

# A fresh approach to local sourcing

**The locally sourced food and drink market in the UK is a fast expanding sector valued at £4.8 billion in 2008. And it's easy to understand why this market is growing so strongly. Shoppers' perception of locally sourced produce is one of high-quality fresh food created by small enterprises, such as local farms, in a way that is wholesome, environmentally friendly and ethically sound.**

Leading grocery retailers too have identified this rising demand for locally sourced produce and are keen to respond. Waitrose, Tesco, ASDA and Sainsbury's have all made a big thing about their locally produced ranges – it is becoming a key element of their business and marketing strategies. What is more, sourcing locally strikes a sympathetic chord with shoppers, aware of rising environmental concerns over the excessive 'food miles' of produce flown in from overseas.

However, the big supermarkets face a significant challenge in supplying their stores with locally sourced foods. The problem is that their supply chains are geared to sourcing goods on a national or international basis and delivering them to stores through a centralised distribution network. Consequently, their systems and processes are set-up for large suppliers dealing in bulk quantities.

Further barriers exist on the supplier side. Most local suppliers are small to medium size enterprises and so lack the supply chain infrastructure necessary to interface with the major grocers, both from an IT perspective and with regards to logistics capabilities. Small suppliers are also unlikely to have their own logistics service companies working for them and may be reliant on national carriers using a centralised hub system.

In order to make local sourcing efficient you have to ship direct to store. You can't push produce through a national distribution network, or even a regional one, as you would be adding to the food miles. But delivering direct to store presents its own set of logistical problems as retailers are not geared-up to receiving small deliveries at the store level from a multitude of local suppliers. However, the opportunity exists to coordinate deliveries into the local store from a number of local suppliers, consolidating loads into manageable consignments through a local logistics service provider or a lead supplier.

What is needed is an easy way for small suppliers to dovetail into the big supermarkets' supply chains – a means by which information can be shared between the supplier, the retailer's purchasing department, the store and importantly, the order consolidation partner.

By using an intelligent electronic trading network, such as Wesupply, that enables companies to exchange supply chain data using a simple web-browser interface, small local suppliers can easily be integrated into a large retailer's supply chain. Orders can be placed with small suppliers in a coordinated and controlled manner by the retailer's central purchasing operation, suppliers can use the portal to input product data and notify the consolidator on deliveries, and Advanced Shipment Notices (ASNs) can be generated and sent to the retailer's stores in sequence with scheduled consolidated deliveries.

An intelligent electronic trading network can offer more than simple messaging, it can manage both the order and logistics from the same interface, coordinating the bringing together of orders from several suppliers into the consolidation centre. For the retailer, they are simultaneously ordering the produce and the way of getting the goods to the store, a significant advantage over traditional EDI systems, which do not offer this facility. What is more, this is an automated process that removes the cost implications of ordering smaller quantities.

The web-browser interface is tailored to the needs of the local supplier enabling them to enter required data on the product, such as product descriptions, packaging information, dimensions, weights and measures. This facilitates the smooth transit of goods through the supply chain, from supplier to store, and aids the efficient management of product information for the retail outlet. All in all, for the small local

## Opinion Piece: Grocery Retail Sector

supplier this is a far simpler and far more effective data transfer mechanism than that offered through wider data synchronisation initiatives.

Another major benefit is the flexibility the platform offers the retailer. Most grocery retailers want the ability to enable and disable suppliers quickly - this comes hand-in-hand with the seasonality of the produce. Once the platform is integrated into the retailer's back-end systems the web-browser interface makes it simple to bring new suppliers online quickly, so that new lines and fresh produce can come on-stream as it comes into season.

When it comes to seasonal produce, freshness is everything to the consumer. Through using an intelligent electronic trading network an opportunity opens up for retailers to offer better customer service through a faster and more efficient supply chain for locally produced foods – delivering locally sourced produce directly to store ensures that it's fresh, and that's exactly what the customer wants.



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