

Louvain School of Management

Glocal Sourcing: How to Combine Global and Local Sourcing?

A case study within FMCG industry

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1. Introduction

At a time when trade was mostly restricted to smaller geographical areas, local sourcing was the main sourcing strategy. Subsequently, as the world became more developed and international relations evolved, we observed at the end of the Second World War, and more precisely in 1947, the emergence of the first international trade regulation, the General Agreement on Tariffs and Trade (GATT). Over time, this agreement evolved into the World Trade Organization (WTO), which still regulates the international market today (Bagwell & Staiger, 2004). However, it was not before the end of the 20th century and into the 1980s that we were able to observe the first wave of global sourcing strategies, focusing on the so-called "*Tiger-States*" of Taiwan, Korea, Singapore and Hong Kong. At the beginning of the 2000s, China entered the game, and rapidly established itself as one of the major sources, thanks to its significant manufacturing base and low production costs (Ozsevim, 2023). Nowadays, the global economy has recently been shaken by various factors, such as the coronavirus pandemic, geopolitical conflicts¹ but also a fast-growing demand for more and more local products. All these factors have pushed some companies to review their sourcing strategy and location and have started a wave of so-called "*backshoring*", opting for a return to a more local strategy (Canello et al. 2022). Nevertheless, some of the advantages of global sourcing are essential if companies wish to remain competitive, which is why a combination of strategies has been put in place by companies: glocal sourcing. This strategy aims to create the right balance between local and global sourcing, in order to gain maximum advantage from both strategies, while minimizing their drawbacks and risks.

The term glocal sourcing is rarely used in the scientific literature. The main motivation of this thesis is therefore to understand and define this glocal strategy developed by companies. We want to discuss how they achieve optimal sourcing management, while at the same time being able to strengthen their global competitiveness at market level, as well as being able to respond to environmental, social, and economic sustainability imperatives they face.

The purpose of this research is to provide a contribution to the understanding of the different choices made by companies within the FMCG industry when implementing this still emerging strategy of glocal sourcing. It also intends to understand the motivations, best practices and impacts of glocal sourcing.

¹ For example, Russia's invasion of Ukraine

For the purpose of answering these questions, we first set out a theoretical framework encompassing the concepts studied and current trends. Secondly, a description and justification of the methodology followed and of the industry's choice was provided. Subsequently, an intra-analysis and a cross-analysis based on the case studies were carried out, in order to come up with proposals for effectively answering our study questions. Once this had been done, the proposals were discussed and compared with the framework. The limitations of this these were also discussed. Finally, a conclusion was drawn to wrap up the research.

2. Literature review

2.1. Sourcing

The first step before discussing the different sourcing methods that exist is to define the scope of sourcing itself. Larry C. Giunipero, Samantha Bittner, Ilana Shanks and Mee Hee Cho (2019) define the process of sourcing in their literature review as the management of a company's procurement base through strategic and transactional interactions with third-party companies, here termed suppliers. They also point out that this process is an essential factor in the success of a company. Professor Arjan Van Weele (2010) defines the concept of sourcing as aiming at “*finding, selecting contracting and managing the best possible source of supply on a worldwide basis*” (p.410).

Trent & Monzcka (2005), have identified in their article "*Achieving Excellence in Global Sourcing*" five levels of sourcing listed here below in figure 1. These levels will be discussed during this literature review.



Figure 1: Five Levels of Sourcing, Trent & Monzcka 2005, p.28

In their literature review, Larry C. Guinipero & al. distinguish seven categories of subjects concerning sourcing.

2.1.1 Transactional, Tactical and Contractual Sourcing

Transactional/tactical/contractual sourcing is defined by Larry C. Guinipero et al. (2019) as the tactical issues typically faced by a company's procurement managers in the short-term. They mention in their review five major issues found within this framework namely, sourcing criteria single, dual or multiple sourcing, JIT sourcing, local sourcing and logistics issues.

This transactional sourcing therefore reflects the daily challenges that a company must face. The answer to these challenges has less importance on the added value on the long term but remains nevertheless more than essential as regards the short term (Guinipero et al., 2019).

2.1.2. *Global Sourcing*

By opening up domestic economies to the global market, globalization has created the possibility of sourcing from many previously unreachable locations. From this opportunity of sourcing called then global have resulted various advantages but also disadvantages observed in the literature on this subject. This category of sourcing will be analyzed in depth in the section « [Global Sourcing](#) » here below.

2.1.3. *Strategic & Relationship Sourcing*

One of the first definitions of strategic sourcing was provided by Walker (1984; 1988) who defined the concept as a potential approach to the make-or-buy decision, based on transaction cost theory. Here the focus is placed on one side on the strategic nature of the asset and on the other side on the level of specialization in order to determine the outcome of the decision.

This concept of strategic sourcing is one of the key concepts of sourcing. Indeed, as Monczak (2016) explains, it consists in systematically analyzing the expenses made by a company in order to obtain reductions in supply costs and better management of its suppliers.

Based on a study of one hundred forty American companies, professors Canan K. & Nallan C. S. (2006) identified two key elements that determine the sourcing strategy.

The first key element is the *Role of Purchasing within the Firm*. the two teachers subdivide this first key into two different areas:

On the one hand the *Status of Purchasing Function* which consists in elevating the purchasing function to a strategic role in the company and no longer to consider it only as a transaction function. On the other hand, we have what they call *Internal Coordination* which exposes the fact that strategic sourcing has an influence not only on the supply function, but on a multitude of other functions in the company, and thus requires a cross functional communication.

The second key element that characterizes this concept is based on the relationship established between the company and the supplier.

In a context where the sourcing concerns standard items, maintenance, repair or operation, the relationship established is generally focused on the minimum price target. However, in a

situation where the sourcing concerns rare materials or a context where the supplier provides significant value to the company, this relationship becomes more important. One of the main reasons for this high level of interest is caused by the growth of market uncertainty due to the reduction of resources during the last few years (Canan & Nallan, 2006).

A good way to deal with this growing uncertainty is vertical integration. However, in industrial environments with variable demand, excess capacity or rapidly evolving technology this vertical integration can become a bottleneck preventing companies from responding to industry changes. It is in this situation that the development of long-term relationships between a company and a supplier becomes very meaningful (Canan & Nallan, 2006).

Nevertheless, in this type of relationship, either the two actors are co-dependant, and then the risk is rather mitigated, or we have an actor who is said to be opportunistic and finds himself with a high risk. In order to mitigate this risk, two practices characteristic of supplier relationship management are put in place by companies:

On one side we have information sharing with key suppliers, which as Handfield & al. (2000) demonstrates through various examples tends to positively influence the development of the relationship between the two actors. The author points out that information sharing must be bilateral between the company and the supplier.

On the other side, we have what is called "Direct Involvement", which consists of helping the supplier to develop through various activities with the aim of improving its ability to respond to the company's demand. This practice of supplier development, as explained by Dwyer, Shurr and Oh (1987) in their article "*Developing Buyer-Seller Relationships*", is one of the ways to reduce the opportunistic risk of a company.

2.1.4. Sourcing Tools

Sourcing tools refer to the set of methods available to the person in charge of procurement to do his job. Larry C. Guinipero & al. distinguished five important methods in the literature on this subject, which are: reverse auctions, e-procurement, internet sourcing, cross-functional team purchasing policy and the practice of competitive bidding. Here are the five methods.

E-procurement and internet sourcing

E-procurement and internet sourcing is the most widely used category in the existing literature on this topic. Thompson S.H. Teo et al. (2009) define internet sourcing as a procurement method that consists of *«the streamlining of corporate purchasing processes by eliminating traditional*

paper-based documents such as purchase orders and requisitions forms. » (p. 972). Gunasekaran et al. (2009) for their part define E-procurement as “*the use of integrated information technology systems for procurement functions, including sourcing, negotiation, ordering, receipt and post-purchase review*” (p.162).

The main benefit of this practice is the reduction of procurement costs, as Thompson (2009) explains this benefit, this is due to the fact that e-procurement allows higher purchasing volumes, offers a wider choice of suppliers, provides better quality, improves delivery, reduces paperwork and decreases administrative costs.

On their side, Jelassi, T. & Martínez-López, F.J. (2020) observes five major advantages to e-procurement: transparency, reduction of the “*Maverick Spending*”² risk, offering company greater stability and a better possibility of long-term forecasting, improving bargaining power and also optimizing the purchasing process by improving the efficiency of the process by reducing its total duration by 80%, as you may see in figure 2 below.

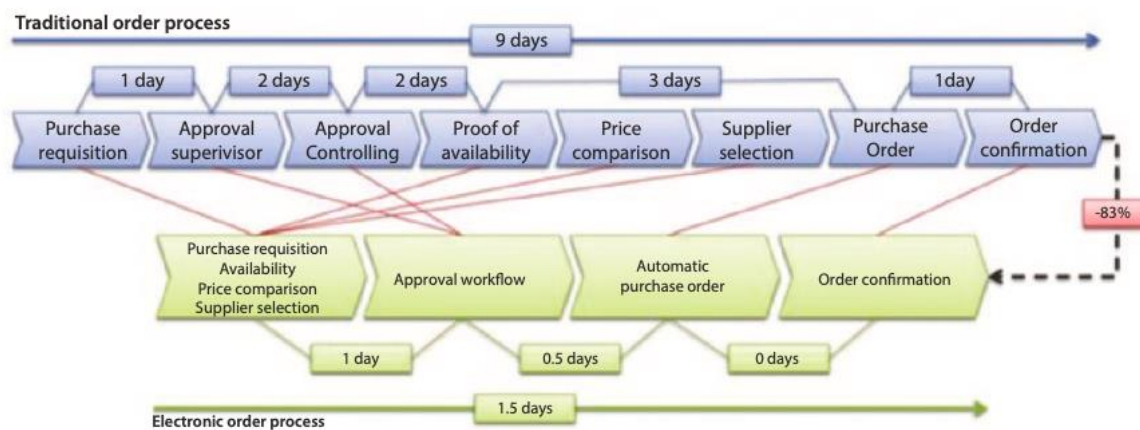


Figure 2: Reducing process times through e-procurement. (Source: T. Jelassi, F.J. Martínez-Lopez (2020), 281)

However, « *e-procurement is not a silver bullet for all businesses and their procurement activities* » (Jelassi, T., Martínez-López, F.J., p.276).

Indeed, these latter do not only observe benefits to this practice but also identify three potential risks: the potential restructuring need, the technological risk, and the potential resistance from suppliers due to an increase in their costs and complexity of operation.

² Wild purchases that are not part of the usual or privileged process.

In addition to some potential risk, the adoption of this method of e-procurement does not ensure the same benefit to all. During his study, Thompson (2009) observed several factors that drive and facilitate a company's move to e-procurement. These factors are, perceived indirect benefits, influence of business partners, management support and company size.

As far as company size is concerned, Thompson (2009) points out that larger organizations generally have more resources and a higher need for procurement, which will push them more towards an e-sourcing approach. An example with figures is given in [appendix 7](#).

Finally, e-procurement is also an opportunity to improve the purchasing process using different technologies that are still emerging such as cloud computing, internet of things, Big Data analytics, machine learning and artificial intelligence (Jelassi, T., Martínez-López, F.J, 2020).

Reverse actions sourcing and competitive bidding.

Reverse auctions (RA) are a way of bidding used in the context of electronic sourcing. There are several types of reverse auctions, the most known are the unilateral sealed bid reverse auctions and the unilateral open reverse auctions. The principle of unilateral reverse auction consists in the fact that there is a buyer and several sellers in competition. The difference between a sealed reverse auction and an open auction is encountered during the fourth phase explained below. During the sealed reverse auction, the offer of the different suppliers is kept secret until the end of the auction, which prevents them from consulting the offers proposed by their competitors and thus by the same occasion to "bet" against their competitors (Bentaleb, 2010).

The reverse auction process is composed of the following five steps, A detailed explanation of these five steps is provided in [appendix 8](#).

1. Identification phase.
2. Offer publication phase.
3. Consultation phase.
4. Negotiation phase.
5. Purchase order phase.

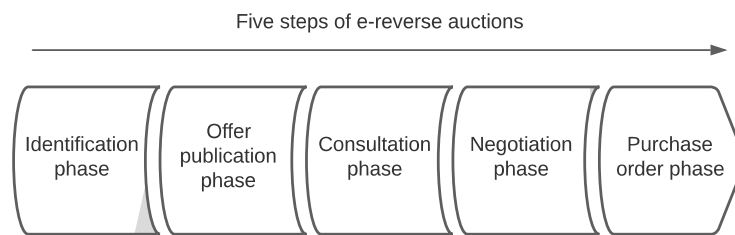


Figure 3: Five steps of e-reverse auctions (Bentaleb, 2010)

Cross Functional

Over the past few decades, companies have realized the value that strategic sourcing can bring to their competitive advantage. Due to this recognition, today's sourcing teams need to be flexible, but also, as Trent and Monczka (1998) explain, able to communicate and collaborate across functions and business units. It is these two assets that will allow the company to exploit its synergies. Therefore, to achieve this synergy, companies have set up cross-country, cross-company, cross-functional sourcing teams composed of people from different business units who have to deal with many internal and external stakeholders (Van Weele, 2005).

Driedonks, Gevers and van Weele (2010) in their paper "*Managing sourcing team effectiveness: The need for a team perspective in purchasing organizations*" put forward through a quantitative study the drivers improving the effectiveness of a cross functional sourcing team. From this study, it appears that the most important factors are:

- The participation of the employees reflected through teamwork training and the autonomy they receive.
- The contexts of the organization reflected through formalization and the level of efficiency of the information system.
- The team leadership.
- The composition of the team reflected through functional diversity as well as the processes of the team through the effort provided.
- The internal and external communication.

In contrast, Moses and Ahlstrom (2008) in their article "*Problems in cross-functional sourcing decision processes*" observed the different factors that negatively influence the effectiveness of a cross-functional sourcing team. They identified ten different factors and classified them in three different categories: the functional interdependence in which the authors have observed the following five factors, the lack of a global vision, the reliance on information, the reliance

on information between the different functions which generally slows down the delays, the lack of a designed system support, the use of ad hoc decisions as well as the problems related to the design of the process due to the fact that the latter is not always structured enough.

Then we have the complications related to the strategy where we find the issue such as a strategy sometimes who is still unclear and therefore useless for the decision support as well as inconsistent basic data from which arise unfounded decisions.

And finally, we have the misaligned functional objectives category in which we identify the functional imbalance due to the number of actors of the different functions present that can influence the decision discussions. The enforced dependence to the paths pushes on some occasions the actors to go ahead without having all the necessary information. The shift in time of the needs of the different departments can also lead to an imbalance in the process.

2.1.5. Sourcing Services

Service sourcing is positively correlated with the growth of outsourcing within organizations. Larry C. Guinipero & al. (2019) distinguish three different categories of sourcing: the purchase of services external to the organization, the acquisition of technology, and the acquisition of knowledge.

Hallikas & al. (2014) observed in their study on value creation in outsourced service acquisition the importance of the relationship between the buyer and the service provider. They emphasized the potential unique advantage creation for the buyer during service sourcing and put forward the fact that the more value created for the buyer, the more important the relationship between the buyer and the service provider must be in order to obtain a competitive advantage.

On their side, Ellram and Tate (2015) suggested, based on their studies, the following matrix adapted from Kraljic's one. This matrix identifies the involvement of the supply manager in the relationship according to two axes, namely the complexity of the service and the continuous value of the service for the buying organization. Find the matrix explained in [appendix 9](#).

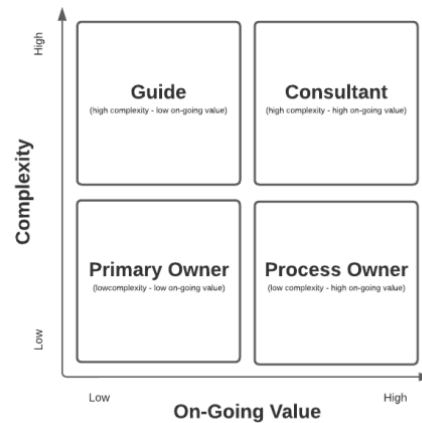


Figure 4: SM involvement matrix in services sourcing (Ellram & Trate, 2015)

Steensma and Corley (2000) define technology sourcing as the acquisition of external or internal technological know-how that allows a firm to compete in a sector. Nicholls-Nixon and Woo (2003) in their article "*Technology sourcing and output of established firms in a regime of encompassing technological change*" observed the importance of technology sourcing for an organization and concluded that it was a major element in strengthening the capabilities of a firm.

Knowledge sourcing refers to the acquisition by an organization of knowledge such as market information, patents, etc. Foreign and multinational companies tend to acquire this type of information more often than national companies (Almeida, 1996). Mudambi and Swift (2011) will define this sourcing of multinationals as the "*innovation-integration dilemma*" (p.187) in which the foreign branches of a multinational must try on the one hand to have a point of access to ideas of the locality where they are located while at the same time being able to integrate subsequently these ideas into the network of the company. These subsidiaries are also defined by Mudambi and Swift (2011) as the eyes and ears of the multinational on the lookout for good ideas, information, on their local market.

2.1.6. Sustainable Sourcing

Due to the environmental crisis, sustainability is surely one of the trendiest topics in recent years. The principle of sustainability is defined by the World Commission on Environment and Development (WCED, 1987) as "*using resources to meet the needs of the present without compromising the ability of future generations to meet their own needs*".

L.C. Giunipero et al. (2012) defined sustainable supply management (SSM) as "*the extent to which supply management incorporates environmental, social, and economic value into the selection, evaluation and management of its supply base.*" (p.260). Through a Delphi analysis of 21 executives in charge of supply management in both national and multinational companies, they attempted to observe the drivers and barriers to the implementation of sustainability in purchasing and supply management.

The drivers for the adoption of sustainable practices are the involvement of top management, government regulation, financial benefits, competitive advantage, ISO certification and customer demand.

On the other hand, there are also barriers that negatively influence the adoption of these practices, namely, lack of consensus at the CEO level, costs of sustainability and economic conditions, lack of sustainability standards and learning regulation as well as misalignment of short term and long-term strategic goals.

2.1.7. New Product Development Sourcing

Sourcing in the development of new products consists of all choices made at the procurement level for a new product, choices that will subsequently have a significant influence on the final cost and performance, competitive position, and profitability (Wouters et al., 2009).

