others. (Sollish et al. 2011 p.80)

## **5 Supplier selection criteria**

Supplier selection is usually unstructured decision-making process involving multiple criteria. Therefore, the evaluation criteria must cover both tangible and intangible, quantitative and qualitative, operational and strategic factors. However, since each company has its own business priorities and strategies, it cannot be defined to have one set of evaluation criteria that suits every buying firm's requirements. (Meo n.d.)

There are two ways that vendors can be selected, either by choosing directly or letting vendors tender for the business. The first option, a company choosing vendors directly, is the most common option. Vendors usually tender for more complex work as well as contracts that will last for a year or more. (Purchasing and procurement center 2017)

According to the book Strategic Global Sourcing evaluation criteria can be divided in to business criteria and operational criteria. Business criteria is characterized as supplier's market share, reputation and financial analysis; liquidity profitability, and efficiency and other measures of financial stability. (Sollish et al. 2011)

Financial analysis is important for estimating supplier base risk factors and supplier's ability to finance short-term obligations (measures of liquidity) and profitability ratios to measure health of business and to understand whether they are the supplier's investments that make profit for the company. These can be measured by using financial ratios. (Sollish et al. 2011)

Operational measures are quality management, evaluating engineering knowledge and conducting site visits. Quality can be measured for example with ISO standards. (Sollish et al. 2011.)

Evaluation of engineering knowledge means that a company should be interested in supplier's know-how for technology and how the supplier uses technology as a tool to create or manufacture the product. Conducting the site visit means observing the supplier's operations and capabilities. (Sollish et al. 2011.)

While there will always be case specific criteria for supplier evaluation, the usage of common selection criteria in numerous different studies highlights the necessity to identify the evaluation criteria, which would hold paramount importance both across most industries and across most procurement contexts and also estimate the relative importance of these criteria. (Kar & Pani 2011.)

## **5.1 Criteria and characteristics**

When selecting suppliers, a company looks for suppliers that can offer products or services that match the best for needs of the business. A company must strategically choose their suppliers. (Info entrepreneurs n.d.) Suppliers are to be viewed as business partners since when correctly chosen, they add value to the selecting company.

In order to differentiate suppliers from each other, suppliers must be characterized and lensed through the criteria that they need to meet in order to be fulfil the requirements for a supplier selecting company.

Sodenkamp et al. (2014) suggests a set of criteria that are emphasized when selecting suppliers. These are general characteristics and most commonly used:

- quality performance
- cost
- on time delivery
- lead time
- capacity
- quantity precision
- flexibility

- service
- technology integration
- relationship management
- payment terms
- range of products
- corporate social responsibility
- location
- environmental issues
- ISO certificates etc.
- co-marketing and display products.

(Sodenkamp 2014; Purchasing and procurement center, 2017; Conrad, 2018)

Product quality should consistently meet specified requirements since it can directly affect the quality of the finished goods. Not only product quality reliability, supplier characteristics, like delivery lead time, shall be considered carefully. (Yun 2017)

Suppliers must add value to their product by providing good services when needed. For example, when product information or warranty service is needed, suppliers must respond on a timely basis. Selecting services and products from suppliers with excellent delivery ability can reduce or get rid of waste related with purchasing raw materials such as inventory, storage cost, and cost related with multiple times of material transferring. (Yun 2017.)

## **6 Supplier evaluation theories**

Westcott R.T. (2013) suggests methods to evaluate suppliers in the book The Certified Manager of Quality/Organizational Excellence Handbook for determining how well a potential supplier fits the defined criteria:

- Read supplier's financial report.
- Request a quote.
- Visit the supplier.



- Confirmation of quality system status either by methods like on-site assessment, a written survey or request for a certificate of quality system registration.
  - Find feedback from other customers of the supplier.
  - Review of databases or industry sources for the product line and supplier.
  - Evaluation and sampling received from the supplier.
- (ASQ n.d.)

There are many evaluation methods in use. Commonly known methods for supplier evaluation are, for example, Scorecard, Analytical Hierarchy Process (AHP), and Conjoint analysis which is based on making decisions on multi-criteria that are gathered from the supplier. AHP helps find the best suitable decision by scaling options in to a hierarchy map. These methods help score suppliers and select the suitable choice.

This thesis introduces more closely two methods for supplier evaluation; Scorecard and AHP. The next paragraph will explain and show in practice how the evaluation methods are used.

## **6.1 Multicriteria decision making**

Supplier selection and evaluation is multicriteria decision making. Multicriteria decision making analysis (MCDA) is defined as an advanced field of operations research and management science, devoted to the development of decision support tools methodologies to address complex decision problems involving multiple criteria goals or objectives of conflicting nature. (Lexicon n.d.)

Current multi criteria decision analysis research focuses on behavioural aspects of decision making, problem structuring procedures, methodologies for optimisation under multiple objectives, outranking decision models. (Lexicon n.d.)

## **6.2 Scorecard evaluation**

Scorecard can be used to compare the evaluation of supplier against other suppliers on the list. To enable an objective evaluation scorecard must be filled with

objective factors. It defines requirements, defines what is being evaluated and measures the responses. (Sollish et al. 2011 pp.120-122.)

