

Pooling: demand bundling as a lever for prices and security of supply

In industrial procurement, pooling refers to the systematic bundling of requirements, volumes or resources across departments, sites or companies in order to achieve better terms and a more stable supply. The approach exploits economies of scale and reduces fragmentation in the supplier base. In practice, pooling ranges from consolidating the requirements of several plants to joint procurement in purchasing consortia. A clean data basis and clear governance are prerequisites so that bundling does not fall back into maverick buying.

Key facts

- Pooling bundles requirements, volumes or resources in order to gain volume discounts, better terms and planning security.
- Typical forms are demand pooling within the group, category pooling across sites, volume bundling with partners and joint procurement.
- Savings of typically 3 to 15 per cent compared with fragmented individual procurement are frequently cited, depending on material group and starting situation.
- Success requires data cleansing, uniform material master data and binding framework agreements.
- Key risks are dependency on individual suppliers, loss of flexibility and internal resistance from the plants.
- Combination with the dual-sourcing rate and supplier classification maintains security of supply despite bundling.

Definition: pooling

Pooling in procurement is the systematic consolidation of requirements and procurement volume that have previously been decentralised, fragmented or given away. The aim is to reach a critical mass that enables better prices, terms and delivery conditions. The term is also used for bundling resources such as testing capacity, stock levels or logistics services.

Distinction from demand aggregation

Demand aggregation describes the technical and organisational consolidation of demand notifications, for example via uniform demand requests in the material group process. Pooling goes beyond this: it includes the strategic decision of which requirements are bundled, with which partners and through which contract structures. Demand aggregation is thus frequently the operational precursor of a pooling project.

Pooling within the group versus purchasing consortium

Within a corporate group, central procurement bundles the requirements of several plants under a lead role. In purchasing consortia or buying groups, legally independent companies join forces, usually in indirect or C-parts segments. Both models follow the same logic, but differ considerably in governance,

data confidentiality and contract design.

Methods and approach: how a pooling project runs

A pooling project typically follows a fixed sequence: spend analysis, data cleansing, prioritisation of material groups, market analysis, negotiation and implementation via framework agreements. Early involvement of the plants and specialist departments is decisive so that bundled volumes are actually called off through the agreed channels.

Analysis and prioritisation of material groups

The starting point is a spend analysis along the material group hierarchy, supplemented by information on suppliers, sites and contract status. Suitable candidates are material groups with many decentralised suppliers, a high commodity character and comparable specifications. A supplier classification that distinguishes critical versus interchangeable suppliers helps in designing the supplier base.

Market analysis and tender

Based on the bundled volume, a structured market survey follows, frequently with a tender questionnaire covering capacities, certifications and logistics concepts. For groups close to raw materials, raw material price volatility should be taken into account through index or sliding price agreements. The total cost of ownership calculation decides the award, not the pure unit price.

Contract design and delivery schedule

Bundled volumes are typically fixed in framework agreements with call-off calculations and a delivery schedule. Quantity scales, agreed lead times, minimum order quantities and provisions for price and term maintenance are important. For growth-driven groups, flexibility for ramp-up management is recommended so that increases do not run through external emergency purchases.

Key KPIs for steering pooling

Pooling success can be measured: through savings against a baseline, the bundling rate of the volume, supplier consolidation and supply key figures. Without measurable targets, pooling agreements quickly lose their binding force.

Savings and bundling rate

The baseline saving compares realised prices with the reference prices before pooling, typically in the range of single-digit percentage points for commodities. The bundling rate indicates what share of the total volume actually runs through the framework agreement. Values below the internal target indicate maverick buying or insufficient binding force.

Supply and supplier performance

Delivery reliability and the available-to-promise (ATP) check show whether bundling stabilises supply or creates risk points. Supplier performance evaluation supplements the view with quality, responsiveness and on-time delivery. A balanced dual-sourcing rate prevents savings from being bought at the price of an unacceptable single-source risk.

Risks and controls in pooling

Pooling shifts power to the buyer, but also creates concentration risks: dependency on a few suppliers, loss of local flexibility and internal conflicts with plants that lose their autonomy. These risks can be controlled through clear governance, controls and contingency concepts.

Supplier and location risks

The more strongly volume is bundled, the more important the analysis of supplier location risk and alternative sources of supply becomes. A procurement emergency team with defined escalation paths and substitute suppliers maintains the ability to act in the event of failures. For process-intensive services such as toolmaking procurement or critical subcontracting, a second qualified supplier should be activatable at any time.

