

Chart of the Week

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29 August 2019



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Price is king for TPIs

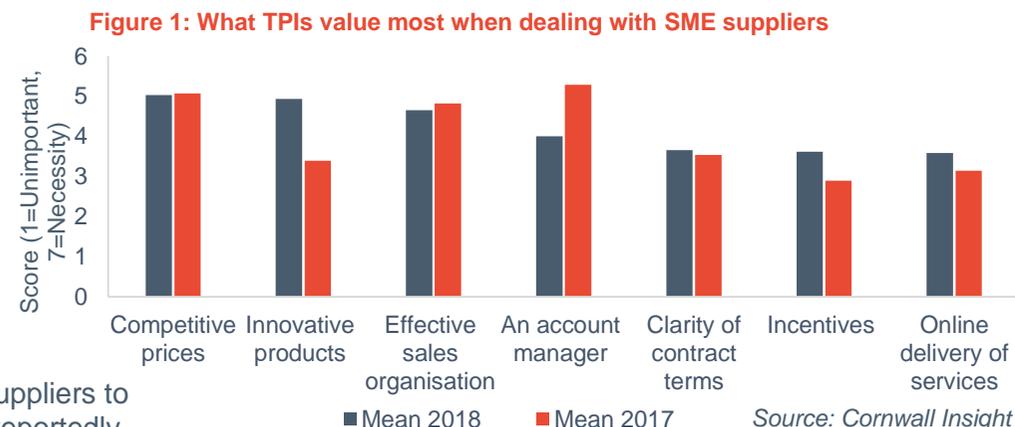
While supplier exit in the business market has been limited to date, it coloured many of the comments made by Third Party Intermediaries (TPIs) in our annual survey. Over the last 18 months, suppliers of all sizes have been under pressure to reduce costs, resulting in increased use of automation, streamlined back office functions and in some instances a reduced product offering.

These external pressures have led many suppliers to service the TPI channel in a different, and reportedly less effective way. Increased automation and a leaner model suits some TPIs, but generally has meant a decrease in TPI perceptions of suppliers.

Looking at the SME sector, Figure 1 shows what TPIs said they value most from suppliers. In 2017 price was important to TPIs, but account management more so, with product innovation further down the pecking order.

Although scores drop slightly in 2018, competitive pricing was again critical – and now the most important aspect – for TPIs. High wholesale prices coincided with the collection of this survey in November 2018, so this would have been brought into sharp focus for TPIs that had just faced a difficult October contract round.

Interview comments reflected a trend of increasingly transactional relationships between SME TPIs and suppliers. TPIs in this space are more likely to be



asked to contact suppliers through a generic mailbox or online chat service. In some cases this was welcomed, while others lamented the loss of account managers. Either way, the changing relationships could explain account management moving down the priority list and behind the effectiveness of sales organisation.

In the biggest year-on-year change, innovation became key to TPIs as other means of differentiation (price and service) reduced in range. Alternative tariff structures, the ability to be flexible on terms and new technology can offer mitigation to higher prices. In a market usually driven by price and service, the rising importance of innovation also illustrates the ever-increasing expectations of TPIs and their customers on suppliers.

For further information on our TPI market services, please contact Anna Moss on 01603 542134 or a.moss@cornwall-insight.com