	Overall weight	Criteria 1	Criteria 2	Total score
Price	0.32	1-5	1-5	
Quality	0.4			
Leadtime	0.28			
	=1.00			

Figure 5 Scorecard (Sollish et al. 2011 p.122)

Figure 5 shows what does the scorecard look like in its simplicity. In this example there are three commonly used major characters; price, quality and lead time. They of course vary depending on company's needs and are defined always separately. The overall weight defines its importance of the character in the case. (Sollish et al. 2011 pp.120-122)

Major characters have sub criteria. For example, price has sub criteria (criteria1) discounts and (criteria 2) increasement of prices. Major characters are first weighed depending on its importance, and then the supplier is scored by its performance on this area. Each character is then calculated in relation to its overall weight, and then total score can be calculated. (Sollish et al. 2011 pp.120-122.)

### 6.3 AHP – Analytical Hierarchy Process

The Analytic Hierarchy Process (AHP) is a multi-criteria decision-making approach and was introduced by Saaty (1977 and 1994) (Mann 1995 p.35).

The AHP is a decision-making tool which can be used to solve complex decision-making problems. It uses a multi-level hierarchical structure of objectives, criteria, sub-criteria, and other alternatives. The relevant data is derived by using a set of pairwise comparisons. (Mann 1995 p.35.)

These comparisons are used to obtain the importance of the decision criteria, and the relative performance measures of the alternatives in terms of each individual decision criterion. If the comparisons are not perfectly consistent, then it provides a mechanism for improving consistency. (Mann 1995 p.35.)

Chin (1999) describes the AHP and how it helps organize hierarchical structure similar to a family tree. By using simple comparisons and rankings, then synthesizing the results, AHP helps analysts to get to the best decisions and results and provides a clear choice. (Sevкли, Koh, Zaim, Demirbag, Tatoglu 2008)

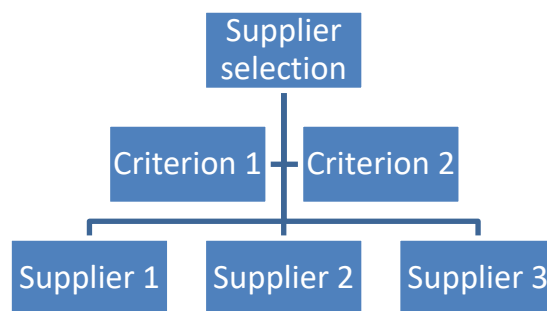


Figure 6 Analytical Hierarchy Process

Figure 6 shows in simplicity how AHP hierarchy works. As the figure shows, it is similar to a family tree. The goal, that is on the top of the hierarchy, is to select a supplier from different criteria that is linked to suppliers. The supplier that best suits the criteria is selected.

Partovi (1994) explained the AHP approach how the decision problem is structured hierarchically at different levels. Levels consist of a specific number of decision elements. The upper level of the hierarchy represents the overall goal, while the lower level consists of all possible alternatives. Middle level(s) represent the decision criteria and sub-criteria. (Sevкли et al. 2008) A company selecting suppliers can narrow down options with the hierarchy steps.

## 7 Supplier selection

According to Sollish F. and Semanik J. there are two best practice concepts: Value-based source selection and scorecard for competitive evaluation.

Value-based suppliers are selected when price is not the most determining or the only factor. They focus more on performance and risk management. In other words, value-based source selection means that it provides the best benefits in response to the requirement. (Sollish et al. 2011.)

Lemke, Goffin and Szwejczewski (2000) explained how supplier selection strategy is used to evaluate and select suppliers, which fulfills the requirements of the manufacturer. To build more effective relationship with suppliers, organizations are using supplier selection criteria to strengthen the selection process. Supplier selection criteria is changing constantly, which indicates to a new challenge to select suppliers who can add long-term value to the manufacturer. (Ndubisi, Jantan, Hing, Ayub 2005 p.333.)

After the appropriate supplier has been chosen aligned with company's strategy and other needs and specifications, the buyer sends a request for quotation to open the negotiations among supplier.

## **7.1 Tendering and Negotiation**

Companies looking for suppliers seek tender responses from multiple suppliers in a competitive process. They evaluate and accept the tender response that best meets their needs and offers the best value for money. (Nathan 2018.) As discussed before, it may not be the price that defines the best option, but other characteristics, such as lead time.

The aspects that are negotiated are the things that are to be defined in the contract when mutual understanding has been found between supplier and buyer.

As explained in paragraph 3 Purchasing, about buyer's- versus supplier's market, the market domination determines who has the leverage in negotiations. Since this thesis focuses on purchasing leverage and strategical items from suppliers, in both cases one has the leverage in negotiations.

Sollish et al. (2011) listed negotiated aspects in a supplier contract:

- price
- payment terms

- deliverables
- warranties
- quality requirements
- support
- risk assumption
- liquidated damages
- consignment inventory
- freight allowances.

(Sollish et al. 2011, p.128).