Internal governance and off-contract purchasing control

In practice, pooling fails less often at the market than at implementation: plants continue to procure alongside the framework agreement. Countermeasures are binding ordering channels, approval processes and regular spend audits that make deviations visible. Active supplier segmentation also helps to organise the management of the bundled strategic suppliers with clear roles, for example via a supplier day.

Current developments and digital pooling

Digitalisation is making pooling more data-driven: AI-supported spend classification identifies bundling potential in unstructured procurement data, and platform marketplaces give smaller companies access to bundled terms too. At the same time, the focus is shifting from pure price savings to resilience and sustainability.

Data quality as the foundation

Without harmonised material master data and uniform designations, pooling remains blind: different specifications for technically identical parts are one of the most common reasons why bundling potential remains undetected. Modern spend analysis tools cluster line items automatically, but do not replace the professional review by technical buyers.

Sustainability and joint standards

Bundled volumes make it easier for suppliers and customers to implement sustainability requirements jointly, for example certifications such as FSC/PEFC certification in the wood and paper chain or requirements for the recyclability of packaging. Joint specifications also reduce testing effort and variant diversity. Legal aspects, such as antitrust law limits on cooperation with competitors, should be examined on a case-by-case basis before purchasing consortia.

Typical metrics

Baseline saving: typically 3–15 %

compared with reference prices before pooling; varies considerably by material group

Bundling rate: > 85 %

share of volume running through the bundled framework agreement

Delivery reliability: > 95 %

shows whether bundling stabilises supply

Dual-sourcing rate: typically 20–40 %

share of critical groups with an active second supplier

Practical example

A medium-sized mechanical engineering company with three plants had previously procured steel constructions, standard speeches and purchased parts on a plant-specific basis from more than 40 suppliers. A spend analysis along the material group hierarchy showed considerable price dispersion for technically comparable components. Procurement bundled the three largest groups into two framework agreements and negotiated index-linked prices for steel.

- Cleansing and consolidation of the material master data of all three plants as the basis of the tender
- Award via structured requests with a tender questionnaire and total cost calculation instead of unit price comparison
- Binding ordering channels and a monthly spend audit against maverick buying
- Establishment of a qualified second supplier for critical groups to secure the dual-sourcing rate

Conclusion

Pooling is one of the most powerful levers in strategic procurement, because it turns fragmented requirements into negotiable market power. Success depends less on negotiation skill than on data quality, internal binding force and clear governance. Anyone who bundles must also manage the resulting concentration risks – through diversification, contingency concepts and continuous supplier evaluation. In combination with demand aggregation, framework agreements and regular spend audits, pooling has a lasting effect. Reviewed and adapted on a case-by-case basis, it therefore belongs in the standard toolkit of every B2B buyer.

Frequently asked questions

What does pooling mean in procurement?

Pooling refers to the bundling of procurement requirements and volumes across departments, plants or companies. The aim is better prices, terms and delivery conditions through larger quantities. The term also covers the joint use of resources such as storage or testing capacity.

How much saving is realistic through demand pooling?

In practice, savings of typically 3 to 15 per cent compared with fragmented procurement are cited, depending on the material group, starting price level and market situation. In strongly consolidated markets or for groups already procured centrally, the levers are considerably smaller. A clean baseline determines how meaningful the metric is.

What is the difference between pooling and demand aggregation?

Demand aggregation is the operational step of systematically capturing and consolidating requirements. Pooling is the strategic decision above it, determining which bundled volumes are awarded to which suppliers and handled through which contract structures. In practice, the two interlock.

What are the risks of pooling in procurement?

The main risks are increased supplier dependency, loss of local flexibility and internal resistance from plants against central contracts. Market price risks can also rise if index clauses affect large volumes. Countermeasures include dual sourcing, location risk analyses and a defined emergency team in procurement.

When is a purchasing consortium worthwhile instead of internal pooling?

Purchasing consortia are worthwhile above all for smaller companies or indirect material groups where the company's own volume does not reach critical mass. They require trust in joint governance and antitrust law review. Internal pooling can be implemented more quickly and retains full control in-house.

How can maverick buying be prevented after a pooling project?

Decisive factors are binding ordering channels, approval processes and regular audits of procurement volume. It also helps to involve the plants early and to reflect local requirements in the framework agreement. A clear escalation rule for deviations creates binding force.