Van Poucke & al (2016) have observed in their study based on data from 644 sourcing projects in the framework of an NPD, the importance of the early involvement of purchasers in the development process. Indeed, the purchasing function having evolved from a transactional function to a more strategic one, allows, thanks to its early involvement in the development of new products, to improve cost savings, to improve quality, to increase value creation through the opening to innovation as well as through the mobilization of the suppliers' know-how but also allows a reduction of the supply risks thanks to a good control of the suppliers' performance management as well as the continuity of the supply process.

However, this study also shows that projects with a high strategic impact are generally more reluctant to involve the procurement process early due to the potential distrust of internal users to rely on their own expertise as well as potentially due to the unawareness of internal users about the potential cost savings realized by early involvement in the procurement process.

2.2. Global Sourcing

Constantly looking for competitive advantage, organizations have seized the opportunity of globalization and the opening of economic barriers by developing new sourcing methods. In this section, we will focus on the one that was created thanks to the implementation of global trade, the global sourcing. With the help of the existing literature on this subject, we will first define the term global sourcing. Then we will observe the factors allowing to reach the excellence in this method of sourcing as well as the advantages which push the companies to adopt it. Finally, we will observe the barriers and risks to which these companies are exposed.

2.2.1. Definition

Trent and Monczka (2003) define global sourcing as “*integrating and coordinating common items, materials, processes, technologies, designs and suppliers across worldwide buying design and operating locations.*” (p.24). In contrast to many other authors, these experts differentiate the term global sourcing from international purchasing. They define international purchasing as « *a commercial transaction between a buyer and a supplier located in different countries* » (p.24) and positions this term as the framework of levels 2 and 3 on their sourcing level scale, with global sourcing being the framework of levels four and five, the last levels, see [figure one](#).

2.2.2. Drivers to success

Trent and Monczka (2005) in their article "*Achieving excellence in global sourcing*" have observed based on the results of their study the characteristics of organizations with good results in global sourcing. They subsequently grouped these characteristics into the following seven broad categories:

1. **Executive commitment to global sourcing.** In this category, Trent and Monczka emphasizes the importance of having executive commitment in the global sourcing process. By this they mean the designation of a leader or leaders who could translate the global vision into a real vision, who's able to recruit qualified actors if necessary to join the teams in charge of implementing global sourcing, but also able to get the support of cross-functional groups. In addition, they intend that the leaders of these cross-functional groups participate in a steering council for this type of sourcing, and that in particular the head of the global sourcing function will relate current or future strategies

to the Board of Directors and the Executive Committee (Trent & Monczka, 2005; Birou & al, 1993).

2. **Rigorous and well-defined processes.** In this second category, the authors observed the benefits of following a rigorous and well-defined process when implementing a global sourcing project. According to the results of their study, this type of process allows the actors of this project to accelerate their learning, to improve the chances of successfully introducing the best practices and the knowledge already acquired, but also to document themselves as well as to measure the results in order to improve afterwards. This process also allows to overcome certain difficulties linked to global sourcing such as the differences in culture, the differences in social law, the differences in competence of the personnel as well as the differences in corporate culture. The objective is then to align all the actors mobilized for the global sourcing project on the general interests of the company initiator of the project (Trent & Monczka, 2005).
3. **Availability of needed resources.** In this third category, we can observe two distinct characteristics, the first being the need to have access to the necessary internal resources, where we find access to financial information such as travel budgets or subsistence budgets when creating a team. Access to time, qualified as one of the most important and which consists of freeing up time for team members who usually have other responsibilities. As well as access to qualified employees while being aware that the skills, knowledge, and abilities required for global sourcing are generally not the same as for local sourcing. On the other hand, we have the need for external resources, where we find the access if necessary to, legal assistance in order to analyze contract proposals, technical assistance in order to analyze supplier proposals but also the access to a multitude of data. The global sourcing requiring a quantity as well as a variety of data being generally not within the reach of the participants of the project as for example, the existing suppliers, the capacity of the current and potential suppliers, their qualities, and their performances (Trent & Monczka, 2005).
4. **Integration through information technology.** This category, once again, includes access to different data but this time within the company. We find there the implementation of data storage systems to allow the actors of the project to have efficient and fast access to all the useful information during the analysis of the sourcing

opportunities. The implementation of intranet and web-based systems containing the necessary documents to help such as global strategy development models or, for example, foreign exchange risk management guidelines. Finally, this category also includes databases of previous, present, and future international contracts and agreements (Trent & Monczka, 2005).

5. **Supportive organizational design.** *“Organization design, is a broad term that refers to the process of assessing and selecting the structure and formal system of communication, division of labor, coordination, control, authority and responsibility required to achieve an organization’s goals.”* (p.29). In this fifth category, the authors observe that organizations with high global sourcing performance generally share three organizational design characteristics, firstly the use of large teams to analyze and subsequently propose sourcing strategies. Second, the establishment of a formal executive steering committee to guide the global process. And finally, the appointment of a leader who will be responsible for the global results (Trent & Monczka, 2005).

6. **Structured approaches to communication.** It is very likely that the actors of the sourcing project are not all located in the same geographical area. In this situation, communication between the members of the initiative may not be obvious due to differences in business practices, differences in culture and local laws or simply because of the language barrier. It is to overcome this issue that this category exists and includes the characteristics of the communication requirements within the team that must be in place to excel in the global sourcing project. We find the implementation of regular meetings such as weekly meetings where we monitor the progress of the project and during which we review the strategy, the implementation of training for team members but also regular communication through project updates via the intranet (Trent & Monczka, 2005; Birou & al., 1993).

7. **Methodologies for measuring savings.** This seventh and final category consists of the characteristics that assess the outcomes of global sourcing projects. It includes the agreements made with finance stakeholders on the methods for evaluating the cost savings achieved by the initiative. It includes the regular reports made by the project actors to management to review the gains achieved by the current agreement as well as the expected gains from future implementation. Finally, it allows to observe the realized

and future economies at the enterprise level as well as to observe the impact of the sourcing projects on the financial indicators of the enterprise as explained above. The measurement systems also allow to calculate the return on investment of personal projects as well as to calculate the impact of global suppliers on the performance indicators of the purchasing locations (Trent & Monczka, 2005).

2.2.3. *Advantages*

Various benefits can be identified when implementing a so-called global sourcing strategy. The seven benefits below are those most often mentioned in the literature on this subject (Trent & Monczka 2003).

- 1. Cost/Price benefits:** The most well-known advantage to implement a global sourcing strategy is the opportunity for cost savings. This advantage was first exploited by sourcing raw materials abroad in countries where costs were lower than local ones (Trent & Monczka, 2003; Birou & al., 1993). Subsequently, firms also began to source more sophisticated components and finished goods globally from countries that could produce them more cheaply. As J. Cho and J. Kang (2001) demonstrate with their example of the U.S. apparel industry, which went from 2.1% imports in 1961 to over 50% after the 2000s due to low labor costs in developing countries. Service sourcing has also become globally sourced as Farrell (2004) explains in her article "*Beyond offshoring: Assess your company's global potential*" in which she provides the example of an airline that has saved \$75 million by doing its accounts payable audit in India, where the cost of labor is much cheaper.
- 2. Access to product/process technology.** As Trent & Monczka (2003) explain, global sourcing offers better access to product and process technology. This access allows for a faster rate of evolution as well as access to different technology allowing for differentiation, compared to the competitor, on the services or final products.
- 3. Quality.** Trent & Monczka (2003) also points out that quality can be one of the benefits of global sourcing. Indeed, as explained above, access to a certain technological process or product can bring an improvement in quality. In addition, global sourcing can also provide access to specialized expertise and know-how not always available locally.

- 4. Access to only source available.** Global sourcing is also a way to access specific raw materials that are not available locally. The expansion of the field of research to a global scale greatly increases the opportunities to source these raw materials. One of the best-known examples is certain minerals that are only available in certain countries. The ability to have these products or services not available locally can subsequently be a very important competitive advantage.
- 5. Introduce competition to domestic suppliers.** The implementation of global sourcing can also have a positive effect on the local market, as Trent & Monczka (2003) underline. Indeed, on the one hand, the enlargement of the market also allows local suppliers to have access to this global market and thus improve their quality and performance. On the other hand, the introduction of this competition either puts pressure on prices or encourages innovation by local suppliers in order to stand out from foreign competition.
- 6. React to buying patterns of competitors.** Moreover, global sourcing is an advantage in order to better react to the purchasing habits and new strategies of competitors. Indeed, diversifying suppliers on a global scale reduces the risk of supply chain disruption and gives access to a wider range of products. These two advantages can play a key role in responding to a change in strategy by a competitor. This type of sourcing also allows for greater flexibility and in some situations better pricing as explained above. These two characteristics allow for a much better potential reaction when a competitor introduces new products to the market or applies aggressive price competition.
- 7. Establish a presence in a foreign market.** An also significant advantage of global sourcing is that it allows you to establish a presence in a foreign market. This presence allows you to better understand the culture, business practices, and regulations of that particular market, as well as to sometimes establish a local customer base. This will result in an increase in market penetration, an advantage towards potential collaboration with other suppliers in that foreign market as well as a greater diversification of risks. (Tinisini & al., 2011)

2.2.4. Drawbacks & risks

However, as described by Stanczyk et al. (2017) in their literature review “*The dark side of global sourcing: a systematic literature review and research agenda*” some drawbacks as well as risks may arise from the implementation of this sourcing practice. The most common drawbacks and risks highlighted in the literature are the following:

Lack of knowledge and skills concerning GS. This first risk/drawback can be considered as an internal barrier. Indeed, Stanczyk et al. (2017) states that the lack of sufficiently qualified personnel constitutes one of the internal barriers to the global sourcing, and this factor can also enter the category of decisional bias. In his review, the author identified four main types of bias, namely:

- Estimation bias, which can be summarized as the overestimation of certain benefits due to the complexity of the decision process of the global sourcing.
- Isomorphism, which consists in copying or following a trend, here global sourcing strategy, without the necessary skills and analysis being in place.
- Not considering important factors by avoiding for example the realization of total cost evaluation which can sometimes be long and only relying on very attractive unit prices.
- Recourse to creative intuition which is summarized as being the use of a high level of personal preference and subjective discernment.

Resistance to change. Resistance to change can also be seen as an internal barrier. Indeed, it can complicate the implementation of new processes necessary for global sourcing. The main reasons for this resistance to change are on the one hand the need to adapt to new cultural norms and on the other hand the fear on the side of the workers to lose or to see their job being strongly modified.

Longer lead time. The increase in lead time can be categorized as an external barrier to global sourcing, as Stanczyk et al. (2017) reports. The geographical distance between suppliers and buyers is one of the drivers increasing the delivery time. In addition, other factors such as average infrastructure and poor customs procedures can slow down the flow of goods. This extension of the lead time can lead to dynamic costs through potential loss of sales or the implementation of accelerated shipping, but it can also lead to direct costs such as transportation and customs fees.

Different business customs. The difference between the ways of doing business can also be categorized as an external barrier (Birou et al., 1993). Stanczyk et al. (2017) emphasizes in his literature review the following points on this subject, the potential difference in the interpretation of flexibility in contracts, the difficulty to, under certain conditions, keep these commitments, but also the inability of certain suppliers coming from countries with low production costs to recognize the complexity of certain projects.

Language & Culture. The difference in language and culture is also categorized by Stanczyk et al. (2017) and by Birou et al. (1993) as one of the main external barriers to the establishment and successful implementation of international operations.

Currency fluctuations. Currency fluctuation can be seen as a risk and an uncertainty. Indeed, as Stanczyk et al. (2017) point out, currency fluctuations can be one of the main risks of global sourcing. This currency fluctuation can be defined as a potential hidden cost.

Inventory. The increase of the inventory level is categorized as an operational problem. This issue is mainly due to the increase of the lead time and usually results in an increase of the direct costs.

2.3. Local Sourcing

In contrast to global sourcing, we have what we call local sourcing, previously the only sourcing method available to the first companies. It is considered as level one of the five levels of sourcing presented in 2005 by Trent & Monzcka. But in recent years, more and more companies are reviewing their sourcing methods and some of them that had opted in the past for global sourcing/offshoring are changing their strategy to return to a more local sourcing and production process, which is what is known in the literature as “reshoring”, “backshoring” or even “near-shoring”. (Canello & al., 2022; Bailey & al., 2018; De Backer & al., 2016).

In this section we will first define what local sourcing is. Then we will review the main advantages of this sourcing method mentioned in the literature in order to finally underline the potential disadvantages and risks that it can also entail.

2.3.1. Definition

In contrast to global sourcing, the term local sourcing is rarely used in the scientific literature. Authors generally tend to use the term domestic sourcing, national sourcing or home-sourcing (Bailey & al., 2018; Jin, 2004). Bailey & al. (2018) define the concept of home-sourcing as a

sourcing strategy that involves sourcing raw materials or final products within a remaining geographic area. The authors also highlight the fact that this sourcing strategy results in tighter value chains. As a result of their study, they also point out that, *ceteris paribus*, firms with a more innovative manufacturing activity resulting in R&D intensity or manufacturing firms with a higher level of customized production will be more likely to want to bring their value chain closer to them and thus opt for a more local sourcing strategy (Bailey & al., 2018).

In the graph below, we can see the different strategies that can be adopted by sourcing based on the situation at the top left, namely sourcing in the country of origin as well as within the company.

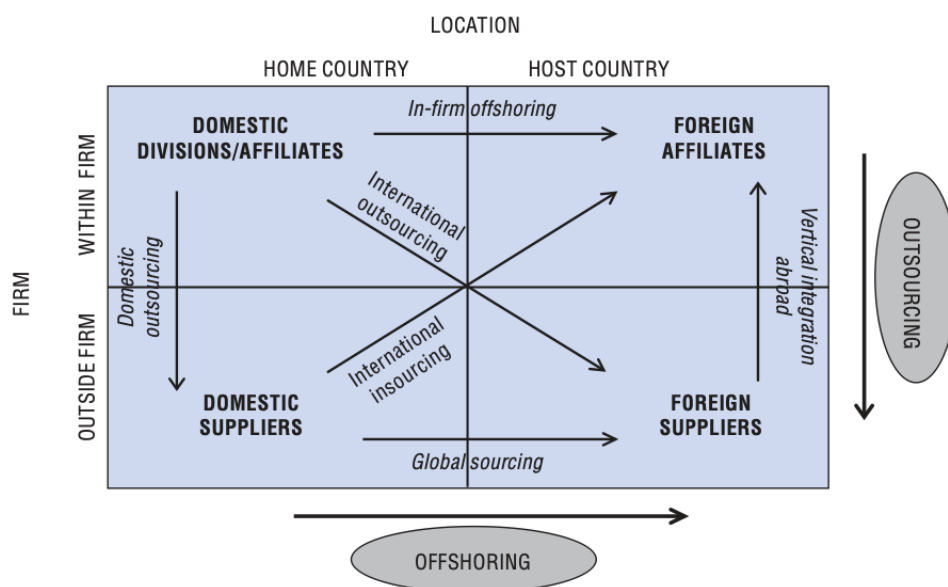


Figure 5: Firms' strategies of outsourcing and offshoring (De Backer & Al, 2016)

2.3.2. Advantages

Jin (2004) in his article "*achieving an optimal global versus domestic sourcing balance under demand uncertainty*" underlines that local sourcing allows to decrease inventory costs as well as to improve customer service due to faster replenishment. He also points out that when demand fluctuates, the agility shown by local sourcing is an important criterion.

Bailey & al. (2018) on their side, points out that some aspects of hidden costs due to global sourcing have been closely linked to the preoccupation that companies have nowadays about the resilience of their supply chain. Domestic sourcing is also, according to the authors, an effective solution to increase the resilience of their supply chain by minimizing what they call

"the exposure to serious disturbances" (p. 1570) such as strikes, natural disasters or political disruption. They also point to benefits such as reduced lead times and order regularity.

Furthermore, Bailey & al. (2018), emphasizes the principle of clusters and place-based growth which highlights the potential efficiency gains that can emanate from the spatial proximity of firms. De Backer & al. (2016) support this principle by pointing out that in an environment where innovation plays an important role, a closer interaction between the company, suppliers as well as customers is an interesting advantage. Tunisini & al. (2021) reinforce this by highlighting the importance of the long-term links that can be created with local suppliers, as well as the importance of the social dimension of the commercial relationship, which favors knowledge exchange and therefore, at the same time, innovation. The author argues that these social relationships are progressively lost as the distance with suppliers increases.

Oki & Kawai (2022), suggest that companies practicing domestic sourcing can benefit by improving their brand image locally. Indeed, the fact that these companies are generally committed to the local economy and stimulating its economy results in a greater local legitimacy.

Tinisini & al. (2011) state that businesses sourcing mainly locally therefore avoid having to deal with potential difficulties arising from cultural differences or language barriers. They also avoid potential high transportation costs or customs fees. It also allows these companies to implement lean manufacturing or JIT approaches more easily.

Finally, Harris (2017), also quotes the environmental benefit that domestic sourcing can have by avoiding long transport of raw materials or finished products. De Backer & al. (2016) also confirms this aspect when saying that "*consumer demand for sustainable products is growing, regional production close to markets onshoring helps reduce logistics costs and carbon footprints.*" (p.28).

2.3.3. Drawbacks & risks

As far as the risks and disadvantages of local sourcing are concerned, these are not much mentioned in the scientific literature. However, as De Backer & al. (2016) points out, we can still mention a generally higher production cost, although companies must be careful about the hidden costs on the one hand, but also about the increase in labor costs in emerging countries.

We can also mention the logical disadvantage of reduced opportunity in terms of suppliers whose presence decreases when the supply range is restricted.

As well as directly opposing to some advantage of global sourcing, it can restrict access to some product/process technology as well as to some product source not available locally.

2.4. Glocal Sourcing

2.4.1. Definition

In the management discipline, the term "glocalization" has been used more and more in recent years. Most definitions of this term agree that it is a consortium between two extremes, namely globalization and localization (Chinomona and Sibanda, 2012).

In the past, the benefits provided by global sourcing were a significant competitive advantage. However, as companies become increasingly interdependent, competitive advantage is no longer solely about the performance of one company but about a group of companies working together (Jin, 2004). Jin in his article "*Achieving an optimal global versus domestic sourcing balance under demand uncertainty*" (2004), refers to the term "*lean retailing*" (p.1292) and points out that agility, which he defines as "*the ability to respond quickly to changing consumer needs*" (p.1292), is one of the most important factors nowadays in order to maintain this competitive advantage. He also points out that manufacturing companies which practices exclusively global sourcing are at risk of lacking this agility factor to respond to market needs. It is in this situation that many companies have started to implement what is called glocal sourcing, a combination of global and domestic sourcing. This new type of sourcing is one of the effective solutions to minimize what the author calls the cost/agility trade-off (Jin, 2004).