To understand more about supplier criteria, the upcoming paragraph demonstrates an example of a furniture retail company Ikea's supplier criteria requirements. Ikea has implemented a standardization which is called The Quality Compliance Standard.

In order to become an Ikea supplier, these criteria must be fulfilled. It secures that Ikea suppliers work efficiently to control the quality and secure agreement of Ikea articles.

The IKEA Supplier shall secure that all products are produced according to product documentation if not otherwise agreed in a contract.

- The IKEA Supplier shall register, structure and maintain all verification documents and information required in the IKEA product documentation into the Connect system, unless agreed different.
- Registered verification documents reflect the material, components and production setup used for each product in relation to production date-stamp. For all purchased materials and components, the sub-supplier of those must be specified.
- The IKEA Supplier must insure that special process control is implemented at its own production unit as well as at sub-suppliers according to IKEA requirements specified in: IKEA product documentation and special processes appendices.

- The IKEA Supplier shall perform final inspection as agreed in contract with parties. Supplier's key performance indicators include:
  - inspection method
  - reference material to use
  - sampling plan
  - acceptance criteria
- The IKEA Supplier needs to make sure that inspected non-conforming materials, products and components are identified and separated, to avoid that non-conforming products are delivered to IKEA. (Ikea 2015.)

## **8 Design brand and white label procurement**

Vonderembse and Tracey (1999) deems that early involvement of suppliers in product design, allows companies to develop alternative solutions. Companies are able to select the best and most affordable materials, and technologies and to receive help in design assessment from their suppliers. (Ndubisi, Jantan, Hing, Ayub 2005 p.334.)

Supplier involvement in product and process design and continuous improvement activities has been shown to have a positive impact on competitive advantage and performance (Ndubisi et al. 2005 p.334).

A white label product means that it is manufactured by one company and branded, marketed and sold by other company. The idea of white label purchasing is that the end-product appears as it has been manufactured by the end seller. (Investopedia n.d.)

The benefit for both parties is that they can focus on their own specialities. The manufacturer can concentrate on making the product and focus on cost savings, and the end-seller can invest in marketing and selling the product. (Investopedia n.d.)

Retailers' private labels compete with suppliers' branded products, and suppliers have begun exploring alternative channels for selling online sales, and other direct-to-consumer channels, bypassing traditional retailers which then has started

to show indications of competition between supplier and retailer. (Mercier & Battle 2012.)

Although the situation can be very different for private-label suppliers that make products exclusively for retailers. In these partnerships, the risk that the benefits of collaboration will be shared with competing retailers is not usually an issue. (Mercier et al. 2012.)

Since cooperative interests are more closely aligned together, these collaborations tend to be more effective. Depending how they work together, can help retailers and suppliers of branded products to collaborate more effectively and achieve better results. (Mercier et al. 2012.)

Brand suppliers must operate to the needs of many retailers, whose lead times, minimum order quantities and packaging requirements and such, are often very different. Suppliers that sell brands, must optimize their operations while accommodating all these requirements. In difference, private-label manufacturers deal with fewer variables. They often have exclusive relationships with retailers, and have fewer, more targeted customers to satisfy. (Mercier et al. 2012.)

The exclusive nature of private label-supplier and buyer's relationship help private-label manufacturers and retailers achieve true integration and collaboration more easily. As a result, they often share assets as well as information. For example, a manufacturer may deliver directly to a retailer to avoid the cost of owning warehouses. Or, the manufacturer might share the retailer's distribution fleets, which also simplifies logistics and reduces costs. (Mercier et al. 2012.)

Then again private label-manufacturer may not have the possibility of manufacturing to other companies because often companies have the leverage to negotiate manufacturers to exclusive supplying.

Furthermore, collaboration between retailers and private-label manufacturers remains driven by necessity. Because manufacturers' margins tend to be thin on private-label products, costs must be squeezed from the supply chain wherever possible if the retailer wants to see a lower overall cost. This same cost incentive

should encourage collaboration between retailers and suppliers of branded products as well. (Mercier et al. 2012.)

## **9 Hypothesis for supplier selection criteria**

This paragraph introduces a hypothesis for this thesis' research question. According to all research made throughout writing this thesis, the selection criteria between white label purchasing and brand purchasing will be assumed in a form of a table.

It will illustrate a comparison between two types of products' differences and similarities. It will compare brand products and white label product's supplier selection criteria between leverage and strategical items. The help of Kraljic's matrix is used to create the hypothesis supposing that companies manage their purchasing with the help of categorizing products in to strategical and leverage products.

The hypothesis was created by referencing several furniture retail companies that sell white labels and/or brands. The information was gathered from these furniture retailer's webpages. To each category, there were selected a few characters. Thus, this means that there could be more characteristics for these companies' suppliers but as an example a few in each are shown in the table. It was then created in to a form of a table to help visualize the comparison. The table is made by the author.



