

Local vs. Global Sourcing

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Sourcing products has increased its importance through time. It has become a great issue, and a difficult choice when deciding what type of sourcing is more beneficial and productive: the local or the global one?

This choice must be taken with a lot of details in consideration, especially when talking about food: where it comes from, how is preserved, which type of transport is used, the time that passes until it reaches the destination, and the list goes on. All of this and many other topics are important factors that help an entrepreneur decide what type of sourcing is more efficient and sustainable. Each choice comes with its own advantages and disadvantages, as I will discuss in this essay.

But before we dig into the subject, we must learn what each concept means by definition and their pros and cons.

Local sourcing means that you source your products (in our case food) from manufacturers or producers in your home country (or region). You chose to buy from local producers, distributors and service providers instead of international suppliers. If you chose to shop locally, you may have to deal with bigger costs. Investing in local producers may be more expensive than the global ones. But local sourcing can be also faster and easier. When a situation of crises is in development, it makes more sense to source from a local supplier who can deliver in a certain amount of time, rather than making a global order and calculating shipping time and possible delays. Finding and choosing a local supplier can sometimes help you and your business save time and money.

Those being said, lets present the advantages (or pros) of sourcing locally:

- Having local suppliers means shorter delivery time. The closer the suppliers are to your business, the more is reduced the transportation time, which means faster delivery.
- Working with local suppliers also means cheaper costs of transport. Reduced distance means that the costs are also reduced.

- Local suppliers speak the same language, fact that improves the communication and the logistics between the parties.
- Choosing to source locally means that you support and you invest in the nearby community. Contributing to the surrounding economy can improve the image of your business and the way that the community perceive you.
- A local supplier or producer means that you can travel and inspect their business in order to be assured about the quality of the product. This can ensure reliability at a maximum level.
- If the supply chains are shorter there may be greater predictability of lead times.

On the other hand, we have some disadvantages (cons):

- Limiting your business to local sourcing might affect the fairness of the supplier selection process. External business may supply better products at a lower cost.
- Sourcing only locally might determine you to have a resistance to change. That can damage your business when you are in need of something new or innovative.
- Natural disasters (flooding, wildfires, big storms) can affect local production and delivery.
- A misunderstanding or an issue with a local producer or supplier can affect the image of your business in the nearby community.
- Choosing local sourcing might put you in the situation where you have limited number of potential suppliers.
 - Economic and political implications in the local area might affect delivery times (for example the shortages of fuel or drivers).

Global sourcing means you purchase goods and services from suppliers that are located in different countries or regions all around the world. This method allows business owners to be presented with a large and diverse range of suppliers. The main advantage when thinking of global sourcing is cost savings. Having international suppliers allows you to be able to receive competitive prices, mainly in the areas where the products are produced at a low cost. That provides you

with the option of buying goods in large amounts at a lower price, option which is well received in a small business, or a new one.

But being in a global supply chain means more than reduced costs. Let us see what are the advantages (pros) of sourcing globally:

- When sourcing globally, you have more options and choices that can help your business when dealing with change and innovation.
- You have the ability to buy unique or hard-to-find products, which can benefit your business and attract a larger customer base.
- The selection of products is wider, and that brings a larger price range comparison.
- Globally sourcing means you can increase the scale of your supply chain by having multiple suppliers all around the world. This can make a huge difference when a delivery (a chain) is disturbed by natural disasters or political and economical issues.
- Having suppliers overseas means having contact with different cultures, earning different experiences, which helps you develop and benefits your business.

Some disadvantages of global sourcing are:

- Different industry regulations and standards.
- Import taxes and restrictions that can slow or even stop receiving goods from certain countries.
- Globally sourcing means that there are fluctuations that affects the currency exchange that leads to the alteration of the price of products.
- Importing from a country that is far away from yours means long shipping time.
- The differences in the culture and language can slow the communication between parties.

The quality and freshness of a product sourced locally differs to a one sourced globally. There are items that it is preferred to be sourced locally because the

time they travel is shorter and they can maintain their freshness, for example different vegetables and fruits, dairy products, meat. But, on the other side, there can be food items that it is preferred to be sourced globally due to the quality they have.

Let's take the tomatoes for example. If you live in the United Kingdom and you have to choose your sourcing, you are tempted to incline to local sourcing, which means less food miles, and sustaining the local producers. But this country has a colder climate, and in order to grow tomatoes it is needed special heated greenhouses that consume energy, energy that it is associated with carbon emissions.

Now let us take in consideration global sourcing. If we think of countries like Italy, Spain or Portugal, they have a much warmer climate. They are practically sun-bathed, and that allows their tomatoes to grow naturally, with less human intervention and less pollution. We can conclude that this vegetable can be cheaper, tastier and healthier if global sourcing.

This example can also be not only about the quality and freshness, but also about efficiency and reduced costs. If a product like tomatoes is shipped in a large scale the environmental cost of transport is lower than sourcing locally. Shipping allows a bigger quantity to be transported, whereas a road transport will require many more trips for the same quantity transported at once by a ship.

The "Food miles" concept was invented here, in the United Kingdom, by Professor Tim Lang, in the early 1990s. Food miles is, basically, the distance that food travels from the time it is made until it reaches the consumer. This concept is used to test the environmental impact of food, for example the carbon footprint of the food.

When he invented this concept, Tim Lang said: "The point was to highlight the hidden ecological, social and economic consequences of food production to consumers in a simple way, one which had objective reality but also connotations." The fact is that the distance that food travels has grown, mostly in the developed country, due to the globalization of the food trade. And most of the food is transported by road, which produces the most carbon emissions,

getting us to another important concept that is incorporated in food miles: carbon miles.

Carbon miles is a type of measure that accounts how far has the product travelled, and also by what method. It is used in the purpose of making comparisons and deciding which travel method is the most effective and environmentally friendly. So when an entrepreneur decides sourcing his products, he must aim to limit the carbon miles travelled.

The consumer preference is a big influence when choosing between local or global sourcing. When it comes to food sourcing, people prefer local sourced products. That is because is better for biodiversity, it sustains local business and producers and offers faster delivery. But when are presented the amount of environmental pollution that the local sourcing implies, most people tend to see also the benefits of global sourcing and agree that sometimes can be the better choice.

I work in a local restaurant located in Windermere, Cumbria. This restaurant has a specific of Asian Thai food. Although we try to support the local economy by choosing local suppliers, we are obliged to source globally because there are ingredients that cannot be found and produced in the United Kingdom. We are also a small business, so we work mostly with distributors, and not producers directly.

Taking into consideration all the facts that were presented, I personally think that sourcing the food locally is the best choice for one's business mostly. Not only that it comes with shorter, and sometimes cheaper, delivery time but it also brings sustainability to the surrounding area. For me it is important to invest in local producers and deliverers in order to grow and support the community in which you live. But earlier I said mostly and that is because, I admit, there are situations in which you must source globally. There are products that are not produced locally, or that are not as the same quality as overseas (for example: exotic fruits like bananas, pineapple, lemons; or condiments like curry, chilli, etcetera).

Being a good entrepreneur means that you have to chose wisely taking all the details into consideration. And if you try to balance the local and the global sourcing , you might obtain the recipe for success: Sustaining primordially the local producers , but sourcing globally when the product or the costs requires it.

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