If we look back at the five levels of sourcing proposed by Trent & Monzcka, we can situate this new sourcing strategy as level six (figure six) where the objective is to capture the benefits of local sourcing as well as those of global sourcing while avoiding their inconvenience.



Figure 6: Six levels of sourcing (Adapted from Trent & Monzcka, 2005, Five levels of sourcing)

2.4.2. Purposes & benefits

Firstly, Jin (2004) suggests that one of the new competitive advantages in recent years is what is termed as agility. The agility of a supply chain can be divided into two main components. On the one hand we have speed. Prater & al. (2001) define speed as "a measure of the time it takes to ship or receive a good" (p.824). On the other hand, we have flexibility which Prater & al. define as "the degree to which the firm is able to adjust the time in which it can ship or receive goods" (p.824). Flexibility is one of the most important characteristics for firms in a stable but uncertain environment. Jin (2004) also points out that speed and flexibility are interdependent because speed cannot be achieved without flexibility and flexibility is useless if a minimum of speed is not present. Suppliers are therefore facing a dilemma between the important cost reduction that global sourcing provides and the agility that national sourcing allows. Glocal sourcing is therefore one of the solutions to obtain the advantages in terms of agility and cost.

Jin (2004) emphasizes the use of the concepts of postponement and speculation to find the optimal balance of glocal sourcing strategies. Global sourcing is closer to the concept of speculation while local sourcing is more related to postponement. Based on these two concepts the author proposes figure seven as a way to understand an optimal balance between global and national sourcing.

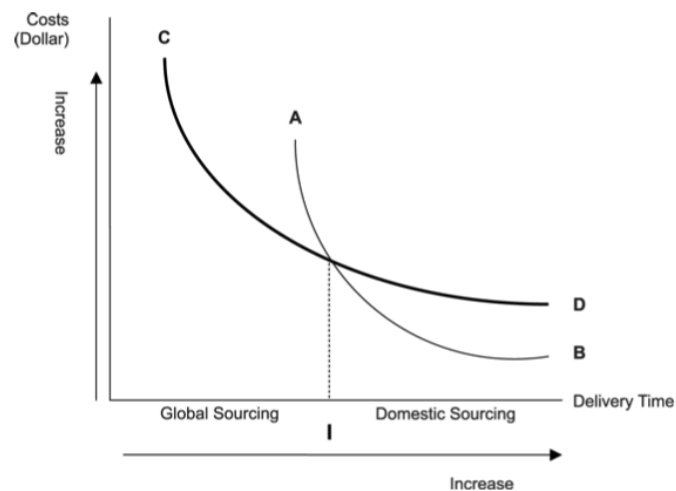


Figure 7: Trade-off between agility and cost (Jin, 2004, p.1298)

On this graph we have the vertical axis representing the outstanding costs from production until delivery to the retailer (storage costs, transport, production cost per unit, etc). The vertical axis represents the agility and therefore the delivery time from the manufacturer to the retailer. We

have thereafter two curves, the CD curve representing a global sourcing with speculative stocks and the AB curve which represents a national sourcing. We can see that as the delivery time increases due to speculative stocks, the cost will be higher using global sourcing than local. The objective is then to reach point I on this graph where the optimal incurred cost is reached while maintaining a certain level of agility (Jin, 2004).

This glocal sourcing strategy is also defined according to the nature of the products. Products defined as functional, with a predictable demand, require a physically efficient process. Products defined as innovative, with a less predictable demand, need a process more adjusted towards the market. For this second category of products, which generally have a shorter lifecycle, it is necessary to avoid stock-outs as well as excess inventory, the objective here being to improve flexibility. This principle can be extended to the sourcing mix strategy by assuming that functional products will be included in the global sourcing strategy while the more innovative products will be covered by the local sourcing strategy as we can see in the following comparison between physically efficient SCs and market responsive SCs. (Fisher, 2000; Jin, 2004).

Physically Efficient Versus Market-Responsive Supply Chain		
	Physically efficient process	Market-responsive process
Primary purpose	Supply predictable demand efficiently at the lowest possible cost	Respond quickly to unpredictable demand in order to minimize stockouts, forced markdowns, and obsolete inventory
Manufacturing focus	Maintain high average utilization rate	Deploy excess buffer capacity
Inventory strategy	Generate high turns and minimize inventory throughout the chain	Deploy significant buffer stocks of parts or finished goods
Lead-time focus	Shorten lead time as long as it doesn't increase cost	Invest aggressively in ways to reduce lead time
Approach to choosing suppliers	Select primarily for cost and quality	Select primarily for speed, flexibility, and quality
Product-design strategy	Maximize performance and minimize cost	Use modular design in order to postpone product differentiation as long as possible
More adapted product	Functional products	Innovative products
More adapted sourcing strategy	Global sourcing	Local sourcing

Figure 8: Physically efficient vs Market-responsive SCs (Adapted from: Fisher, 2000, p. 108)

Steinle & Schiele (2008) also mention from a skills point of view, glocal sourcing is a very interesting way to support local supplier development through the learning process they can access through their interaction with international suppliers.

2.5. Industry description

2.5.1. Introduction to the industry

The Global Industry Classification Standard (GICS) is an economic taxonomy designed by two major American financial institutions Morgan Stanley Capital International (MSCI) & Standard & Poor's (S&P) (MSCI, 2023). In this work we will focus on one of the sectors of activity of this classification. This classification is a useful way to group a set of companies within the same group in order to subsequently identify certain trends within the same group. (Kim & al., 2021).

In this paper we've decided to focus on the GICS category, Consumer Staples Sector, MSCI and S&P define this category in the following way.

« The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes distributors and retailers of consumer staples products including food & drug retailing companies. » (MSCI and S&P Global, Global Industry Classification Sector, p.1)

This segment can also be summarized as the cluster of so-called fast-moving consumer goods (FMCG), meaning all non-durable products that are generally sold quickly and at low prices. In this section we will review through scientific literature the structure of this industry category as well as its trends in order to have a better idea of its main characteristics as well as the different challenges that this industry is facing.

2.5.2. Structure of the industry

As explained by Bhangu (2020) in his article analyzing the persistence of profitability across different sectors, the consumer staples sector is generally considered less cyclical and volatile than other sectors. Indeed, these products being for the most part considered as necessities; consumers tend to maintain their purchases of these goods regardless of the economic conditions. Since the sector is less cyclical and volatile, this brings a great stability of revenues.

This therefore also translates into a low elasticity of demand for these goods, as explained above the demand for all these products is considered less sensitive to price changes than that of other sectors.

The author also points out that this sector is mainly dominated by a few big multinationals such as Gamble (P&G), Walmart, Coca-Cola, Nestlé or British American Tobacco. These companies have a large market share due on one hand to the economies of scale they achieve thanks to their size and on the other hand to their brand recognition. The result of this second point is that in this sector, important efforts are made by these giants in terms of marketing. The aim is to be able to maintain their brand image and at the same time the loyalty of their customers. Bhangu (2020) also underlines that this important investment in marketing creates important barriers to the entry of the sector and thus contributes to the persistent profits of these large multinationals.

Lastly, investment in research and development is quite limited in this sector. Indeed, companies in this sector tend to invest less in these two aspects than companies in other sectors. This is mainly due to the fact that the products are generally common goods being already well established. This saving in investment allows as explained above to invest more heavily in advertising (Corstjens, 2019).

Regarding the supply chain in the FMCG industry, here are the different actors generally mentioned in the literature about this topic:

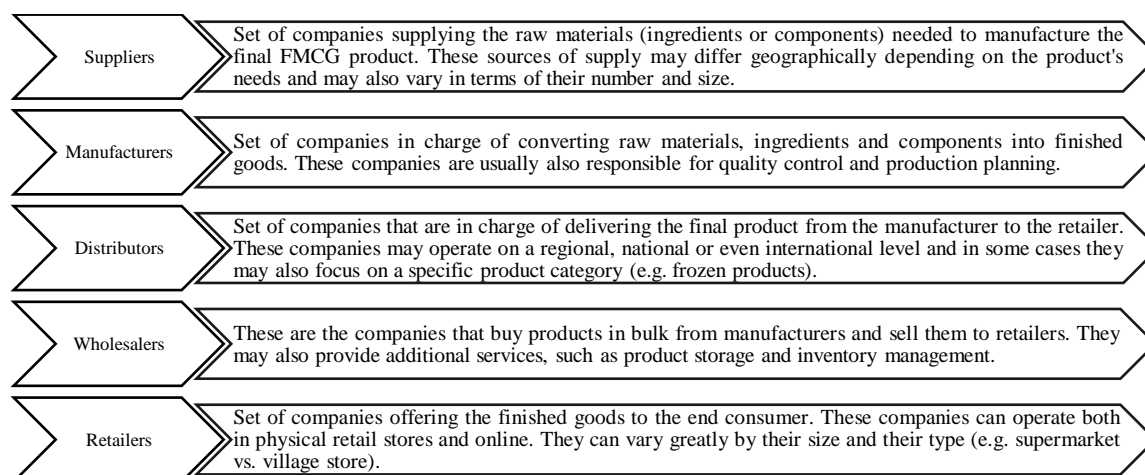


Figure 9: SC's actors within FMCG industry

This supply chain is generally characterized by a high level of coordination and collaboration and data exchange between the actors. One of the main objectives is to avoid the so-called "Bullwhip effect". This principle also known as "Whiplash" consists of a situation in which orders at the input of the supply chain fluctuate more than sales to the buyer (Mwangi, 2018).

Mwangi (2018), also highlights that the cost of this effect is felt by all members of this supply chain.

Lee & al. (2004), identifies five main causes of this effect.

Firstly, the **order batching** due to the fact that some actors at the end of the supply chain places batch orders to actors at the beginning of the supply chain in order to achieve economies of scale.

They then identifies **the rationing & short gaming**, which consists of a disruption of the supply chain due to the appearance of shortages and missed deliveries that subsequently pushes customers to overload their schedules and their orders. This overload in turn leads to increased demand on production systems. Due to unreliable delivery, customers will also tend to increase their buffer stocks, distorting the demand signal.

But also the **price fluctuation** also called "promotion effect" consisting of offering discounted prices on certain products in order to stimulate demand.

Then finally, **the demand forecasting**, the problem in the latter case is the situation where manufacturing companies at the upstream end of the supply chain lose contact with the effective demand of customers, these companies rely on the requests they receive from their immediate customer, namely the downstream actor in the supply chain and do not respond anymore to the data of the final market demand. This leads to a distortion of demand.

2.5.3. Trends of the industry

The first major trend in recent years is online retail, also known as e-commerce. Fornari (2018), in his article "*Retailing 4.0: The New Era of E-commerce in Fast Moving Consumer Goods*" indicates that this online retail trade has recorded an average annual growth rate of + 22.5% between 2013 and 2017 until reaching a market share of about 10% of global sales. As for sales via e-commerce within the FMCG industry it represents slightly more than 150 billion dollars in 2017. This only accounts for 1.2% of the total amount of sales in the FMCG industry but still records a growth of 21% compared to 2016.

The author also points out that this low percentage does not mean that there is no demand, since the penetration rate of the web channel for the purchase of consumer products in 2017 showed good results (around 40% for major European countries). He assumes that this low percentage of market share is not due to limitations in demand but rather a lack of supply. The five main drivers of this trend according to the author are:

1. Accessibility 24 hours a day, 365 days a year.
2. Potential savings for the customer through instant price and promotions comparison.
3. Satisfaction of the variety needs due to the great depth of the range.
4. Increased information availability and therefore transparency
5. Possibility in some cases to customize the content.

Nowadays, the e-commerce of FMCG products shows very good results and therefore is one of the most important trends in this industry. According to the data of Kantar Worldpanel division (2022), the e-commerce of FMCG products has obtained a growth rate of 45.9% in 2020, 15.8% in 2021 to reach a market share of 7.2% by the end of 2021 (figure 10).

Ecommerce reaches 7.2% of global FMCG spend

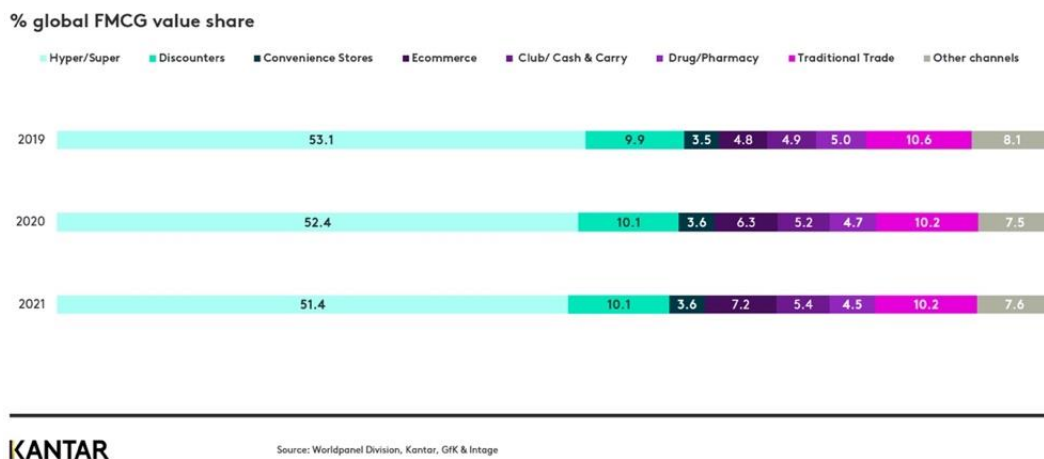


Figure 10: Percentage global spend in FCGM market (retrieved from Kantar)

Secondly as Prashar (2022) mentions, sustainability is nowadays one of the major concerns of FMCG supply chains operating at local or global level. Indeed, as the sustainability consortium's 2016 impact report shows, 80% of water withdrawal, 60% of greenhouse gas emissions and 2/3 of tropical forest deforestation are due to the production and consumption of consumer goods worldwide (TSC, 2016). The following risks/impacts: climate change, water waste, food waste, energy cost and biodiversity loss has forced the major companies of this industry to develop and implement sustainability initiatives. The main drivers of these changes are, according to the author, regulatory and legislative pressure, top management commitment, customer pressure, competitive pressure, societal pressure, operational benefits, supplier pressure and innovativeness (Prashar, 2022).

He also reminds that the implementation of these initiatives is not only constrained for the companies, on the opposite, they can be interesting business opportunities such as: potential cost reductions, new market access, increase in brand value and growth in innovations related to corporate sustainability initiatives.

For example, we can observe Tesco, giant UK retailer, who have saved over 200 million US dollars on their annual energy bill by working on energy and refrigeration efficiency throughout their distribution network (Tesco, 2020).

In addition, we can also point out that the final customers pay more and more attention to the composition of the products, trying to shift towards more natural and healthy products, as well as the interest they have in more personalized products.

Finally, regarding the trends in the supply chain of this industry, as Halo & al. (2010) states, the industry is characterized by a very high cost-efficiency ratio due to the competition in the market. The delivery time is also one of the most important factors since the value of certain products can drop drastically in a short period of time as for example with products linked to events (christmas, sports events, etc.) but also with perishable goods such as foodstuffs. The author points out that these supply chains work at a very fast tempo "*counting hours rather than days in many cases*" (p. 270). In terms of foodstuffs, in order to ensure the satisfaction of the final consumer, a broader vision of the supply chain has emerged. This vision may be called *farm-to-table chain* (figure 11) and aims to "*ensure an explicit integration on activities such as farming, packaging, delivery and retail*" (p. 270) in which traceability takes on its full importance.

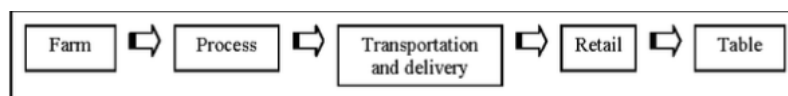


Figure 11: farm-to-table chain (Halo, 2010, p. 271)

Halo et al. (2010) also point out that according to a study of NFI from 2007, one of the important factors of success of this environment is the proper application of standards such as the cold chain, the control of the atmosphere in order to maintain the quality and shelf life or the GAP (Good Agricultural Practices) as well as the HACCP (Hazard Analysis Critical Control Point).

3. Methodology and case study selection

3.1. Case Study Design

In order to try to answer our research question, we decided to adopt a qualitative method using case studies. Indeed, as R.K.Yin (2003) taught us in his book *Case Study Research Design and Methods* 3rd edition, the case study is a very efficient way to answer the questions "how" and "why" "*about a set of contemporary events over which the investigator has little or no control.*" (Yin, 2003 p.9)

The following definition of a case study justifies the choice of this type of approach in order to answer our question "Glocal sourcing: How to combine Global and Local Sourcing?"

"The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented, and with what result." (Yin, 2003, p.12).

The objective here is indeed to investigate a contemporary phenomenon, glocal sourcing, within its real-life context, through case interviews, by highlighting and comparing a set of decisions that have been taken as well as their outcome. This will here be done thanks to an intra-case analysis, cross-case analysis and a discussion in which the outcomes will be confronted with the theoretical framework. Moreover, as Miles & Huberman (1994) state in their book *An Expanded Sourcebook Qualitative Data Analysis*, "*another feature of qualitative data is their richness and holism, with strong potential for revealing complexity*" (p. 10). In our case, qualitative data will enable us to understand the complex phenomena of sourcing strategies more easily, by capturing nuances and details that would have eluded us in quantitative research. Thanks to their holistic nature, our qualitative data will also enable us to understand the concept studied in its natural context (directly with the actors involved in these strategies), by investigating the subject of study as a whole and not just certain very specific events.

In order to proceed with a case study, Yin (2003) proposes a three-step framework to be followed: "define & design", "prepare, collect & analyze" and "analyze & conclude" as shown in the graph below:

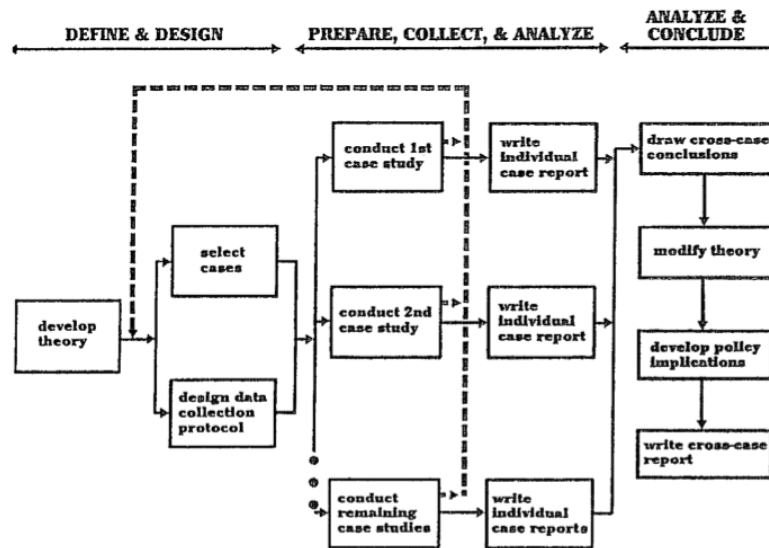


Figure 12: Case Study Method, Cosmos Corporation (Yin, 2003, p.50)

In the first phase "define & design", Yin invites us to construct a preliminary theoretical background related to our study subject. We carried out this step in the previous chapter using various scientific articles about our topic of study as well as some books. The second step of this phase is the one found in the present chapter explaining the methodology followed in order to realize this work. It highlights and justifies the methods used and introduces the selected cases.