**Brand products**

**White label products**

	<b>Strategic</b>	<b>Leverage</b>	<b>Strategic</b>	<b>Leverage</b>
<b>Product &amp; brand</b>	Quality, Brand value, ISO certificates	Quality, Price	Quality, Safety	Product range, Quality, Safety
<b>Marketing</b>	Store concept/ Display products	Marketing co-operation	Customer satisfaction	Customer satisfaction
<b>Supply chain</b>	Delivery time	Delivery performance	Raw material and products, Capacity	Raw material & products, lead time, Capacity, Location
<b>Relationship &amp; Responsiveness</b>	Lead time, long relationships Flexibility, service	Capacity, Long relationships, Service	Service, Flexibility	Service, Capacity, Lead time, Flexibility
<b>Contract</b>	5 year	1 year	5 year	3 year
<b>Other</b>	CSR & environment, PEFC certificate	CSR & environment, PEFC certificate	CSR	CSR

Figure 7 Supplier selection criteria for brand and white label acquiring

Figure 7 illustrates a hypothesis of a comparison of supplier criteria between brand products'- and white labels' strategical and leverage purchases. On the left are brand products, and on the right white label products. The first row illustrates company's products between strategic and leverage items as their differences are compared to one another.

There are six set of categories that are being compared in this table. The categories are selection criteria and part of purchase contract terms. The criteria can be part of company values or strategical business operations. The categories were selected for the hypothesis according to research that showed the most important aspects that are valued and evaluated in a supplier.

It compares supply chain structure, the importance of supplier relationship and responsiveness and other aspects between both company's strategical and leverage items.

The table and comparison between brands and white labels look rather similar. Main differences are that brands have more emphasis on long-lasting products with the use responsible product materials. Brand companies emphasize more on certificates such as PEFC-certificate, that are related to environmental issues since furniture production itself and the raw materials consume the environment.

Strategical suppliers' contracts tend to be long lasting, when again the buyer's market enables leverage items to be tendered and supplied from many optional sources.

## **10 Survey results**

In order to answer the research question, a semi structured interview was done for Vepsäläinen, a Finnish furniture retail company. The company was chosen because it is widely known in Finland for selling luxury furniture brands and designer furniture. Vepsäläinen as a company is suitable to answer the research question; the differences between purchasing brands and white labels and more in specific their supplier selection paths and evaluation process.

The angle for this research is to understand how a company manages two different type of products' supplier selection and evaluation processes. Also, to create a comparison of the two types of supplier characteristics and to answer the hypothesis.

The interviewed person is a product manager and specializes on supplier and product selections in Vepsäläinen.

The results of the survey revealed key supplier selection differentiators and similarities. As a furniture retailer, Vepsäläinen focuses on purchasing products that are in trend and emphasizes customer's point of view in product selections. The results of the survey resulted to be general answers rather than detailed. Not all the survey questions were answered.

The results of the survey had a lot of differences in comparison to the hypothesis. It also must be noticed, that the hypothesis describes characteristics of a supplier. As before in theory part it was mentioned, that there are plenty of characters that are expected from a supplier.

The characters are known to be quite the same in every company, but the importance and emphasis of the character differs in every company and may even differ in every supplier selection inside of one company. That is why the hypothesis cannot necessarily indicate the characteristics to be untrue either. They are and may be true to some company partially but not aligned with the company that the qualitative research was made to.

## **10.1 Company introduction**

Vepsäläinen is a Finnish furniture and interior store chain. Vepsäläinen's stores are in eighteen localities in Finland and in the Baltic countries. The basis of the Vepsäläinen product range is the traditional Finnish brand furniture, with a collaboration with manufacturers for decades.

Product range includes also European design furniture and the collaboration with international manufacturers', both classics and new design. Vepsäläinen sells famous brand names such as Artek, Vitra and many others. (Vepsäläinen 2017)

Vepsäläinen focuses on selling long lasting nature's materials such as wood but still products that are modern and in trend. Vepsäläinen also offers interior design services and sells projects. (Vepsäläinen 2017)

Vepsäläinen sells both luxury brands and white labels. Products that are bought as white labels are formed with the collaboration of supplier, designer and Vepsäläinen together. The idea is to bring added value to a white label together

with a furniture designer. This way Vepsäläinen brings unknown suppliers in to designer furniture markets. (Kaari 2018)

In collaboration of furniture designer, Vepsäläinen and the supplier, Vepsäläinen's role is to find a supplier that can manufacture the product according to the furniture designer's design. Then Vepsäläinen prices the product so that it is appealing to customers. Often manufacturing happens abroad since there are not enough suppliers in Finland. (Kaari 2018)

## **10.2 Comparison between white label and brand purchasing in furniture retail company**

Interview indicated a lot of similarities and some small differences between white label and brand purchasing. The interview resulted that neither brand- or white label products cannot be necessarily categorized according with Kraljic's matrix in to strategical or leverage products. Sales for both products vary. (Kaari 2018)

On the other hand, since brand products are the most marketed products, they could be viewed as the strategical products, since it is known that they appeal the most to customers.

Marko Kaari says that customers may come with an interest to buy designer brand products as they are more marketed. However, the customer in many cases may end up buying the white labels.

The marketing of brands like for example Vitra and Habitat appeal to the customers the most. Customers then link the brand products with Vepsäläinen's name. So, in some cases the customer comes to the store because of the brand product but end up buying something completely different like white label products. (Kaari 2018.)

Chapter 9 introduced a hypothesis for furniture retail company's supplier selection characteristics between purchased brand- and white label products. By interviewing a furniture retail company on their supplier selection and evaluation methods, the results of the qualitative research show in the upcoming, similar table.

The results are then analysed, and further results of the survey is introduced. Since the interview results did not indicate that Vepsäläinen has these product categories like in Kraljic's matrix, the comparison is done between brand products and white labels only.

	<b>Brand products</b>	<b>White labels</b>
<b>Product &amp; brand</b>	Materials and quality, Brand name, lucrative-ness and sales, As-cendant brands	Materials and quality, col-laboration with furniture designer, lucrativeness and sales
<b>Marketing</b>	Marketing co-operation, Agreement with supplier on marketing	Marketing co-operation, Agreement with supplier on marketing
<b>Supply chain</b>	Manufacturing abroad  Suppliers from Poland and Vietnam	Manufacturing abroad  Suppliers from Poland and Vietnam
<b>Relationship &amp; Respon-siveness</b>	Relationship extremely important, suppliers seen as business part-ners	Relationship extremely im-portant, suppliers seen as business partners
<b>Contract</b>	1-3 years  Supplier responsible for customer promise (e.g production time)	1-3 years  Vepsäläinen responsible for customer promise (e.g production time)
<b>Other</b>	Environmental issues  CSR	Environmental issues  CSR

Figure 8 Comparison of supplier characteristics between brand- and white labels suppliers

Figure 8 is a comparison of brand- and white label supplier's characteristics. The figure shows the differences and similarities between white label purchasing and

brand purchasing inside of a company. It compares six different categories such as product and brand and marketing relationship that characterize suppliers.

The results of the interview indicate supplier characteristics between brand- and white labels to be quite similar. The most noticeable differences are in the contract category, the responsibility of customer promise.

Customer promise in this case means the production time. For example, a customer buys a couch of some colour. The retailer promises a delivery time for the couch and now the reliability is either supplier's or retailer's. When purchasing brands, it is the responsibility of the brand owner to deliver on time. With white labels, Vepsäläinen becomes liable for the promise of production time. According to the interview brand suppliers are responsible in delay cases and are willing to compensate in situations of inconvenience. (Kaari 2018.)

### **10.3 Supplier selection process**

Supplier selections in Vepsäläinen are done according to supplier's product range and capabilities, the present and upcoming trends and what customers are expecting. Vepsäläinen places huge emphasis on customer's wants and wishes and selects products and therefore suppliers accordingly. Suppliers are selected to support Vepsäläinen's business activity. Decisions of supplier and product selections are based on the thought that what sells the most (Kaari 2018)

It was asked in the interview if products are differentiated between categories like in Kraljic Matrix (Leverage, strategic, bottleneck, non-critical items). It occurred that at least product manager differentiates products in prices segments. The idea is to have different price segments and depending, for example, on the product materials, the product is sold in a specific price range. (Kaari 2018.)

Suppliers are found from tradeshows and a lot of suppliers offer themselves to Vepsäläinen, rather than Vepsäläinen searching for suppliers. In order to differentiate from competitors, Vepsäläinen does collaborations together with designers. Vepsäläinen brings designers to supplier to all collaborate and bring added value to the product. (Kaari 2018.)

Supplier relationships are extremely important and requires a lot of collaboration and building together a brand. Vepsäläinen sees suppliers as strategical partners and see the importance of building a strong relationship with suppliers. Vepsäläinen believes in building the brand together with a supplier and believes in reciprocal relationship. (Kaari 2018.)

Negotiation is bilateral, and both parties give something in return to each other. Vepsäläinen promises to market supplier's brand according to contracts. On the other hand, Vepsäläinen expects such things as punctuality in deliveries and quality in products. (Kaari 2018.)

Tendering and negotiation are easier with smaller suppliers from the retailer's point of view. As suppliers are small and a large part of their revenue comes from one retailer's orders, their risk for supplying for them increases. This also means that the retailer has leverage on negotiating better prices and terms in general from the supplier because they bring majority of the supplier's revenue. (Kaari 2018.)

### **10.3.1 Supplier selection process between white label supplier and brand supplier**

Purchasing white labels enables Vepsäläinen to uplift their own brand. To add value to white labels, designers collaborate with Vepsäläinen and their suppliers. This is a strategical approach to enhance volumes and sales. Vepsäläinen aims to be in the middle of suppliers and designers and wants to bring designers and suppliers together by then itself offering a platform for a designer to sell their products. (Kaari 2018.)

The idea of purchasing white labels is to bring a designer name and their handprint to the product. The designer then adds value to the white label products. (Kaari 2018.) It also enables strategical position in the market using specific designer names.