In the second stage, "prepare, collect & analyze", the author invites us to conduct our case studies and to write the individual report for each of them. In our situation, a semi-open interview guide was first written, the choice of a semi-open interview was made in order to ensure that we could address specific topics, while at the same time leaving us the possibility of bouncing back, depending on the answers we received, on a subject that wasn't part of the predefined ones. The aim here was therefore to retain a level of flexibility. This guide can be found in the appendix: [Interview Guide](#). Thereafter each case study must be conducted and then individually analyzed. In the present situation, the case studies were conducted through the four interviews that you can consult in the [appendix](#) and the individual analyses of these case studies were carried out in the chapter "[Intra-case analysis](#)".

Finally, the third step "Analyze & Conclude" was conducted through the chapters "[cross-case analysis](#)", "[discussion](#)" as well as through our "[conclusion](#)".

During this work we decided to opt for a multiple-case design because “*when you have the choice (and resources), multiple-case designs may be proffered over single case-designs... Single-case designs are vulnerable if only because you will have put “all your eggs in one basket”.*” (Yin, 2003, p.53). Moreover, as Voss, Johnson and Godsell (2015) explain, when a multiple case study is used, “*case selection using replication logic should be used. Each case should be selected so that it either: a) Predicts similar results (a literal replication), or b) Produces contrary results but for predictable reasons (a theoretical replication).*” (Voss, Johnson and Godsell, 2015, p.5). In our case, we decided to opt for a multiple-case study that would predict the same results, in order to observe common trends between strategies. To this end, a number of similar companies were selected. A description of the characteristics of these companies can be found in the [case study selection](#) section.

In order to ensure the quality of our method, Yin puts forward in his books four usable tests, namely, construct validity test, internal validity test, external validity test and reliability test. (Yin, 2003).

1. **Construct validity**, Yin (2003) defines the goal of this first test as “*establishing correct operational measures for the concepts being studied.*” (p.34). In order to ensure that this first test was met, we relied on two tactics proposed by Yin, the first being the use of multiple sources of evidence by conducting multiple case studies and cross-checking the theory of multiple articles on the same topic. The second was to have key informants review draft case study reports here included through the proofreading and validation brought by the supervisor of this work.
2. **Internal validity**, the aim of this second test is to demonstrate possible causal relationships. In our work, this was done by making connections based on the literature review and by using logical models.
3. **External validity**, this third test is meant to establish the domain to which the outcomes of a study can be generalized. In order to ensure the validity of this test, we have chosen in this work to rely on the logic of replication and to opt for a multiple-case study.
4. **Reliability**, the fourth and final test to ensure the quality of a case study consists of “*demonstrating that the operations of a study -such as the data collection procedure - can be repeated, with the same results.*” (Yin, 2003, p.34). We validate this test by using the case study protocol. As Yin points out, the objective here is that if another investigator later conducts the same case study he or she would arrive at the same

results. The reference to “same case study” is important because the point here is not to obtain the same results by doing another case study on the same subject.

In our situation, the theory on the subject studied, glocal sourcing, was rather limited, so we opted therefore to abductive research with a view to enriching and extending the theory on this subject. Abductive research was preferred to deductive research, in which the case study is used to verify existing theory (Voss, Johnson and Godsell, 2015). As suggested by Eisenhardt (1989), two stages were followed in order to analyze the data collected during the coding (interview transcriptions). Firstly a within-case analysis, part of an interpretive paradigm, in order to bring out new data from our empirical observation. This was then followed by cross-case analysis to identify similarities and differences between the groups. As Eisenhardt (1989) notes, "*one tactic is to select categories or dimensions*" (p. 540), these categories/dimensions were selected and included in the comparative table [intra-case analysis summary](#).

3.2. Case Study Selection

With regard to the selection of case studies, we decided to focus on the FMCG industry companies for several reasons. Firstly, this industry was chosen for its direct proximity to consumers, as the goods produced by this industry correspond to the everyday products of a classic consumer, the efficiency and sustainability of its sourcing has thus a direct effect on end-customer satisfaction. The industry is also economically relevant due to its size, and complex due to the number of players involved, it also creates an intense competition. As a result, the industry's players are always on the lookout for competitive advantages, which is totally in line with the objective of implementing a new sourcing strategy. Last but not least, the industry's high environmental impact makes it a pioneer in finding tomorrow's solutions to global warming and resource use. The current trends that emerge from this will therefore, in our view, have a certain importance for the future.

Regarding companies contacted, a large number of messages were sent via different channels, such as Mail and LinkedIn, with the aim of arranging an interview. The main target was initially procurement managers or people working in the procurement team, but this target was later slightly expanded to include people with supply chain manager titles. Despite the large number of messages sent, it was very difficult to obtain positive responses.

Among the positive answers, four companies were selected. These companies are, Barry Callebaut, Bakbel Europe SA, Lantmännen Unibake and Upignac Group. These companies were selected because they initially met all the criteria of belonging to the FMCG industry and having a mixed sourcing strategy. A brief presentation of each company can be found in the following section. In order to improve the reliability of this study, we have tried to interview only companies belonging to the same sub-sector of the FMCG industry. Here the sub-sector chosen was the food one, we assumed that it would be more interesting to compare companies from the same sub-sector, so as to be able to observe the differences and similarities in terms of practice more efficiently as sought in our research question. Following the same principles only companies in the same market have been selected here: B2B. English was selected as the default language for these interviews, although some interviewees preferred to conduct the interview in French. For the sake of uniformity, their answers will be transcribed and translated. Figure 13 summarizes the characteristics of these interviews.

Company's name	Barry Callebaut	Bakels Group (Bakbel Europe SA)	Lantmännen (Unibake)	Upignac Group (Ardenne Volaille)
Market	B2B	B2B	B2B	B2B
Sourcing strategy	Mix	Mix	Mix	Mix
Interviewee's name	Mr. Sumit Gupta	Ms. Laura Capel	Mr. Yves Claes	Mr. Michel Petit
Interviewee's position	Planning Manager	Supply Chain Manager	Supply Chain Manager	Founder & CEO
Interview date	12/05/2023	20/06/2023	26/07/2023	27/07/2023
Interview length	1h02'17''	30'24''	40'02''	44'12''
No. of employees	13,000	2,750 (35)	10,000 (6,000)	136 (86)
Turnover	8.1B CHF	493.7M USD (16.4M EUR)	60B SEK (1B EUR)	48M EUR (22M EUR)

Figure 13: Interviews characteristics summary (Barry Callebaut, 2022; Bakels, 2023; Bizzy, 2023; Lantmännen, 2015; Lantmännen Unibake, 2021)

The aim of these interviews will be to answer the question "Glocal sourcing, how to combine local and global sourcing?" in other words, we will try to identify the advantages or disadvantages that the company seeks to gain or avoids when implementing this strategy, but also to observe the methods used to find the right balance, as well as the main drivers.

In addition, interviewees will be invited to pinpoint what they believe to be the main current trends in the FMCG industry, and to describe how they see themselves (their company) vis-à-vis of these trends. Future key factors will also be discussed. The goal here will be to analyze and assess in the discussion section the effectiveness of these companies' glocal strategies with regard to the trends they have identified, but also to compare the trends they have identified with those identified in the theoretical framework.

4. Intra-case analysis

All the interviews analyzed below were conducted using the interview guide provided in the appendix ([Interview Guide](#)).

4.1. Case one - Barry Callebaut

4.1.1. Company description

This first analysis is based on the Barry Callebaut. Barry Callebaut is a Belgo-Swiss company born of the merger in 1996 of the Belgian company Callebaut and the French company Cacao Barry. Barry Callebaut is one of the world's leading players in the cocoa and chocolate industry. Headquartered in Zurich, Switzerland, Barry Callebaut is currently led by CEO Peter Boone since 2021 (Barry Callebaut, 2022).

Barry Callebaut has over 13,000 direct employees. The company is active in over 144 countries and has 66 production plants around the world. In fiscal year 2021/22, the chocolate company achieved sales revenues of CHF 8.1 billion, with a sales volume of 2.3 million tons of chocolate (Barry Callebaut, 2022).

Barry Callebaut is strongly committed to sustainability in the chocolate industry. To achieve this, it is pursuing three main areas of action: improving the living conditions of cocoa farmers, ensuring product traceability and transparency in its supply chain, and reducing the carbon footprint across all its operations. The company also holds several well-known certifications, including Rainforest Alliance, UTZ and Fairtrade. More than one in two products leaving Callebaut factories contains 100% cocoa or sustainable chocolate (Barry Callebaut, 2022).

Barry Callebaut is mainly active in the B2B market and works closely with professional customers such as well-known food companies as well as restoration companies. They are also renowned for their innovative tailor-made solutions, customized products, and innovative concepts. Sharing knowledge about chocolate is also one of their key focuses, with 26 chocolate academy centers in operation by 2022, and over 200,000 chocolate professionals trained in the years 2021/22. (Barry Callebaut, 2022).

In October 2021, Barry Callebaut inaugurated "*The Barry Callebaut Chocolate Box*" in Belgium (Lokeren), which is the company's global distribution center and also the world's largest and one of the most sustainable warehouses. In fact, the latter was delivered in

accordance with the best sustainability standards (BREEAM) for a logistical warehouse. For instance, it has over 10,000m² of solar panels on its roof, and is totally CO₂ neutral. In terms of sourcing, Barry Callebaut aims to achieve 100% sustainable ingredients in its products by 2025 (Barry Callebaut, 2022).

4.1.2. Interview analysis

This interview was conducted with Mr. Gupta who is the planning manager at Barry Callebaut. Mr. Gupta has been working for Barry Callebaut for over a year and has held various other supply chain positions in different industries in the past for a total of around ten years' experience.

Firstly, as we can see throughout the interview, Mr. Gupta point out that one of the best advantages of global sourcing is the ability to access the only or rare source available. Here, in the Barry Callebaut's situation, it would be impossible to continue operations without resorting to global sourcing, and therefore to the source of raw materials needed to make chocolate, which is not available locally. This is why, despite Barry Callebaut's attempt to have a relatively local strategy, a mixed strategy will always be inevitable. Although Mr. Gupta, referred to the benefit of more competitive price abroad as also one of the main advantage to be gained from global sourcing when implementing a glocal strategy, he also warned us just that in some situations, the advantage of a lower unit price abroad may not be a real advantage. Hidden costs such as customs duties, transport, intermediate storage, etc. must be considered to calculate a total price. However, Mr. Gupta concedes that in some cases, e.g., for long shelf-life products, if costs have been calculated correctly, it is still possible to save on the unit costs which are generally lower when doing global sourcing. What's more, when it comes to these orders, the manager will also add that generally a saving in costs is also made. The interviewee also warns us that differences in business customs can be a problem, quoting the example of the issue encountered with pallets with abroad supplier, which have a different format than our euro pallets, making logistics very complicated.

Regarding local sourcing, Mr. Gupta stated in his interview that this type of sourcing startegy helps to reduce complexity of the supply chain and, by the same token, to implement leaner production. Mr. Gupta repeated several times during the interview, that the implementation of the local part of the strategy also help to move towards JIT production. We can also highlight from this interview that local sourcing also makes it possible to reduce inventory and lead-time on the one hand, and to reduce carbon footprint on the other. The main risks and disadvantages

cited by the manager in his interview are higher prices for certain products and the unavailability of some products locally.

For their glocal strategy, although Barry Callebaut tries to get as close as possible to a JIT strategy and therefore as local as possible by reducing their lead time, their method for balancing their mixed strategy, as explained by Mr. Gupta, is a trade-off between three factors: the objective of achieving high agility, while taking advantage of the price reduction that global suppliers can offer for certain less strategically defined products, while ensuring that a certain standard of quality is maintained. He also points out that certain sources are not accessible in Belgium, so a glocal strategy is inevitable. According to the manager, the nature of the product is thus a significant factor in the implementation of a mixed strategy. For Barry Callebaut, the products sourced abroad are mainly those with a longer shelf life and guaranteed quality, i.e. those considered functional. In contrast, products for which quality is not guaranteed and therefore a potential return may be necessary, or products with a shorter shelf life, will be sourced locally if resources allow. Finally, Mr. Gupta also points out and even insists strongly that it is always the end goal which will define the balance between cost, agility and quality citing as an example that in certain situations, agility is to be preferred to cost reduction with equal quality, such as during special events (e.g. Easter), because the products can be sold at a slightly higher price, thus offsetting the extra costs, but that on the other hand, if the JIT strategy is not properly achieved, the products will be delivered too late and the loss will be considerable.

As far as industry trends and challenges are concerned, according to the Barry Callebaut, the biggest trend and challenge in the industry nowadays is sustainability. As Mr. Gupta explained in the interview, end-customer awareness for the products they consume is growing, and sustainability is one of the most important aspects. Barry Callebaut is therefore aware that by focusing on this aspect, they can improve the image that customers have of their brand, and therefore the value of their brand. Mr. Gupta also emphasizes that the company is well aware of this advantage and is committed not only to sustainability for its image, but mainly because it is forged in the company's DNA. Mr. Gupta also highlighted the importance of flexibility and therefore agility depending on the nature of the mission. The interviewee also stressed the importance of product traceability.

Finally, with regard to the future, according to Mr. Gupta, natural events, such as Covid-19, will lead to an increase in demand variability. Their objective is therefore to aim for a balance of 70% local, 30% global supply to reduce disruption by increasing the local supply quota.

4.2. Case two – Bakbel Europe SA

4.2.1 Company description

Bakbel Europe SA, is a Belgian SME, who was created in 2007 by the Bakels Group. Bakels is a Dutch group founded in 1904 by the Bakels brothers. From the outset, the group has been active in the production of ingredients for the bakery and patisserie industries. Bakels quickly developed its business, first in Europe and then around the world. One hundred and ten years later, with its headquarters in Rothenburg, Switzerland, Bakels can count on some 2,750 employees in 38 companies and 21 production plants around the world, one of which is Bakbel Europe SA. The three core values of Bakels are respect, integrity, and dedication (Bakels Worldwilde, 2023).

For its part, the Belgian SME employs around fifty people and is dedicated to the production of innovative, high-quality fruit-based ingredients for the professional food industry. These ingredients are therefore intended for the B2B market with, for example, fine patisserie and handicrafts, but also for the more general foodservice market (Bakbel Europe SA, 2021).

The company's product range extends from fruit fillings, aromatic pastes and jams to fruit purée, frozen fruit and many other fruit-based solutions (Bakbel Europe SA, 2021).

Bakbel Europe pays particular attention to product quality and innovation. The company works closely with its customers around the world to understand their needs and offer them a tailor-made solution (Bakbel Europe SA, 2021).

Their motto is "*to bring the best From Nature to You*". Through their quality department, they ensure strict adherence to HACCP & BRC guidelines in order to always guarantee quality to their customers (Bakbel Europe SA, 2021).

4.2.2 Interview analysis

This interview was conducted with Laura Capel. Mrs. Capel currently holds the position of supply chain & purchasing manager for Bakbel, the company described above. Ms. Capel oversees a team of four people, their main responsibilities being the purchase of raw materials (placing orders, negotiating contracts, etc.), organizing transport, production planning and ensuring compliance with food legislation.

We can firstly state from the interview that Bakbel has a glocal sourcing strategy, although the team tries to use as many local suppliers as possible. Mrs. Capel also told us that Bakbel does not initially focus on the price or provenance of their products, but mainly on their quality and certification, which can therefore be seen as the main drivers of their sourcing strategy.

Although price is not one of the main drivers of their sourcing strategy, Mrs. Capel highlights lower raw material prices as one of the main advantages of global sourcing. The advantage of access to certain sources of products not available locally, here mainly with the example of fruit not available in Belgium, is also cited. Mrs. Capel also emphasizes the potential advantage of introducing competition into the local market. Using an example, the manager explains that the sourcing of certain fruits from abroad has created competition with the local market and reduced the latter's price. Although the price is still not as attractive as the foreign one, the reduction nevertheless allows the local market to be dealt with in a more spot order manner, with much shorter lead times.

On the other hand, Ms. Capel pointed out that the quality of global sourcing is generally lower than when sourced locally, and this is one of the risks to be taken into account. In addition, she pointed out that relationships are generally weaker with global suppliers, which in Bakbel's situation sometimes translates into slightly lower service quality, as well as a potential loss of the personalized service sometimes available from suppliers where relationships are better.

Regarding local sourcing, Ms. Capel identified shorter lead times as one of the most important advantages. She also quoted as an example the situation where goods need to be returned to the supplier, which is much quicker and easier to manage when the supplier is located closer. As explained above, a stronger relationship will generally be created with close suppliers, and certain customized services can then be negotiated (such as MOQ reductions, changes, or faster delivery lead times, etc.). According to our interviewee, quality is also generally better when local sourcing is concerned.

For their glocal strategy, Bakbel prioritizes quality as the number one driver. Mrs. Capel therefore states that a glocal strategy enables the company to identify and target the available sources of products who will match with the expected product quality. As our interlocutor explained, the latter generally observes a higher quality for domestically sourced product, hence why at the start of this analysis it was cited that Bakbel tries to move more towards local sourcing. Mrs. Capel also discusses a trade-off that needs to be achieved within a glocal strategy, here according to Mrs. Capel this trade-off must be defined depending on the mission.

On the general business of Bakbel, the trade-off will have to be done between cost savings or quality. It will also highlight, that the nature of the product can have an impact on the resulting sourcing strategy. For example, when a product can be sourced more cheaply from abroad for the same quality, this option will be widely considered. Testing and evaluating suppliers on predetermined criteria (with quality as the most important) is also one of the steps in deciding whether the finished product will be sourced locally or globally.