Vepsäläinen puts a lot emphasis on branding and marketing the brand and believes people purchasing products because of brands. A strong brand supports Vepsäläinen's own brand and enhances their sales. As brands are appealing to

consumers, a lot of marketing happens through brands, but the customers may still end up buying white labels because of the marketing of some large brand names.

Trends change constantly, and different brand names are huge momentarily. The supplier selections happen quite often, and supplier contracts are usually 1-2 years and sometimes 3 years. The realization of a need for supplier is correlated with change of trends and depending which brands are huge in the industry at that time. (Kaari 2018.)

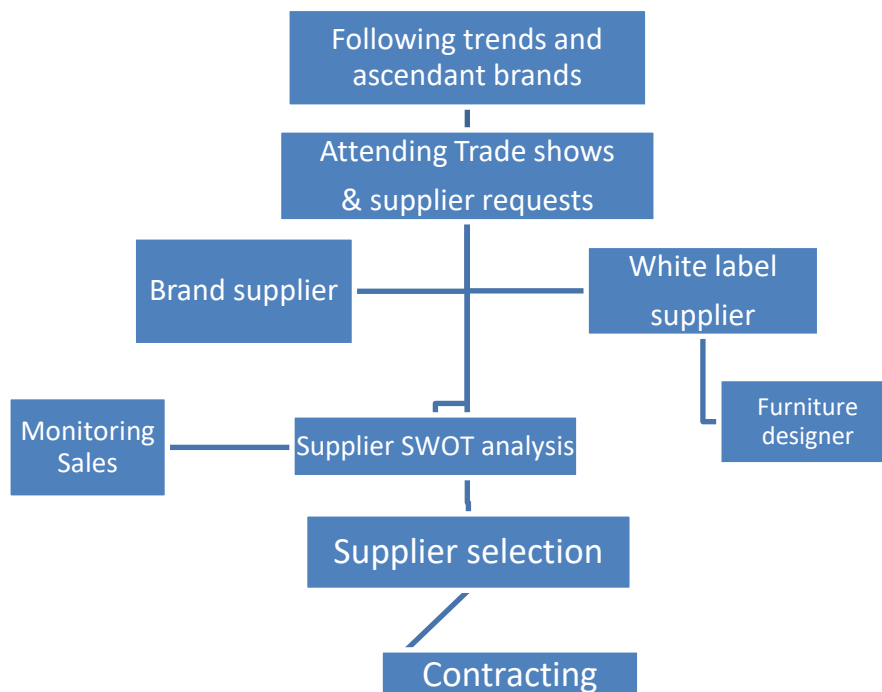


Figure 9 Supplier selection process for Vepsäläinen

Figure 9 reflects supplier selection process of Vepsäläinen for both white label- and brand suppliers. The figure shows that Vepsäläinen follows constantly ascendant trends and brands. Suppliers are found from trade shows or suppliers themselves show interest to sell their products at Vepsäläinen.

The company alternatively collaborates with furniture designers to design white labels. The designer’s contribution adds value to the product. (Kaari 2018.)



Suppliers are then evaluated with SWOT analysis and then selected. Suppliers can be evaluated through their sales performance too, although this usually requires the supplier to already to be a partner rather than a new supplier. Last, the contract terms are being negotiated and the contract is written.

#### **10.4 Selection criteria**

Supplier selection criteria is dependent on how products are manufactured and what materials are used and offered. Especially in the market of high-quality furniture and promise of long-lasting furniture, the material use is specific and suppliers are expected to manufacture from long-lasting high-end materials. (Kaari 2018)

Due to product customization and the effort of making long lasting products the manufacturing process of making furniture takes longer due to manual labour and handicraft design. Products are designed with quality rather than mass production. It may be that white label products that are mass manufactured with large quantities and cheap price, are manufactured for other companies in the same factory as these handicraft designer products. (Kaari 2018)

Location of the supplier is not necessarily important, but since there is not enough expertise and know-how in Finland, the majority of the production is coming from abroad from countries such as Poland and Vietnam. The markets are larger abroad (such as in Poland) and offer more variety for a company for product orders. There is not necessarily either capacity for a supplier to expand in Finland. (Kaari 2018)

Large quantities of materials are bought to be able to negotiate lower prices. Prices are negotiated with suppliers bearing in mind that they need to be the appropriate price for consumer. (Kaari 2018)

There is a huge competition of selling brands between furniture retailers. A lot of retailers that are competitors show interest in a brand supplier. The ones that are capable to promise the most in return to a supplier, has advantage of negotiating requirements. There is competition among other retailers of supplier contracts. A retail company can offer an appealing purchase contract to supplier. On the other

hand, a retailer can ban the supplier for selling to other Finnish companies. This way the retailer maintains leverage on the Finnish market. (Kaari 2018.)

Environmental issues and certificates related to manufacturing furniture are extremely important in supplier selection and are part of Vepsäläinen's company values. Vepsäläinen makes effort to purchase products that are environmentally friendly or have certificates that promise environmentally friendly manufacturing process also from supplier's subcontractors. Marko Kaari says that the responsible environmental manufacturing could be more marketed from Vepsäläinen's behalf. Thus, the emphasis on environmental issues importance for the company would come to consumers knowledge too. (Kaari 2018)

Other environmentally concerning issues are how manufacturers use their surplus materials. Corporate social responsibility issues like child labour is prohibited from suppliers. (Kaari 2018.) Companies follow more and more these corporate social responsibilities and emphasize them in their business operations.

### **10.5 Supplier evaluation methods**

To find new suppliers, Vepsäläinen appears to trade shows to find new brands and trends and go to evaluate who are the most interesting. Very simply, the brands or suppliers that have most followers and people gathered around, are most likely to be the most selling and selected as suppliers.

Trade shows provide a possibility for immediate contact of supplier. In order to show interest towards a supplier, trade shows provide a possibility to show interest in selecting a supplier. Supplier evaluation can happen too by following trends and brands that are huge in the market. (Kaari 2018.)

The interview indicated that supplier evaluation methods are different than what has been so far illustrated in this thesis such as scorecard and AHP. The interview also suggested ERP-systems. According to the interview, Vepsäläinen uses SWOT analysis to evaluate suppliers. (Kaari 2018.)

SWOT analysis help estimate strengths, weaknesses, opportunities and threats for a company using this supplier. SWOT analysis works similarly than scorecard

except it is more expressive in vocabulary when again scorecard demonstrates grades for criteria.

Vepsäläinen constantly evaluates suppliers and not only when selecting new suppliers. Evaluation carries on after the selection. Sales is the most important indicator of efficient and worthy supplier. Supplier's products sales indicate the lucrativeness. Sales is the most important indicator whether a supplier is worth having. (Kaari 2018)

Where products are placed in a store, is not a coincidence. Suppliers, among the contract are offered square meters in a store and their products are placed in a store accordingly. Some areas of the store like entrance sell more and are more visible to customers. Vepsäläinen offers squares in a store for a supplier to sell the products, depending how much is bought from a supplier. Whether the sales indicate positive results, the square area can be spread for the supplier and more products can be bought from supplier. (Kaari 2018.)

## **11 Summary**

The theory part of this thesis involved supplier selection and evaluation theories in general. To understand a holistic picture, purchasing theory and understanding of general supply chain management was introduced.

Supplier selection and evaluation process are related to both purchasing and supply chain management. Suppliers are part of company's supply chain. Retail stores purchase from their suppliers and sell products manufactured by the supplier or subcontractor.

When researching for new suppliers, primary concern is to gather business operations and financial data to ensure that the supplier supports the sourcing company (Sollish et al. 2011).

Supplier selection is a decision-making process involving multiple criteria to evaluate the supplier. Therefore, the evaluation criteria must cover both tangible and intangible, quantitative and qualitative, operational and strategic factors. However, since companies have their own business priorities and strategies, it cannot

be defined to have one set of evaluation criteria that suits every buying firm's requirements. (Meo n.d.)

Supplier selection process is a process that can be divided to steps that a company makes when selecting suppliers. Suppliers may be viewed as strategical partners and their performance has straight effect on a retailer.

There can never be too much emphasis on the importance of selecting strategical partners and in other words, suppliers. Suppliers financial reports indicate the healthiness of the business. Requests for quotations from suppliers can help narrow options or tender suppliers.

Supplier evaluation methods help differentiate suppliers from each other and select the best possible one for a company. Methods vary between companies but all aim to help narrow down options and select the best supplier.

This thesis introduced scorecard evaluation, AHP method and through qualitative research resulted to SWOT-analysis method. When suppliers are selected, they are monitored by their sales performance. Retailers main goal for purchasing is to get sales returns in return.

Results of research question were introduced through a semi-structured interview made to a furniture retail company Vepsäläinen. Results indicated supplier selection criteria to be similar for both white labels and brands. The supplier evaluation methods were similar. As products they both are important for company's success but on the other hand strategically different products.

## **12 Discussion**

The aim of this thesis was to understand theory of supplier selection and evaluation processes. Also, the goal was to understand the differences and similarities of brand and white label products' purchasing paths and supplier selection and evaluation process in furniture retail company.

With research of purchasing, supply chain management and supplier selection and evaluation for theoretical framework enabled to create a hypothesis for the

research question of this thesis. The topic then culminates to an understanding of how and where white label- and brand products are purchased and what are the supplier characteristics.

In order to answer the hypothesis and research question, a semi-structured interview was completed for a furniture retail company's product manager.

However, questionnaire was answered given quite general answers and some answers were not answered at all. This resulted to not understanding the company's supply chain structure in specific and criteria for supplier selections were few.

The results showed little differences between brand- and white label products' supplier selection characteristics. The process of supplier selection on the other hand may be a slightly different, since the collaboration of a furniture designer in the process. Characteristics and requirements for the supplier are similar between white labels and brands.

It was assumed in the hypothesis that the interviewed company uses Kraljic's matrix to categorize products. The table for a hypothesis was built accordingly. The interview resulted to Vepsäläinen not using purchasing portfolio as a tool and brands and white labels cannot be categorized to either. This would indicate the hypothesis to be untrue on that behalf. However, their marketing products are more often the brand products which could indicate the products to be more strategic since they appeal more.