Regarding best practices in procurement, Mrs. Capel, stress the benefits of information sharing between purchaser and supplier. According to her, it's these close relationships and the information sharing with suppliers that allow them to achieve “best” practice as well as keeping up with the latest trends.

Finally, as far as major trends are concerned, Mrs. Capel defined sustainability as being one of the major challenges for the future. In fact, although Bakbel works exclusively in the B2B sector, they are nevertheless feeling increasing demand from end-customers for product traceability. As far as traceability is concerned, Mrs. Capel points out that their objective of quality and their focus on product certification is strongly correlated with traceability. The Manager also pointed out that, in her opinion, one of the most influential factors in the implementation of future strategies will be the price of raw materials and energy in general.

4.3. Case three – Lantmännen Unibake

4.3.1. Company description

Lantmännen Unibake is a branch of the international Lantmännen Group. Lantmännen is a Swedish agri-food group owned cooperatively by some 27,000 Swedish farmers. Founded in 1880, it is one of Europe's largest agricultural cooperatives. Lantmännen is divided into three sectors and two business areas. Firstly, we have the agriculture sector, with subsidiaries such as Lantmännen Lantbruk, Maskin and Agro. Then there's the energy sector, with subsidiaries Lantmännen Biorefineries and Aspen Scandbio. Finally, we have the food sector with Lantmännen Unibake and Cerealia. The two business areas are the Swecon B.A. and the Real Estate B.A. The two most important sectors of the cooperative are agriculture sector, accounting for 47% of sales and the food sector, accounting for 29% of group sales) The Swedish cooperative's mission is to contribute to the profitability of its owners' farms. The aim is therefore to reinvest a considerable proportion of profits in the agricultural operations and in

agricultural R&D in order to contribute to the prosperity of agriculture as well as to the lively northern European countryside (Lantmännen, 2015).

The cooperative is made up of over 10,000 active employees in 20 countries and recorded a turnover of SEK 60 billion (€5,000,000,000) (Lantmännen, 2015).

In this interview, we'll be focusing on the Lantmännen Unibake subsidiary. This subsidiary is one of Europe's largest bakery groups. It has no fewer than 34 bakeries across 16 countries. The company is present on every continent, selling both frozen and fresh bakery products. It employs over six thousand people and has recorded total net sales of over one billion euros in 2021 (Lantmännen Unibake, 2021).

Lantmännen Unibake's mission is described as the joy of eating. Indeed, the company defines its objective as being to satisfy and delight thousands of people around the world through its various patisserie products (Lantmännen Unibake, 2021).

The company is mainly involved in the B2B market with brands such as Pastridor and Schulstad. It is one of Europe's leading manufacturers of frozen bread, with a product range covering different types of bread, from rustic, bagel, and ciabatta to pre-cooked Danish and pure-butter French pastries. Headquartered in Horsens, Denmark, the company's current managing director is Mr. Pultz Larsen. The company's distribution centers are diverse, including sandwich shops, restaurants and breweries, fast-food establishments, hotels, wholesalers, catering services, tank stations, as well as retail stores through its collaboration with various European retailers, making it one of the leading suppliers of bake-off solutions (Lantmännen Unibake, 2021).

4.3.2. Interview analysis

This interview was conducted with Yves Claes. Mr. Claes has been Supply Chain Manager for the BE-NL-FR-IT-ES cluster at Lantmännen Unibake for the past six years. Prior to this, Mr. Claes held several similar positions at other companies, including Logistics Manager and Warehouse Group Leader. He is therefore responsible for the supply chain for the Belgium, Netherlands, France, Italy, and Spain cluster. Mr. Claes defines his role as being the bridge between supply chain management at global group level and supply chain management at local cluster level.

Firstly, Mr. Claes states that the current base of the Group's overall supply chain strategy is entrepreneurship at country or at least cluster level. However, the organization is currently

reviewing its strategy, seeking to find the right balance between what should be sourced globally, and therefore managed more at Lantmännen Unibake Group level, and what should continue to be sourced locally, and therefore by the clusters or cluster countries.

According to Mr. Claes, the main advantages of local sourcing within clusters are ownership, connections and therefore relationships with suppliers, as well as the various services that can result. In terms of risks, our speaker began by highlighting the financial risk of not having the motivation to explore new opportunities (generally more global and less known) that could offer better financial results. He also mentions the knowledge risk, whereby a certain knowledge and understanding of the market and the objective is necessary in order to achieve greater local sourcing within the cluster. To mitigate these risks, Lantmännen works closely with a consultancy company which guides local teams through workshops to ensure that the necessary knowledge is available. Tenders are also set up for large contracts to avoid financial laziness.

As far as global sourcing is concerned, the main advantage according to Mr. Claes is the economies of scale achieved through very large international contracts with high volumes. The price of raw materials is also one of the advantages of global sourcing. In terms of risks, knowledge is again cited, indeed a certain knowledge of the different local situations is necessary before sourcing globally, as well as a good understanding of the mission and objective. Another risk cited by Mr. Claes is the decrease in the level of service offered by the supplier. In this interview, Mr. Claes does not consider the accessibility of certain products as one of the advantages of sourcing, and explained that in Lantmännen Unibake situation, all raw materials are available both locally and globally. Mr. Claes also points out that market disruptions (COVID, war, etc.) in recent years are one of the drawbacks of global sourcing. In order to mitigate these risks, the interviewee stresses the importance of really taking advantage of large volumes, as well as the importance of the geographical spread of these global suppliers, in order to reduce the risk of such disruptions.

Yves Claes identifies three driving factors behind their mixed sourcing. These are the nature of the product and the importance attached to the surrounding services, the volume required and the value of the products. According to the speaker, a trade-off between cost reduction and agility is not necessary, as agility can either be achieved locally or globally. He also explained that this is possible in their situation thanks to their very high volume, which makes it easier to compensate peaks and unexpected surges, but also thanks to the various terms in their contracts with their suppliers offering this agility.

In order to monitor their strategy and ensure that it remains up to date with the industry, Lantmännen Unibake has implemented a number of actions, such as monitoring KPIs and implementing and monitoring a CST (cost-to-serve) model. But also, as already mentioned, the hiring of a consulting firm that evaluates and steers the company towards best practices.

Finally, regarding the major trends in the industry, Mr. Claes highlighted sustainability as the major trend and challenge for the years to come. The increasing demand for trustability and service levels towards their customers are also according to him one of the trends. To achieve this, the manager highlights the increase in integration between supplier and customer through IDE connections, for example. The manager also emphasized the importance and increasing difficulty of recruiting new talent. Due to the nature of the products sold, low-value density, as well as their market situation, mainly B2B, Lantmännen does not consider e-commerce to be one of the current industry trends on their level. In terms of important factors for the future, Mr. Claes underlines the fact that the unpredictability of certain costs (raw materials, energy, transport) makes it very difficult to implement a strategy on the long term.

4.4. Case four – Upignac Group

4.4.1. Company description

The Upignac Group is a Belgian agri-food group founded in the early 80s by Michel Petit. The group's first activity was the production and marketing of duck foie gras in Wallonia. At the end of the 1990s, Upignac Groupe began distributing these products in large-scale retail distribution (La ferme d'Upignac, 2019).

The Upignac group counts three activities, all located in the agri-food sector. These three activities are broken down into the three brands listed below, each of them legally integrated within the Upignac Group.

Firstly, we have the Upignac brand, the group's original and primary focus, specializing in the transformation of foie gras and duck transformation. Then in 2019, the Group acquired Ardenne Volaille, which is a company specializing in the slaughtering, cutting and distribution of top-of-the-range chicken. This branch, like the other two form the group, strives to provide so-called superior quality chicken products benefiting from particular attention to animal welfare as well as the traceability of their product (FoodIndustry, 2019). The last one is EVH, a smaller branch of the group specializing in the manufacture of local fruit juices.

After a short buyout in 2012 by the Belgian holding Gourmet Food, managed by part of the shareholders of Belgian brewing giant AB InBev, the Upignac group returned to the hands of the Petit family, founders of the group, in 2015. Today, the Upignac group employs over 180 people and records sales of 48 million euros (Fevia, 2021).

The group's four main commitments are to provide quality through superior products and mastered know-how, to focus on animal welfare, but also on local production and on the environment protection (La ferme d'Upignac, 2019).

The group is mainly active on the B2B market, with 70% of its sales in retail channels such as Colruyt, Carrefour and Delhaize. The remaining 30% of sales are generated by wholesalers, who then resell the products to restaurants and butchers. Over the next few years, the company's growth objective is to expand its international presence in the Dutch, German and Gulf markets. (Michel Petit, 2023).

4.4.2. Interview analysis

This interview was conducted with Michel Petit, founder, and CEO of the Upignac group. The focus was mainly on the Ardenne Volaille branch, under the latter's advice, for the purposes of this study.

Mr. Petit defines his sourcing strategy as a mixed one, while maintaining the most local connotations possible. Indeed, for the Ardenne Volaille branch, the chickens are 100% local, and the company will play on this advantage to highlight the differentiated quality of these products. The mixed side of sourcing is actually found in the sourcing of these chickens' feed, where a third of their feed is sourced abroad.

The main advantage of the local part of their strategy is the quality of the end products. Indeed, Upignac Group, through its subsidiary Ardenne Volaille, promotes high product quality, which has been achieved by sourcing its products locally. Mr. Petit also emphasizes that this local strategy also has a purely marketing purpose. Moreover, this local strategy also offers them an uncomplex supply chain, requiring less storage and with very short lead times. The risks associated with their local strategy are, on the one hand, the higher cost of raw materials (in this case, chicks, and feed) and, on the other, the higher cost of transformation/production in Belgium than in other European countries, this risk is balanced by repercussion on the final price acceptable thanks to the local marketing strategy and the high-end product. The second risk observed is the risk of disease. Indeed, one of the major risks in the chicken industry is avian flu, which if it were to spread to the whole of Belgium, which is a small country, would

be problematic for the company. In order to mitigate this risk, Michel Petit explains that even within local sourcing, a high degree of diversification is achieved within the farms, spreading them geographically as far as possible in Wallonia. Very strict sanitary standards are also applied to reduce this risk.

In terms of global strategy, Michel Petit agrees that a reduction in costs can be achieved, but this is not in line with their strategy of focusing on local, high-quality products. However, the great advantage Ardenne Volaille derives from global sourcing is access to certain sources not available locally. Chicken feed is made up of a third of soya, but as soya farming is not sufficiently developed in Belgium, mainly due to climatic conditions, this raw material is sourced exclusively globally. For the EVH branch, global sourcing is carried out with a view to reducing costs, as this time it is the packaging that is supplied globally at a lower cost than in Belgium, while the product is also aimed at a top-range, 100% local product.

During the interview, Mr. Petit also highlighted the nature of the product as one of the factors determining whether a product should be sourced globally or locally. In fact, for the EVH branch, it was decided to source packaging globally in order to make savings, and this was possible because transport and storage costs were low. What's more, these products are non-perishable, so the risk is even lower. For Ardenne Volaille, the nature of the product was also taken into account, as soya cannot be found locally, so it was sourced globally. The CEO will point out, however, that the final purpose must not be forgotten, as for example cereals could just as easily be sourced globally at a lower cost than here in Belgium, but the objective being to offer a product as local as possible, the nature of the product was then set aside for the purpose of the mission.

With regard to the objective of finding the right balance between cost reduction and agility, our interviewee noted that here the emphasis is mainly on quality. In terms of trends observed, Mr. Petit underlined the increase in end-customer demand for a more sustainable product, as well as a product for which the customer has visibility on origin, and greater transparency on the supply chain, which can be translated as improved product traceability. However, Michel Petit qualifies this increase by suggesting the importance of linking it to consumer purchasing power. In fact, as the CEO explains and justifies with his sales percentages, consumers have a growing desire for this type of more sustainable product, with better traceability and therefore, in a way, higher quality, only if their purchasing power allows them to do so. In Ardenne Volaille's case, sales plummeted during the covid crisis, and demand for this type of product picked up again only after wages were indexed at the beginning of 2023. Michel Petit also spoke about the trend

towards e-commerce. The Upignac group has been and continues to be very attentive to e-commerce and tends to think that it will play a much more important role in the future. It is currently very complicated for the brand to (re) penetrate this field, due to the nature of their products, which on the one hand makes transport very complicated (cold chain, AFSCA standards, etc.), and on the other hand makes little sense in view of the wide range of products, as it is too costly to deliver a single chicken to an end customer. However, the Upignac group is keeping a close eye on what different retailers are offering in terms of e-commerce, with for example collect and co, and hopes that one day a cooperative or a player able to offer a wider range of products will initiate this business. At that point, the costs of complexity could be divided, the product range more diversified and therefore more products delivered, and this would be done with the aim of exploiting this trend by eliminating the retailer intermediary, which today can represent up to 40% of margin. Finally, Mr. Petit also emphasizes the importance and difficulty of finding skilled workers. He points out that, in a way, there has been a change in mentality in the industry and even in general, and that the preoccupations of young workers are not the same as they were twenty years ago.

5. Cross-case analysis

In order to carry out this cross-case analysis, a summary table of the content of all the intra-analyses has been drawn up and will serve as our base for drawing comparisons between the different cases. This table can be found in appendix ([Intra-case analysis summary](#)). The aim of this cross-analysis is to compare the empirical observations made during the intra-analysis. We will therefore attempt to observe the similarities, differences and patterns emerging from the interviews we conducted. On the basis of this analysis, propositions will be formulated and subsequently discussed in the [discussion and limitations](#) section of this work.

First of all, in terms of the local strategies implemented by the companies interviewed, we can see that all four companies highlighted the advantage of reducing complexity in this type of strategy. As we can see from all the interviews, this reduction is mainly due to a reduction in lead time, as well as a better relationship with suppliers. In terms of benefits, all the companies except Upignac Group also mentioned the possibility of obtaining better service from local suppliers. Barry Callebaut, Bakbel Europe SA and Upignac Group underlined the risk of not having access to all the products they need locally, while Lantmännen Unibake can find all the products they need locally and therefore don't consider this as a risk or disadvantage. The risk of having a higher production cost was also mentioned, but in all cases the importance of total ownership was emphasized, and in the case of Bakbel Europe SA and Upignac, the nature of their business being primarily focused on quality to the detriment of price, this risk was immediately set as mitigated. Secondly, in terms of assessing the overall global part of the strategy, Barry Callebaut, Bakbel Europe SA and Upignac Group strongly emphasized access to certain product sources not available locally as their main advantage. All the companies mentioned the advantage of lower prices abroad, but only Lantmännen Unibake mentioned the advantage of economies of scale when ordering large volumes globally. As for risks, Barry Callebaut and Lantmännen Unibake emphasized global disruption, while Bakbel and Upignac stressed the generally inferior product quality of global sourcing. Finally, in terms of benefits to be captured when implementing a glocal strategy, the companies that cited access to certain sources of product not available locally pushed this factor as one of the most important benefits to be captured (Barry Callebaut, Bakbel Europe SA, Upignac Groupe) within the global context. In the case of Lantmännen Unibake, they cited financial advantages. On the local front, Barry Callebaut focused on reducing complexity, Lantmännen Unibake on essential services that can somehow be seen as a solution to reducing complexity, and Bakbel Europe and Upignac Group

on their side again emphasized generally better local quality. From these observations we have formulated the following proposal:

Proposition 1: The main mix of advantages sought when implementing a glocal strategy is the reduction of complexity, reduction of lead time, reduction of price, and the access to locally unavailable resources.

In all the interviews, the nature of the product was considered to be one of the key driving factors when implementing a glocal strategy. Upignac Group, for their part, highlighted the fact that the mission and its objectives should also be considered as an important factor when implementing a glocal strategy, and that this mission could sometimes predominate over the nature of the product when the decision of local or global sourcing must be made for a given product. Lantmännen Unibake, on the other hand, argued that product-related services should be considered alongside the nature of the product.

As for finding the right balance between cost and agility, this time it was Barry Callebaut's turn to highlight the importance of considering the mission and its objective within this trade-off. Upignac Group and Bakbel Europe SA, for their part, felt that this trade-off barely made sense. Indeed, in their strategy where the focus is on quality rather than on price, this trade-off is irrelevant if the quality factor is not also taken into account. Lastly, Lantmännen Unibake, in contrast to the other respondents, argued that agility could just as equally be achieved through a local as through a global strategy, and that the trade-off with price was therefore unnecessary. Based on these observations, we formulated the following proposal

Proposition 2: The nature of the product can be considered a key driver when implementing a glocal strategy, while the trade-off between cost and agility lacks consideration of the quality factor. In both cases, the nature of the mission and its purpose must be considered.

With regard to the major trends in the FMCG industry, all speakers agreed that the biggest trend at the moment is the increasing demand for more sustainable products. In the case of Barry Callebaut, Upignac Group and Bakbel Europe SA, an increase in demand for more traceability was also felt by both B2B and end-customers. Upignac Group, for their part, nuanced this increase in demand for sustainability and traceability by putting forward the idea that the latter was closely connected with the purchasing power of end-customers; the other speakers did not mention this link with purchasing power, but rather referred to a shift in ecological awareness. Lantmännen Unibake and Upignac group mentioned a current trend in which mentality about

work has changed, making it more difficult to attract and retain young talent. With the exception of Upignac group, none of the speakers mentioned positively the e-commerce trend. Although they do have an attraction for this trend, the difficulty of implementation, as well as certain characteristics such as the complexity of transport or the diversity of products on offer, led to the conclusion that e-commerce was not yet considered an active trend for this market.

With regard to the effectiveness of their mixed sourcing strategy in responding to these trends, there was unanimous agreement that it was effective. In fact, all the participants highlighted the more local actions carried out as part of their mixed strategy as an effective solution.

We can also identify a common response for the future factors that will have an influence according to the intervening companies. Indeed, the main concern is the unpredictability of natural events, which have a very strong influence on the cost of raw materials and the cost of energy required for production and transport. Barry Callebaut also adds that unpredictability in natural events also has a major influence on demand. In view of these observations, we concluded the following proposal:

Proposition 3: The main trends in the FMCG industry are the growing demand for more sustainable products and increased traceability. A glocal strategy can be considered as an effective response to these trends.

6. Discussion & limitations

In this sixth part, we will discuss the results who emerge from our empirical observation from the intra and cross analysis. In attempting to discuss the formulated proposals, we will try to highlight best practices in order to answer the research question “*glocal sourcing how to combine global and local sourcing*”. We will also evaluate whether and why a glocal sourcing strategy provides an effective response to the different trends identified in both theory and practice within the FMCG industry. Finally, we will outline the principal limitations we have observed throughout this research.