The hypothesis described characteristics that are required from a supplier. The theoretical part justified that there plenty of characteristics that companies expect a supplier to have regardless of the industry or the nature of product supplied. The hypothesis table introduced some of characteristics from multiple sources. The qualitative research indicated that there are some similarities to the supplier characteristics and some may differ with the hypothesis.

The hypothesis was created using multiple sources to have a wider view of understanding how different companies may characterize requirements for potential suppliers. The hypothesis introduces few characters in each category. It does not

indicate that there could not be more for companies. But those given characteristics were brought to give an example.

The hypothesis had some similarities with survey results such as requirement for quality and marketing co-operation. On those aspects' behalf, the hypothesis is true. There were also lot of differences, such as this interviewed company had quite short contracts, usually 1-2 years and maximum of three years. This also indicates the hypothesis not to be correct on most situations.

There were similarities in hypothesis of assuming environmental and other corporate social responsibility issues to be equally important to all companies researched for the thesis. Also, the survey resulted the same to the interviewed company. The assumption of the importance of CSR related issues is true in hypothesis.

There is very limited data on brand purchasing as a concept. Literature and online sources had almost none information on brand purchasing. Information on brand purchasing was mainly gathered from the interview.

The results of questionnaire are given from just one company. This means that the results offer one method and/or strategy of managing supplier selection and evaluation process.

The results show company's methods for supplier selection and evaluation between purchases of white labels and brands. Mutual methods and other similarities may be used and found in many other furniture retail companies.

On the other hand, each furniture retail company has their own strategies and methods when it comes to purchasing and supplier selection and evaluation. The theory gives a general understanding of the most common supplier criteria and evaluation methods.

The research of theoretical framework showed similarities of supplier selection criteria regardless of the industry. Also, while comparing multiple furniture retail company's supplier selection methods and criteria, results indicated to be very similar in those companies.

The thesis research gave some perspective to how supplier selections and evaluation may differ inside a company according to the nature of a product. This indicates that purchasing department must react to the supplier selection differently.

This thesis was involved around supplier selections in furniture retail industry. When searching for information on supplier selection and evaluation in retail industry, there was no specific information or any indicators that whether it is a retail company or other form of seller, the supplier selection and evaluation seems to be the same. At least, there seems to be no literature on retail supplier selection as an own segment.

The goal of the research was to show a comparison of a company's white label and brand purchases and find criteria for supplier selections and evaluation. The semi-structured interview was successful in that manner. This thesis was able to show the results how a company manages different purchases between white labels and brands, but also its supplier selection and evaluation.

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### **General questions**

- 1. Company's supply chain structure; manufacturers to retail**
- 2. Do you use purchasing portfolios to segment your suppliers and products?**
- 3. Do you manage purchasing and sourcing by using Kraljic Matrix or other segmentation methods? Do you differentiate products between categories like in Kraljic Matrix? (Leverage, strategic, bottleneck, non-critical items)**
- 4. What is your take on suppliers' importance for retailers? Do you see them as strategical partners?**

### **Supplier selection process**

- 5. In general, what are the business drivers when realizing a need for supplier?**
  - a) Need for certain product
  - b) Need for opportunity for better contract terms
  - c) Looking for better supplier relationship
  - d) Other?
- 6. What are the tools for researching suppliers?**
  - a) Internet
  - b) Current suppliers
  - c) Other?  
-How do you learn about suppliers' and their characters?
- 7. What type of information is exchanged between supplier and yourself before contracting?**

**8. How is sourcing strategy aligned with your supplier selection process?**

- How is the strategy integrated to the process?

**9. What kind of methods are used to tender suppliers?**

### **Selection criteria**

**10. What are the performance characteristics required from a supplier?**

**11. What are the most important characteristics when sourcing **leverage/strategic** products? Mention at least one in each category:**

<b>Product &amp; brand</b>
<b>Marketing</b>
<b>Supply chain</b>
<b>Responsiveness and relationship</b>
<b>Contract</b>
<b>Other</b>

### **Evaluation methods**

**12. What kind of supplier evaluation methods do you use to differentiate suppliers from each other?**

- a) Do you use scorecard or AHP?
- b) ERP -systems?

c) Other?

**13. In general, what type of things are involved and what should be considered in the evaluation process?**

### **Brand purchasing**

1. Is brand purchasing based on purchasing the brand or is there a lot of emphasis on contracting or characteristics of supplier?
2. How do supplier characteristics differ from each other between private labelled and designer labelled procurement? /What are the supplier characteristics in purchasing brands?
3. Do you have marketing collaboration with your supplier? E.g. Display products

### **Non-brand/private label purchasing**

1. Does Vepsäläinen purchase private/white labels?
2. Would you consider white labels to be
  - a) Leverage products
  - b) Strategical products
  - c) Neither?
3. If yes, what type of branding is there involved from Vepsäläinen's part?
4. What type of supplier characteristics are required from private/white label suppliers?
5. Are private label suppliers considered to be less strategical partners than brand suppliers?