Proposition 1: The main mix of advantages sought when implementing a glocal strategy is the reduction of complexity, reduction of lead time, reduction of price, and the access to locally unavailable resources.

Indeed, as observed in the cross-case analysis and in the theory, we can assume that in our study framework, the most frequently emphasized advantages of implementing a mixed strategy are, on the one hand, the reduction in lead time and complexity for the local sourcing side of the mixed strategy (Trisini & al., 2011), and on the other hand, access to certain sources not available locally for global sourcing, as well as a possible reduction in prices (Trent & Monczka, 2003). However, we'd like to temper this last advantage because, as repeated in the theory and in the practice, we've analyzed, it's important to consider the total cost of ownership when considering this benefit (Stanczyk & al., 2017; Bailey & al., 2018). We can therefore assume that the main mix of advantages sought when implementing a glocal strategy is the reduction of complexity, lead time, price, and the access to locally unavailable resources. Other advantages and risks have also been cited in theory as well as in our observation, such as the possibility of better services (Handfield & al, 2000), or the reduction of relationships due to language or business custom barriers (Birou & al., 1993). The latter will be omitted from this proposition due to the lower recurrence of mention as well as the lower importance given to them in the interviews.

Regarding the implementation of this strategy, we have observed that each company has its own implementation criteria and, depending on the benefits they seek, these requirements will differ.

Proposition 2: The nature of the product can be considered a key driver when implementing a glocal strategy, while the trade-off between cost and agility lacks

consideration of the quality factor. In both cases, the nature of the mission and its purpose must be considered.

Product nature was, for all interviewed, indeed one of the criteria used to define and implement a combined strategy. Practice also confirmed theory (Jin, 2004; Fisher, 2000) on this subject, highlighting product life-cycle time as one of the distinctions between product types, which in practice was referred to as product shelf life. However, despite the theory, few references were made to the differentiation between innovative and functional products as criteria for the nature of the product. What was often mentioned, was the nature of the product in terms of storage cost. As a result, we do consider the nature of the product to be one of the key driving forces while setting up the combination of local and global strategies.

The trade-off between agility and cost was also mentioned several times but was not seen as the main driver behind the combination of these strategies. In fact, although most of the speakers mentioned this balance, some of them emphasized the importance of product quality to the detriment of the cost factor. In our opinion, it would be fairer to add a third axis to this trade-off, in order to obtain figure 13. In this figure, adapted from Jin (2004) trade-off, we can see that a third axis has been added to the original axis of delivery time, characterized by agility (local sourcing) and the cost axis (global sourcing). This third axis is based on quality, and its dimension can vary depending on the product required. Quality can indeed be increased either if the product is sourced locally or globally, depending on the context. In our view, this new trade-off is a more effective way of striking the right balance when implementing a mixed strategy.

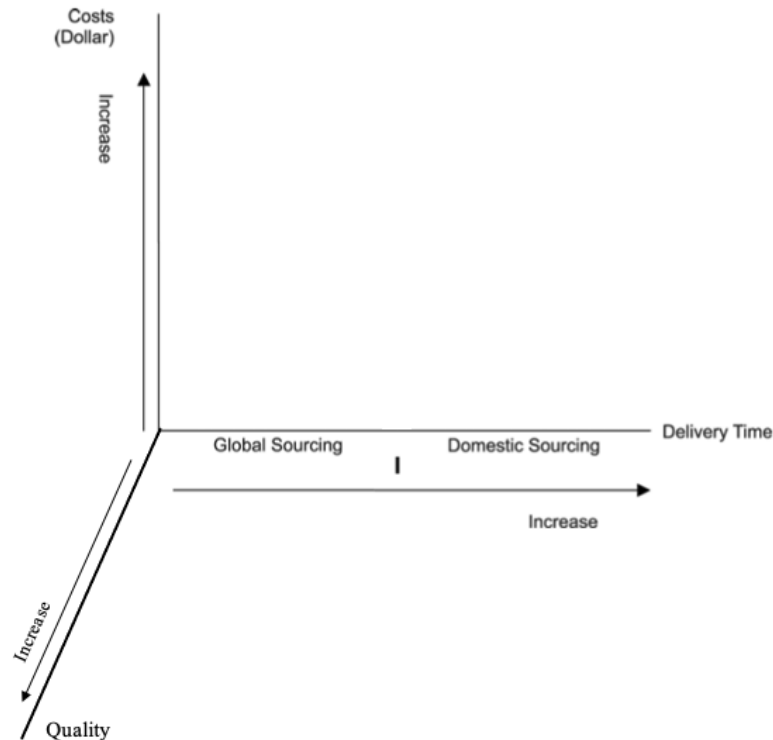


Figure 14: Trade-off between agility, cost, and quality (adapted from Jin, 2004, p.1298)

Furthermore, we have also identified a third key driver that came up repeatedly in our interviews as being one of the most important factors for answering the question "*glocal sourcing - how to combine local and global sourcing*". It's strongly about the mission. Indeed, depending on the nature of the mission of the company, as cited in the theory by Helo, Phusavat and Anussornnitisarn (2010), and, more precisely, its purpose, the equilibrium balance spot on figure 13 will vary. For example, if the nature of the mission and its purpose is to compete on quality, regardless of price, the balance point will tend to move towards an increase in the Z axis ("quality"). Conversely, if the nature of the mission is, for example, a short-term event such as Christmas, then the equilibrium point of the strategy will shift towards the X axis in order to increase agility, generally detrimentally affecting quality and price. We have thus considered the nature of the mission, although this term remains rather vague, as being the key decision-making factor when it comes to implementing a glocal strategy, and thus answering the question of how to combine global and local sourcing.

Proposition 3: The main trends in the FMCG industry are the growing demand for more sustainable products and increased traceability. A glocal strategy can be considered as an effective response to these trends.

As far as the major trends discussed are concerned, we can assume that sustainability (Prashar, 2022) and product traceability (Halo & al., 2010) can indeed, as mentioned in the theory et by all our interviewees, be considered as major industry trends. On the other hand, the e-commerce trend was hardly mentioned or emphasized by our contributors, but we believe this is partly due to the second limitation relating to the market type interviewed.

Regarding the implementation of a mixed strategy as an effective solution for following/responding to these main trends, we can assume that it is a partially efficient answer. In fact, as the interviewees pointed out, the implementation of a mixed strategy involves having a local strategy that allows them to focus on the sustainability of their supply chain, as well as emphasizing the traceability of their product. However, it is important to stress that this strategy is not a miracle solution to these trends, and that other actions need to be taken on the side to meet customers' growing expectations regarding these two concerns. When it comes to implementing a mixed strategy to meet the challenge of e-commerce, in contrast to the theory studied (Fornari, 2018), disinterestedness or implementation barriers regarding the analyzed market have been observed. We could also have cited the trend mentioned by two speakers highlighting the difficulty of finding skilled workers, or young talent, and keeping them within the company, but in our opinion this trend is more widespread and less specific to the FMCG industry than the one cited above. Nevertheless, we are well aware that these trends are not only present in the FMCG industry, but also in other sectors.

Finally, as far as the limitations of this work are concerned, we'd like to highlight the following.

Firstly, we'd like to mention the sectoral limitation. Indeed, this study was conducted on the basis of the FMCG industry, and its outcomes may not correspond to those of other industries for the same research topic. What's more, a fairly limited sample of FMCG companies were interviewed, mainly those actively involved in the food industry, so it's thus possible that tobacco or cosmetics companies belonging also to the broad FMCG industry may generate different findings and trends.

Next, we'd like to mention the geographical and market type limitations. As with the first limitation, only a certain number of companies were interviewed and analyzed. Firstly, although these companies are not all Belgian, they are all European, and the interviewees are all resident in Belgium. It is therefore legitimate to stress the geographical limitation, by mentioning the possibility that foreign companies (Asia, America, etc.) may observe different results and trends. As reiterated several times in the course of this work, a difference in business culture

and practice is noticeable, although in our view these differences have in recent years increasingly diminished as a result of increasing globalization. In addition, we'd like to point out that all the companies we interviewed are active in the B2B market, a parameter which also has its influence. The importance of the e-commerce trend has, in our view, been greatly diminished by the nature of the B2B market.

We'd also like to highlight the temporal limitation. Indeed, this work was carried out in the year 2023, and this temporal framework must be taken into account. Indeed, in this work, we are talking about trends, which are closely linked to temporality. What's more, certain outcomes of this work may no longer make sense if the temporal situation is not taken into account. For example, if transport costs or customs duties increase considerably, the financial benefit of sourcing abroad will lose much of its meaning.

The qualitative nature and the Hawthorne effect may also be considered as a limitation of this work. The Hawthorne effect consists in the fact that the behavior and responses of respondents may be altered when they are aware that they are being studied (Schwartz et al., 2013). In our study, perhaps participants would have been a little more critical of their strategy if they didn't know they were being studied.

Finally, other limitations can be mentioned, such as the variability of organizational structures affecting the supply chain of these organizations, or even the unwillingness to share sensitive information in an ultra-competitive environment.

7. Conclusion

In the framework of this thesis, an inductive case study was conducted within the FMCG industry to analyze the research question "Glocal Sourcing: How to combine Global and Local Sourcing". In order to conduct this inductive case study, a literature review on the subject was firstly carried out. Then, in order to extend the theory to this subject, four interviews were conducted and analyzed individually and between them through intra- and cross-analysis. Once the data had been aggregated, propositions were drawn up, discussed, and compared against the theory. The limitations observed or thought to exist were also listed.

Three main lessons can be drawn from this research. Firstly, using these new data, we were able to observe which advantages of each strategy, local and global, were mainly targeted by companies implementing a mixed strategy. These advantages can be summarized as access to a source not available locally, as well as price reduction in the case of global sourcing, and lead time reduction and complexity reduction in the case of local sourcing. In our view, this selection of advantages is not surprising: cost reduction makes sense within the FMCG industry, where competition is strong. What's more, given Belgium's geographical location, most raw materials are not available, so global sourcing for certain products seems unavoidable. Local sourcing serves here according to us to counterbalance the negative effects of global sourcing, and thus reduce lead time by reducing the complexity of one part of the supply chain. These advantages can also, in our view, underline the growing importance of glocal sourcing in a globalized economic environment, where companies are constantly seeking competitive advantages.

Then we've looked at the decision-making factors involved while setting up this sourcing strategy. It emerged that finding the balance point between the trade-off between agility and cost reduction, as previously explained in theory (Jin, 2004), is not complete enough when it comes to deciding on a procurement decision. In our view, and as demonstrated by the data we have collected, this trade-off is indeed not complete enough to be effective. That's why we suggested adding a third factor to the balance, which would be quality. As far as the nature of the product is concerned, we have found that it is one of the key factors in the decision-making process. However, the definition of the nature of a product can vary between practice and theory, with theory suggesting a differentiation between strategic and functional products. Finally, the factor that stands out as the most important to take into account when making a decision is the nature of the mission and its purpose. In our view, it is logical that this last factor should be one of the most important, as we believe it is important to consider the overall strategy

and final objective when setting up sourcing strategies. We believe that these decision-making factors can be considered by companies as recommendations that can be taken into account.

The third and last lesson deals with current and future trends in the sector. Regarding the latter, sustainability and traceability emerged as the most important. E-commerce, although present in the theory of this work, was not subsequently validated by the data collected. Other trends were also evoked in the data collected, such as the difficulty of finding qualified personnel, but in our opinion this trend is less a characteristic of the FMCG industry but more a general of today's industries. The data collected tended to validate the effectiveness of the implementation of mixed sourcing strategies as a response to these trends. However, we would like to mitigate this response by pointing out that, according to us, it constitutes a part of or an opportunity to respond to these trends but is not an answer as such.

Several limitations have been observed as well as assumed during the drafting of this work, such as sector, market or geographical limitations. In fact, only a small part of the industry was analyzed, namely the B2B food segment, and only respondents working in Belgium were represented. Other companies in the FMCG industry could therefore have different answers if they are active in a segment other than food, or in a market other than B2B. Foreign respondents may also have a different vision and strategy. Furthermore, we also observed temporal and data collection limitations in our case studies.

Academically speaking, we can consider this work as a contribution to the currently scant theory about glocal sourcing. By exploring the benefits, risks, decision factors and current and future perspectives, we have aimed to enrich the existing corpus of knowledge on the subject.

Finally, personally speaking, at the end of this study, we're convinced that the subject of glocal sourcing is only going to become more prominent in the coming years. Indeed, glocal sourcing fits in perfectly with the era of globalization, while at the same time offering an opportunity to create more flexible and sustainable supply chains. This study also opened our eyes concerning the decision-making complexity of implementing a sourcing strategy. To go one step further we think it would be interesting to carry out the same study, aiming this time at a comparison between the different segments of the FMCG industry between themselves, or even comparing one industry with another.

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9. Appendix

9.1. Interview Guide

General intro questions:

- Hello, first of all, thank you very much for accepting this interview. To begin with, could you give us a quick overview of the company you work for, the position you hold there and your main responsibilities?
- If I understand correctly, you are (partly) responsible for the procurement of specific raw materials or products. If you had to define your company's sourcing strategy, would you define it more as a local, global or mix sourcing strategy?
- What are the first benefits that come to mind when you talk about this sourcing strategy?

Local sourcing questions:

- If you were asked to evaluate the domestic side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?
- What is your plan to mitigate these risks? What is your strategy to respond to these challenges?

Global sourcing questions:

- If you were asked to evaluate the global side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?
- What is your plan to mitigate these risks? What is your strategy to respond to these challenges?

Glocal sourcing questions:

- What are the most important benefits of a local strategy and of a global strategy to capture when implementing a mixed strategy? Why do you think these benefits are the most important?
- What are the key drivers of your glocal sourcing strategy? If the nature of the product is one of these factors, what impact does it have?
- Where would you find the right balance between reducing sourcing costs with a global sourcing strategy while keeping the agility of local sourcing strategy?
- Can you give me an example of a successful project in which your company has effectively combined global and local sourcing to achieve its goals? What were the factors that contributed to this success?

General outro questions:

- How do you measure the success of your procurement strategy in your company, from a financial and business performance perspective?
- How do you stay up-to-date with industry trends and best practices in sourcing? What resources do you typically use to make informed decisions about your sourcing strategy?
- What do you think are the major trends in the FMCG industry today and how would you judge your sourcing approach in relation to these major trends?
- Finally, if for the future you have to underline some factors that will have a strong influence in your sourcing strategy what will these factors be according to you?

9.2. Interview 1 – Barry Callebaut Group

This interview was conducted on May 12, 2023. The interview has been conducted in English. Mr. Gupta chose not to be recorded, therefore answers to questions are transcribed based on notetaking.

ND: Nicolas Deblander

SG: Sumit Gupta

[Presentation of thesis topic and personal presentation, request for recording.]

ND: *Hello, first of all, thank you very much for accepting this interview. To begin with, could you give us a quick overview of the company you work for, the position you hold there and your main responsibilities?*

SG: Mr. Gupta first told me that it was a pleasure for him to answer this interview, and then explained that he was currently working for the Callebaut company, which is active in the production of various types of finished and unfinished products, mainly chocolate based. He currently holds the position of planning manager for the Barry Callebaut Group's Belgian department in Wieze. He has held this position for a little more than a year now and has previously held other supply chain-related positions in other industries, such as the automotive industry within Bridgestone (tire company), where he started out, but also in the textile industry with a position at Levi's, for example. He defines his role as being responsible for the short-term planning of several production lines in Belgium (Halle manufacturing factory).

ND: *If I understand correctly, you are (partly) responsible for the procurement of specific raw materials or products. If you had to define your company's sourcing strategy, would you define it more as a local, global or mix sourcing strategy?*

SG: He is not directly responsible for purchasing these raw materials, but his work is closely linked to it. He is also in frequent contact with the team in charge of purchasing. He will repeat several times

during this question that in his opinion "at the end of the day, everything is connected" and that it is important to have a good overview. Regarding the sourcing strategy, he began by insisting that Callebaut was trying to have as local strategy as possible, but that if he had to define the company's strategy, he would have to use the terminology "mix". He also defined the term "local" as including not only Belgium, but also countries close to Belgium and even the whole of Europe, and "global" as including countries further afield.

ND: What are the first benefits that come to mind when you talk about this sourcing strategy?

SG: Here, Mr. Gupta again insisted that they were aiming for a strategy of sourcing as locally as possible, but that this wasn't always possible, so mixed sourcing was an inevitable end in itself.

ND: If you were asked to evaluate the domestic side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

SG: The main benefit according to Mr. Gupta is that it reduces complexity, it also reduces the level of stock required as it greatly reduces leadtime. In addition, he adds, there is a big impact on the carbon footprint of the supply chain. He also points out that quality can be assured by sourcing locally, as in the case of Belgian sugar, for example, with which he is certain of the product's good quality. The risks and challenges he mentions in this local category are mainly the non-availability of all products locally, as with the example that cocoa beans don't grow in Belgium.

ND: If you were asked to evaluate the global side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

SG: As far as the global sourcing is concerned, the main benefits for him was the price, which is generally much lower outside Europe. However, he points out that this can sometimes be misleading, as transport costs can be much higher. Lead times are also much longer and less certain. For example, in a situation where the quality of the product is not as agreed, the procedure for returning the product is much longer and more complex than locally.

He also underlines the increasing complexity of equipment, for example, by highlighting the example of pallets on which products are sent and which are not always compatible with the Belgian equipment.

He will point out, however, that for products with a long shelf-life, if the strategy is not geared to reducing stock, it was still worthwhile to make savings thanks to global sourcing on the one hand, which is generally accompanied by economies of scale (larger orders) on the other.

As a benefit, he also points out that some product sources are only available in certain parts of the world, and that parts for their supply chain (machinery), for example, also come from the four corners of the globe.

In terms of risk, he adds that certain geopolitical situations can greatly affect global supply, quoting the example of the Ukraine war (raw materials coming from the Ukraine and disruption of the European transport system).

ND: What are the most important benefits of a local strategy and of a global strategy to capture when implementing a mixed strategy? Why do you think these benefits are the most important?

SG: It depends on the industry in question, and even within the FMCG industry it depends a lot. For Callebaut, for example, the big advantages of local sourcing to be captured is the quick leadtime for products that don't have a long shelf-life. It's also very important for us to capture the carbon footprint reduction aspect of local sourcing, because it's part of the objective and DNA of the company.

As for the most important benefits to be captured in terms of global sourcing, in our situation this means the availability of sources. If, for example, a product is not available locally, the main benefit will be to obtain this potential source.

ND: What are the key drivers of your glocal sourcing strategy? If the nature of the product is one of these factors, what impact does it have? And how do you find the right balance between reducing sourcing costs with a global sourcing strategy while keeping the agility of local sourcing strategy?

SG: According to Mr. Gupta, the main benefits of implementing this mixed strategy are to reduce complexity by sourcing good quality local products with generally shorter lead times, while still being able to source certain products that are not available locally, and to make certain savings on certain products that are much cheaper internationally. At Callebaut, however, the aim is to do as much as possible locally in order to get closer to a JIT strategy.

In this situation, the nature of the product is indeed very important, according to Mr. Gupta, in fact, products that are not available locally will be the first candidates for global sourcing. In addition, products with a longer shelf-life, and for which quality is generally assured, can also be sourced globally to save costs. On the other hand, if the storage costs for a particular SKU are very high and it can also be sourced locally, then this is a more interesting option.

As for the right balance between reducing costs and maintaining an agile, JIT approach, Mr. Gupta replies that it mainly depends on the nature of the mission. Some situations lend themselves more to agility, for example when orders can be placed for special occasions (increased Easter chocolate), and conversely on fixed quantity contracts, it's then more possible to concentrate on reducing costs, while reiterating that the objective at Callebaut is to achieve maximum local sourcing and agility.

ND: How do you measure the success of your procurement strategy in your company, from a financial and business performance perspective?

SG: When it comes to measuring the financial and business performance of their sourcing strategy, Mr. Gupta knows that different KPIs are in place, as in most companies.

He also knows that the performance of suppliers (both local and global) is evaluated, and that actions are taken in case of poor results, such as setting up a safety stock for the least reliable. They also try to improve the flow of information between themselves and their suppliers.

ND: How do you stay up-to-date with industry trends and best practices in sourcing? What resources do you typically use to make informed decisions about your sourcing strategy?

SG: To this question, Mr. Gupta wasn't really sure how to answer, but did explain that research was carried out on their side. Product quality is also constantly evaluated and questioned if necessary. Similarly, lead times are analyzed and compared.

ND: What do you think are the major trends in the FMCG industry today and how would you judge your sourcing approach in relation to these major trends?

SG: The main trend, he says, is sustainability, which is a key point on the business agenda nowadays. The demand for more local products is on the rise. Agriculture can also raise many problems (especially in certain regions of the world, such as palm oil), and on the one hand, customers' awareness is becoming more and more affected by the impact of sustainability. On the other hand, he insists that this should not only be done for customers, but simply to take care of the environment, and that it is important for him that this is written into the company's DNA.

He insists that at Callebaut they are very focused on following the latest environmental guidelines, and even going beyond them generally. They also try to have the best traceability of their products, from production to recycling, with a special emphasis on the latter, which Mr. Gupta says is too often forgotten.

He also insists that nowadays, with social networking, every scandal has a greater impact, as the visibility of end customers has been greatly increased.

ND: Finally, if for the future you have to underline some factors that will have a strong influence in your sourcing strategy what will these factors be according to you?

SG: He believes that natural factors will have the biggest influence in the future.

He insists that companies should aim for the highest possible efficiency and stresses the importance of cash flow, citing the example of the Suez Canal, which was blocked by the Evergreen freighter a few years ago.

He also points out that natural events such as COVID-19 demonstrate the increasing variability of demand in the future, and underlines Callebaut's objective of moving more and more towards a JIT

strategy. He closes with one of his future perspectives of having a sourcing of approximately 70% local and 30% global.

[Acknowledgement and closing of interview]

9.3. Interview 2 – Bakbel Europe SA

This interview was conducted on June 20, 2023. The interview has been conducted in French and then translate in English.

ND: Nicolas Deblander

LC: Laura Capel

[Presentation of thesis topic and personal presentation, request for recording.]

ND: *First of all, thank you very much for accepting to answer this quiz. To begin with, could you give us a quick overview of the company you work for, the position you hold there and your main responsibilities?*

LC: My name is Laura Capel and I'm currently Supply Chain & Purchasing Manager at BAKBEL in Seneffe. BAKBEL is a company that produces ingredients for the patisserie industry, mainly fruit preparations and glazes. As far as my position and responsibilities are concerned, I'm currently in charge of a team of 5 people. We're responsible for purchasing raw materials, by which I mean placing orders, as well as negotiating contracts with suppliers. We're also responsible for organizing transport for the company, part of the invoicing process, the entire production schedule, but we also have to ensure compliance with food legislation on a daily basis.

ND: *If I understand correctly, you are (partly) responsible for the procurement of specific raw materials or products. If you had to define your company's sourcing strategy, would you define it more as a local, global or mix sourcing strategy?*

LC: So yes, I'd indeed describe our strategy as a mix strategy, but it depends mainly on the raw materials we are talking about. On our side, we mainly buy fruit from Europe, but also for example from Canada We also try to buy as "local" as possible, depending on how you define "local", but in the end we try to develop our portfolio with as many Belgian and European suppliers as possible.

ND: *What are the first benefits that come to mind when you talk about this sourcing strategy?*

LC: The first thing we look at at Bakbel is neither price nor provenance, but the quality of our products. In a way, we're selling premium products, which we'll also be selling in the future at quite consequential prices, so the focus for us here is really on the quality of our raw materials. The fact that we have a mix

strategy enables us to seek out the best possible quality for each product. The certifications of our raw materials are also very important to us, so the primary benefit is really quality.

ND: If you were asked to evaluate the domestic side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

LC: The main benefit of local sourcing is definitely the leadtime. Proximity with suppliers also significantly reduces transport times. From this reduction the reactivity with local suppliers is also much better, for example if we must make a return of raw materials for one reason or another, such as quality or an error, this is generally much easier and quicker with local suppliers.

The potential service provided can also in some case be an advantage for local suppliers. For example, for some, proximity makes it easier to negotiate delivery schedules. However, on the other hand, the big risk is that prices are generally higher locally than in other European countries, at least for many fruits.

ND: What is your plan to mitigate this risk? What is your strategy to respond to these challenges?

LC: What we mainly do is a comparison of prices between different suppliers, whether local or abroad. But as I told you earlier, price isn't the number one priority for us, so when we make this comparison, we also take other parameters into account, mainly quality, but also the MOQ, which is the minimum amount we have to order when placing an order, or service, and so on. So it's a question of balancing the risk of paying a higher price than abroad, and this risk is only taken if we also benefit from it, i.e. mainly better quality, or other advantages that bring us added value and therefore justify the decision to pay a higher price.

ND: If you were asked to evaluate the global side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

LC: The main advantage of global sourcing are clearly the prices, which are generally lower abroad than in Belgium. We can also highlight the accessibility of the products. On our side all our raw materials are not always accessible from Belgium.

The risks are mainly, I'd say, sometimes poorer service, as discussions aren't always as easy and relationships aren't always as long or as close then with closer supplier, the service level is sometime lower. We also have more frequent quality problems with our global suppliers, as quality standards are sometimes less clear or close to those from Belgium. In that case it always more complicated to the next actions.

ND: What is your plan to mitigate these risks? What is your strategy to respond to these challenges?

LC: What we do is, as I explained in the other question, we make a list of potential suppliers and their prices, and we also look at other factors such as quality, MOQ and the services they can offer us. If we have any doubts about a supplier who could offer us a good price, we carry out a test on their products

(to see the quality) as well as on the way they operate. If our tests are conclusive in comparison with our grid of criteria, we can validate this supplier and take maximum advantage of them.

ND: What are the most important benefits of a local strategy and of a global strategy to capture when implementing a mixed strategy? Why do you think these benefits are the most important?

LC: With our mixed strategy, we're really trying to take the benefits from each strategy while reducing the risks. For local products, it's mainly leadtime and quality, and for global products, it's mainly price. Each benefit that can be drawn is mainly linked to the sector of activity, the types of raw materials and above all to the objective we set ourselves, for example whether we want to compete on lowest price or whether we want to compete on quality. In my opinion, however, it's important in all business situations to diversify and adopt a mixed strategy in order to remain competitive.

ND: What are the key drivers of your glocal sourcing strategy? If the nature of the product is one of these factors, what impact does it have?

LC: As I said, quality is our key driver. We are mainly looking for quality products with high added value. So glocal allow us to get the best products locally and globally. But yes quality remains our key drivers. The nature of the product can indeed also be a factor, if for example we know that we can find the same quality on a product abroad as here but with a lower cost abroad, this source will be privileged, it's just in my opinion very important to observe the TC and not only on the unit price of the product. It seems stupid to say but it's important.

ND: Where would you find the right balance between reducing sourcing costs with a global sourcing strategy while keeping the agility of local sourcing strategy?

LC: It all depends on the product, but if, for example, we find a raw material at a very attractive price and quality, but where the leadtime is longer and therefore less agile, we'll take on more stock to cover ourselves. However, we must obviously take into account storage costs as well as the shelf life of these raw materials, so the balance must be done here between the profits we've made on higher purchase prices and the cost of storage.

ND: Can you give me an example of a successful project in which your company has effectively combined global and local sourcing to achieve its goals? What were the factors that contributed to this success?

LC: Yes, of course, for example, in the past we mainly bought all our blueberries from Canada because prices were much higher in Europe for a not particularly better quality. This competition enabled us to reduce our costs considerably compared with buying in Europe, and then we noticed that prices started to drop in Europe (law of supply and demand). By introducing this competition, we were able to reduce

our costs in Europe, which we use in a more spot way, as it's still a little more expensive, but very practical as it reduces leadtime.

ND: How do you measure the success of your procurement strategy in your company, from a financial and business performance perspective?

LC: To verify the success of our sourcing strategy, we look at the financial side of our profit margins. For the moment, our products are selling well at prices that allow us to make a profit, so our strategy is being correctly followed, which is to produce with better quality than our competitors. On a more business level, we also regularly evaluate our suppliers on the basis of a long list of criteria. This allows us to make better future decisions on our current supplier, renew or not the contract, continue to order here or there but also to evaluate our supplier selection criteria.

ND: How do you stay up-to-date with industry trends and best practices in sourcing? What resources do you typically use to make informed decisions about your sourcing strategy?

LC: To stay up to date, it's important to have relationships and a great deal of communication, especially with suppliers. When we build up a relationship of trust with suppliers, we can gain a great deal of information on market trends, enabling us to make the best decisions later on. For example, if a supplier informs us at the start of the season that, for one reason or another, a raw material will be produced in smaller quantities, we'll try to stock it to avoid shortages or having to pay a high price for it.

ND: What do you think are the major trends in the FMCG industry today and how would you judge your sourcing approach in relation to these major trends?

LC: The main trend, not just in the FMCG industry but in all industries, is that we're going more and more for local products. In my opinion, it's essential to find the right balance in our strategy to reduce our ecological impact as much as possible, while not forgetting to remain competitive in the general market.

ND: Finally, if for the future you have to underline some factors that will have a strong influence in your sourcing strategy what will these factors be according to you?

LC: In my opinion, the price of raw materials is the sinews of war, and always will be in the future. If, for example, transport costs rise dramatically, it will be more profitable to focus exclusively on local sourcing. For instance, even us who focus mainly on quality aren't prepared to pay a certain price because we know that the end product won't sell if we want to charge a higher purchase price.

I also think that the end-consumer's awareness for more local products will also have an influence on future strategies. Even us, who are only active in B2B, are feeling more and more the demand for more local products from end-customers to our direct customers. In this idea of local consumption, end customers and therefore our customers are more and more demanding in traceability of our raw

materials, but on this point, we are already trying to include it strongly in our strategy to be able to sell a processed product with all its certifications (halal, vegan, etc.).

[Acknowledgement and closing of interview]

9.4. Interview 3 - Lantmännen Unibake

This interview was conducted on July 26, 2023. The interview has been conducted in English.

ND: Nicolas Deblander

YC: Yves Claes

[Presentation of thesis topic and personal presentation, request for recording.]

ND: First of all, thank you very much for accepting to answer this quiz. To begin with, could you give us a quick overview of the company you work for, the position you hold there and your main responsibilities?

YC: So I'm working for Lantmannen Unibake, which is a cooperative organization owned by 27,000 Swedish farmers. We have a couple of pillars, and I work for one of them Unibake. Unibake specializes in anything concerning bake-off products for the bakery industry, such as baguettes, croissants, and other baked goods. The pillars include things like harvesting, biofuel, machinery, and other related areas, but I'm only responsible for Unibake. The headquarters of Unibake is in Denmark due to well-drawn reasons. So, it's organized in clusters, and I work for the BENEFRITS cluster, which includes Belgium, Netherlands, France, Italy, and Spain. In this cluster, I'm responsible for everything related to the supply chain. It's a position that lies somewhere between global and local sourcing. It has become a more relevant topic in recent months as we are now focusing on category management for the procurement of certain items. Just for a bit of history, six years ago, we had a huge fire in Belgium, and one plant burned down. So, we had a few years where we needed to rebuild our factories, and the focus was there during that time. Then came Corona, and then there was the war, so there were multiple challenges. But now, things have stabilized, and we can start working again on topics like the ones you're interested in as well.

ND: If I understand correctly, you are (partly) responsible for the procurement of specific raw materials or products. If you had to define your company's sourcing strategy, would you define it more as a local, global or mix sourcing strategy?

YC: At the moment, the real basis of our strategy is to promote entrepreneurship at the country level. We aim to have a strong local presence in each country or at least within each cluster. Global strategies are also considered, but the primary focus is on fostering local entrepreneurship. We are currently exploring the balance between global and local sourcing. We want to identify where it makes sense to

source globally and when it's more beneficial to continue with local sourcing. The key factor we consider is the value it brings to the organization.

ND: If you were asked to evaluate the domestic side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

YC: So, although the local one, for example, if you, it will be... it's about ownership, it's about connection with your supplier, it's about... it's about service. So, I think it really depends on what type of supply or what type of flow, what type of product you're actually sourcing, okay? But you should go globally or you should go locally based on the projects.

ND: What is your plan to mitigate this risk? What is your strategy to respond to these challenges?

YC: Yes, so financial laziness, that's something which can be a danger. So that's definitely, I think, the biggest danger. And also, knowledge. Knowledge is combined, your financial laziness can come out of the knowledge and because... but now, being locally is also really investing also into local more and more. It's related to knowledge, and knowledge on each level, locally, regionally if you want, something in between, and globally, okay? It's quite okay locally also, it doesn't say they want to also have the full knowledge there because it mainly made very often of people who are in operations in... and operations also combine these kinds of tasks. So we definitely may need to make sure that there is a right knowledge and focus on based on the procurement. We have a couple of things in, first of all we have a consultancy company now, which is guiding us, to choose from a tender list. It's very strict tendering, focusing on the big buckets, on the big suppliers, where we have now 24 months horizon. But only for the big buckets and also reporting, we have continuously reported on concerning market evolution.

ND: If you were asked to evaluate the global side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?

YC: Yes, it's also about knowledge because there are some things which can bring economics of scale, actually economics of scale it's the most important. So that definitely can bring some benefits. Also price of raw materials of course. On the risk side we often have a lower service level. Nevertheless, availability of products on the local market is no issue. We can find everything we want from the local markets or via local procurement, but then it's mainly related to the economics of scales. It's the volume that drives there.

ND: What is your plan to mitigate these risks? What is your strategy to respond to these challenges?

YC: It's really about leveraging supply in situations we had over the last years. There were a lot of shortages in the market, in different kinds of markets, on the level of raw materials, packaging, and even sometimes truck drivers. With global strategies, you are much more close to the general market and its disruptions, so here it's really about leveraging the volumes. To mitigate those risks, we've put in place

multi-level sourcing, e.g., dual sourcing, triple sourcing (geographically spread), to avoid a maximum of shortages.

ND: What are the most important benefits of a local strategy and of a global strategy to capture when implementing a mixed strategy? Why do you think these benefits are the most important?

YC: For global sourcing, it will really on products that are sourced at a high volume level with the economics of scale in mind. At the end, it's about leveraging the advantages of large quantities. For local products, it will be more about products where the service linked to it is really important for us.

ND: What are the key drivers of your global sourcing strategy? If the nature of the product is one of these factors, what impact does it have?

YC: I think it's two things, or actually three things: the nature of the product, the volume needed, and the value. The importance of the service also links to the product. Some products are very easy to source globally, like flour or electricity; they are things that are more easily sourced globally. If you want to buy pallets, it's also something that you can source quite easily. But if you start going to things that can directly impact your service level on the level of the supply chain, like transport, it becomes much more difficult.

ND: Where would you find the right balance between reducing sourcing costs with a global sourcing strategy while keeping the agility of local sourcing strategy?

YC: So, here, if you are talking about the agility needed to react to demand variation, it can be covered in the contract, even if it's a global contract. And if you work with multi-level sourcing, you also have some buffer to work with. In our case, for the products we source globally with multi-level sourcing, agility is not really an issue. Also, because of our very high volume, it's more easy to level out the peaks or unexpected surges. So, according to me, it's really possible to achieve some agility while doing global sourcing. In both situations, global and local, there can be agility or the opposite.

ND: Can you give me an example of a successful project in which your company has effectively combined global and local sourcing to achieve its goals? What were the factors that contributed to this success?

YC: On the transport level, it's definitely visible because container transport is something that you can source better globally due to its huge volume and the larger market availability. However, when you get closer to the end, especially the last miles of distribution, it's more beneficial to let your plants work locally with local transport. So, here, the aim of global transport was cost reduction, and the aim of local transport is better service and more agility.

ND: How do you measure the success of your procurement strategy in your company, from a financial and business performance perspective?

YC: It goes through a lot of KPIs, but also on warehousing and supply chain, we have what we call a cost to serve (CTS) model where you definitely see what the impact is, and how your market cost price has an impact on your CTS. This cost to serve is something we evaluate on a monthly basis. And also, it's about tracking KPIs, such as cost per pallet for transport lanes, where you can also see evolutions and evaluations of all the tenders we do.

ND: *How do you stay up-to-date with industry trends and best practices in sourcing? What resources do you typically use to make informed decisions about your sourcing strategy?*

YC: There is what I said in the beginning. We are now starting to approach sourcing with category management. So, it's good that the global organization can bring more knowledge to the local organization. And then, secondly, as I said, we are still in the journey of becoming more and more mature at this level. We also now work together with a consultancy company that is guiding us through the best processes.

ND: *What do you think are the major trends in the FMCG industry today and how would you judge your sourcing approach in relation to these major trends?*

YC: Sustainability is a really big topic for us. As a Swedish company, it's very high on our agenda, and it's a top priority. Trustability and service level to our customers have always been super important, but at the level of sourcing, the trustability of our suppliers is becoming more and more critical. Another trend we are witnessing is the fight for good employees, and there is a big shift in focusing on HR and employee branding. We emphasize focus on training and retention, which are becoming more and more important. It's not just about compensation, but also about the content of the work, career planning, open possibilities, and similar factors. Additionally, there is a trend towards more integration with our customers in the B2B space. We are trying to increase the number of IDE connections to automate processes, especially in forecasting. We are actively starting cooperation with retailers on that level.

ND: *In the literature on trends in the FMCG industry, e-commerce is a recurring trend. Do you, in your industry, feel this trend?*

YD: As we are in the B2B market, we are not really in the business of having a final product that could be sold to the final customer on an e-commerce level, so not really. If the products eventually go through a retailer, then they could be sold in e-commerce. But for the moment, we don't really have a lot of interaction with the end customer. So we don't really feel the effect. Also, for low-value products, e-commerce comes with a cost, and as our products have very low value density, it's not in the current scope.

ND: *Finally, if for the future you have to underline some factors that will have a strong influence in your sourcing strategy what will these factors be according to you?*

YC: Here, the biggest topic on the level of procurement that we are now dealing with, and that we will have to deal with in the future, is the unpredictability of certain costs, such as raw materials, fuel, or energy. In the last months and years, we've always seen huge fluctuations, and it's very hard to set up good procurement because you continuously need to compare apples with apples. Now, you are very often in this more complex system where you work with a fuel floater or where you work with electricity floater, among other things.

[Acknowledgement and closing of interview]

9.5. Interview 4 – Upignac Groupe

This interview was conducted on July 27, 2023. The interview has been conducted in French and then translated in English.

ND: Nicolas Deblander

MP: Michel Petit

[Presentation of thesis topic and personal presentation, request for recording.]

ND: *First of all, thank you very much for accepting to answer this quiz. To begin with, could you give us a quick overview of the company you work for, the position you hold there and your main responsibilities?*

MP: My name is Michel Petit, and I am the founder of the Upignac Group. Within the Upignac Group, there are three quite distinct branches. First, there's Upignac, which specializes in the transformation of foie gras, duck, and similar activities. Then, there's EVH, a company more focused on fruit juice manufacturing. Finally, the third company is Ardenne Volaille, which specializes in the slaughtering, cutting, and marketing of high-quality poultry, you could say. I'm not sure which one of the three you would like to focus on, but perhaps the third one is most relevant for your work. On a daily basis, I am mainly involved with Ardenne Volaille, while my sons take care of the day-to-day operations of the other two companies, though I still know them inside out. For Ardenne Volaille, I serve as the CEO of the company. We have around thirty breeders who work with us to supply high-quality chickens. These chickens are of a differentiated quality, have a longer lifespan than typical chickens, and account for over 90% of our Belgian production. They are also allowed to roam outdoors. Additionally, we have another supply chain for BIO chickens, where we work with about fifteen breeders. The process is similar, except here the feed is BIO.

ND: *If I understand correctly, you are (partly) responsible for the procurement of specific raw materials or products. If you had to define your company's sourcing strategy, would you define it more as a local, global or mix sourcing strategy?*

MP: For the chickens, it's 100% local, but when it comes to the raw materials for their feed, there is a portion that comes from Belgium and another portion that comes from abroad due to technical reasons. As for the fruit juices, all the apples and other fruits come from Belgium, except for the ginger, which is sourced from abroad. However, the packaging, the push-up container itself, comes from France. Regarding foie gras, the raw material is sourced from abroad, and the transformation is done exclusively in-house.

The most mixed strategy, in my opinion, would be for Ardenne Volaille. 100% of the chicks come from a Belgian, specifically Walloon, hatchery located in Andenne. So, in this aspect, it's very local. As for the sourcing of raw materials for their feed, for the regular chickens, the cereals and maize come from Belgium or France, making them geographically close. However, there is another important raw material, which is soy, that comes from farther away, mainly from other continents. The feed formula is 1/3 soy, 1/3 maize, and 1/3 cereals. So, it's a mixed sourcing approach with a stronger emphasis on local ingredients.

ND: *What are the first benefits that come to mind when you talk about this sourcing strategy?*

MP: I would say the aspect of a significant local portion in our supply chain, as well as a certain emphasis on healthiness.

ND: *If you were asked to evaluate the domestic side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?*

MP: So, the main risk in this business is avian flu. I don't know if you've heard of avian flu before? To protect ourselves from this risk within Wallonia, as part of our local strategy, we strongly diversify our farms. We don't concentrate everything in one place; instead, we have spread them across various regions, from Hainaut to Luxembourg and the provinces of Liège and Namur, covering different corners of Wallonia. Despite the presence of avian flu in Wallonia, we have never had it in our chickens. The risk is also diversified at the level of the breeders for the raw materials. Since we have thirty breeders, losing one has never had a significant impact. There's a small regular rotation of 5 to 10% renewing each year. On the bright side, we have a great potential for growth as our breeders are quite satisfied, allowing us to easily increase their number. Another risk is that, with a significant portion being sourced locally, we might be more expensive for certain raw materials compared to getting them at a very low price from another continent. For example, cereals are something that can be easily transported by boat without incurring exorbitant costs. However, this ensures that we have quality products with known origins and treatments, even if there is a slight risk of a higher cost. On the other hand, this local aspect allows us to work with a less complex supply chain, reducing the need for extensive storage and significantly shorter transportation times.

ND: *What is your plan to mitigate this risk? What is your strategy to respond to these challenges?*

MP: So, the plan to mitigate these risks is to distribute the operations geographically, working with different suppliers and implementing very strict sanitary standards. We are closely monitored by the AFSCA, and as such, our sanitary measures are extremely rigorous.

ND: *If you were asked to evaluate the global side of your sourcing, what would be the main benefits that come to your mind? What are the main risks you would like to highlight as potential challenges?*

MP: The advantage of a global approach, in general, is that prices tend to be lower. However, the risk arises when, for instance, there is a war in Ukraine, and the prices of cereals also rise, so in the end it doesn't make much difference. Our true advantage in pursuing a global supply chain, and the reason behind it, is to access sources of products that are not available locally. As I explained earlier, this is particularly important for the soya, which represents 30% of the raw materials in the feed for our chickens, even though they are raised in Belgium. So, it's a matter of necessity.

ND: *What is your plan to mitigate these risks? What is your strategy to respond to these challenges?*

MP: /

ND: *What are the most important benefits of a local strategy and of a global strategy to capture when implementing a mixed strategy? Why do you think these benefits are the most important?*

MP: From our perspective, emphasizing our local strategy has been crucial, especially from the viewpoint of the Belgian consumer. Being strongly local is a significant marketing advantage for us. For example, there is a higher cost for sourcing day-old chicks locally from a small Belgian hatchery compared to larger European hatcheries that offer cheaper options. However, we chose to place our trust in the local hatchery, and this decision is clearly driven by marketing considerations, even if it means higher expenses. This strategic choice has proven to be rewarding for consumers. On the other hand, the advantage of our global approach, as I mentioned before, lies in accessing product sources that are not available in Belgium.

ND: *What are the key drivers of your global sourcing strategy? If the nature of the product is one of these factors, what impact does it have?*

MP: Within the context of Ardenne Volaille, indeed, the nature of the product is one of the determining factors. For instance, when we source products globally, it is because they are not available everywhere in the world and not especially in Belgium. Take the example of EVH (juice branche); here, we consider the nature of the products as well, as we purchase the packaging from abroad since it doesn't spoil and takes up less storage space when still empty.

ND: *Where would you find the right balance between reducing sourcing costs with a global sourcing strategy while keeping the agility of local sourcing strategy?*

MP: Finding the right balance for us hasn't been complicated. We prioritize quality above all else, and we are fully aware that some of our products might be more expensive than what's available in the global market. But that's all part of our strategy, and it gets reflected in the final price. So, here, the balance you mentioned leans more towards agility, while, of course, still paying great attention to maintaining high product quality.

ND: *Can you give me an example of a successful project in which your company has effectively combined global and local sourcing to achieve its goals? What were the factors that contributed to this success?*

MP: That's exactly what I was talking about, the implementation of our feeding plan. Currently, sourcing day-old chicks is entirely local, and for the hatchery, if we were to access export markets - I forgot to mention that 95% of our revenue is from the Belgian market, but our growth is set to happen through exports. We are currently in the process of prospecting and expect to secure our first contracts for September 2023 in Germany, which could represent 15 to 20% of our revenue. Similarly, we are working towards expanding our presence in the Netherlands, where we currently have a small percentage, aiming to reach 20 - 30% of our revenue. Our projection for the next three years is a 50% increase in revenue, primarily driven by our focus on exports. To support this growth, we have made a significant investment of 14 million in a new abattoir, allowing us to increase our weekly chicken production from 60,000 to 125,000, effectively doubling our output. While these numbers may seem significant in terms of chickens per week, it is modest compared to what larger European abattoirs achieve. Nevertheless, we consider ourselves a small operation with 120 dedicated personnel, and these investments are pivotal in our quest for expansion. In fact, we have already submitted a new request to further increase production from 125,000 to 250,000 in the next 4-5 years. Additionally, on the international front, I forgot to mention that we are making good progress with Halal products targeting Dubai and other countries in the Gulf region. At that stage, our chickens are sent in frozen containers.

ND: *How do you measure the success of your procurement strategy in your company, from a financial and business performance perspective?*

MP: From a financial standpoint and purely in terms of commercial performance, going local has certainly proven to be rewarding. The differentiation in the quality of our chickens, with lower stocking density during the rearing period and the ability for the chickens to roam outdoors, allows us to sell our chickens at a higher price. Initially, it was a real challenge as we had only a 1% market share in Belgium. However, now, with significant clients such as Colruyt, Carrefour, and Delhaize, we have managed to capture between 3 and 10% of their chicken volume. This has been notably effective for us. We are active in two B2B markets: firstly, towards the retail sector, which accounts for 70% of our volume, and secondly, there is 30% of our volume that is sold to wholesalers, who then supply restaurants and butcher shops (around 400-500 restaurants and butcher shops).

ND: How do you stay up-to-date with industry trends and best practices in sourcing? What resources do you typically use to make informed decisions about your sourcing strategy?

MP: To achieve this, we actively participate in various organizations. For instance, we are part of the AVICOL network in Wallonia, which convenes periodically and provides us with valuable information. We also maintain strong connections with the French poultry industry, both for BIO products and differentiated chicken. This allows us to access a wealth of information and insights. Additionally, we make sure to be present at major international trade shows, both upstream and downstream. For commercial reasons, we attend exhibitions like the CIEL in Paris, held every two years, and the NOUGGAT, which also takes place biennially. These events are crucial for networking and staying updated with industry trends and developments.

ND: What do you think are the major trends in the FMCG industry today and how would you judge your sourcing approach in relation to these major trends?

MP: Based on these significant trends, I believe our approach is effective. Let me give you an example: Tomorrow, not Friday, we have a visit from a person who supplies approximately 30% of the major supermarkets and wholesalers in the Netherlands – a very large local supplier. While the Dutch are highly proficient in agriculture, what interests them is our different approach with smaller suppliers and a smaller abattoir exclusively specialized in premium chicken. They couldn't easily replicate our strategy because their production volumes are too large for smaller suppliers, and they must stop the production line between two lots, involving 50 to 200 workers for about fifteen minutes, which becomes cost-prohibitive. However, the major trends we have observed include a consumer demand for more locally sourced products and an increased interest in knowing the origin of the chicken they consume – from the rearing of the chick, its feed, growth, and slaughter until it reaches the consumer's plate. During the COVID-19 pandemic, we witnessed a very positive trend for such premium products, as consumers also favored more local consumption. Additionally, the cereal crisis with soaring prices and other general product crises, such as energy, affected consumer purchasing power, leading to a drop in high-end products, but not insignificant drops – about 20 to 25%. As wages were indexed, the important cost increase was restored, and gradually, our volumes started to rise again from February, March, and April until reaching pre-COVID levels. The market for BIO and premium products is closely linked to the purchasing power of the end consumer. Regarding e-commerce, we did give it a try, but for the type of products we offer, it is less justifiable due to the complexities of maintaining the cold chain when delivering directly to individual customers. However, our wholesale clients engage in e-sourcing, placing their orders via the internet. Our products are not very suitable for direct e-commerce due to logistics, especially the cold chain. However, we are concerned about this trend as we strongly believe in e-commerce. We anticipate that someone with a sufficiently broad product range will eventually enter the market and execute it effectively. In informal meetings with large distribution players, this is also

one of their concerns – that intermediaries could be sidelined in the implementation of e-commerce, and a product range might bypass them. We have seen some of them venture into this field in recent years, such as Colruyt with their "collect and go" concept. As it stands, we already deal with them as we deliver to Colruyt, who acts as an intermediary between us and the customers. It would be fantastic for us if we could do it without involving them because that would save us 30 to 40% of margins.

ND: Finally, if for the future you have to underline some factors that will have a strong influence in your sourcing strategy what will these factors be according to you?

MP: I think there are many challenges ahead. Firstly, it's crucial to have excellent control over raw materials, their costs, and the security of supply. As competition intensifies, companies, regardless of size, will need to be highly efficient to limit barriers to entry. Another significant challenge is to ensure the well-being of our workforce, as having skilled workers in the future is fundamental. Nowadays, being good is not enough; we must strive for excellence in all aspects, including personnel management, procurement, and production processes. Everything is moving rapidly, and the pace of change is accelerating. Our retail and wholesaler buyers are extremely demanding because their own customers expect nothing less, given the fierce competition. To meet these expectations, we must be hyper-efficient and, above all, passionate because excellence cannot be achieved without passion.

[Acknowledgement and closing of interview]

9.6. Intra-case analysis summary

Company	Barry Callebaut Group	Bakbel Europe SA	Lantmännen Unibake	Upignac Group
Sector & Market	FMCG FOOD – B2B	FMCG FOOD – B2B	FMCG FOOD – B2B	FMCG FOOD – B2B
Evaluation of local sourcing strategy	Reduce operational complexity → Lean production (+ JIT). Reduced inventory, workload, and carbon footprint. Good quality assured. Not all products are available.	Main benefit → reduction in lead time and greater responsiveness. Also increase in service	The main benefits are ownership, connections/relations with the supplier and the potential availability of the service they may offer. The main risks are lack of local knowledge and potential financial laziness.	The main advantage of local sourcing is product quality, and from a marketing point of view it's also very interesting. In addition, the supply chain is less complex, requiring less storage and shorter lead times. Two major risks: higher raw material and production costs, and higher risk of disease due to proximity.
Evaluation of global sourcing strategy	The most important driver is access to available sources. Prices are often lower, but attention must be TC of product. Business customs constraints. Depends on the geopolitical situation.	Price as first advantage, highlighting the availability of certain products not available locally. Poorer service and more regular quality problems	The main advantages are the economies of scale achieved by ordering large volumes. Raw material prices are also lower. The main risks, however, are unawareness of local realities, lower service levels, and market disruptions due to geopolitical factors.	Cost reduction, but that's not what we're looking for here. The main benefit is access to product sources not available locally.
Most important benefits to capture in global	Depends on the mission. → Reduce complexity with part of the local while still having access to a certain global product (not available locally)	For local, the emphasis is on leadtime and quality. For global, the emphasis is on price. But the main driver is quality.	It's important to be able to achieve economies of scale on the products you source on a large scale, so that you can take advantage of the benefits of large quantities on a global level. At the local level, it's important to retain essential services	Product accessibility at global level, as well as the quality and image of local products at local level.
Nature of the product	Applied, products with longer shelf life and assured quality will	The emphasis here is on quality → if the nature of the product	The nature of the product as a driving factor. But we must also take into account	The nature of the product is indeed one of the driving factors, but the nature of

as a key driver?	be considered functional and will tend to be approached more globally.	means that it can be supplied at the same quality but at a lower price, then nature is taken into account (price to watch = TCO).	the services that are linked to these products, as well as the volume required and their value.	the mission and its objective must not be forgotten and will take precedence over the nature of the product.
Right balance between cost and agility	Applied here, aim as locally as possible while preserving the advantage of the global price, here the right balance → defined according to the mission (need more agility i.e special events).	Principle of good balance led first by quality. Then balance between LT and price, taking TC into account. Could speak of a three-axis balance, where quality is the most important axis.	Such a trade-off is not necessary, as agility can be found both locally and globally when the volume supplied is large and the contracts are well drafted.	This trade-off makes less sense insofar as costs are not a major factor here, as they will be reflected in the final price (high quality product). This trade-off can be carried out, but then quality must also be taken into account as a major factor.
Major trends in the FMCG industry	The main trend is sustainability. Mention is also made of the flexibility needed in the industry, as well as traceability.	Going for more and more local product. Finding the right balance between reducing our environmental impact and remaining competitive in our field. With the emphasis on staying competitive	The number one trend is clearly sustainability, the demand for trustworthiness is also on the rise. Increased need for integration between supply chain players and increasing difficulty in recruiting new talent.	Increasing end-customer demand for more sustainability, better visibility of origin and higher transparency in the supply chain. These increases are closely linked to purchasing power. Difficulty finding qualified employees. Particularly interesting for e-commerce, even if implementation currently unfeasible.
Strategy vs major trend	Efficient, enables the company to reduce its emissions and thus be proactive on the sustainability issue. Allows better traceability with nearby products, as well as finding the right flexibility	The strategy aims to provide the best product quality without focusing primarily on price and is effective in terms of the traceability that matches high product quality (i.e certifications). Less effective in terms of sustainability.	Efficient, recently started working with retailers to achieve greater integration. Swedish-based company, so very involved in sustainability. Mentality shift and HR increase to attract more young talent.	Highly effective to meet the growing demand for visibility, origin and sustainability, as high-end products offer these characteristics. Highly influenced by purchasing power. Not very effective in responding to e-commerce trends.
Futur influence factors	Natural events will strongly influence demand variability, moving towards more and more local products in order to reduce disturbance.	Raw materials and transport costs have a major influence. Increased awareness on the part of end-customers for more local products, and therefore increased demand for traceability.	The unpredictability of certain costs (raw materials, energy, transport) makes it difficult to implement a long-term strategy.	Importance of having very good control over the supply of raw materials (price as well as security of supply). Importance of workers' well-being and skills.

9.7. E-procurement size factor

The graph below (figure 13) is based on data retrieved from ISM/Forrester reports, observing the probability of cost increase or decrease following a change to e-procurement depending on the amount of annual purchases. We can notice that large companies³ benefit statistically more from this approach with an average ratio of about 4:1 up to 8:1 than small companies, with a ratio between 2:1 and 3:1.

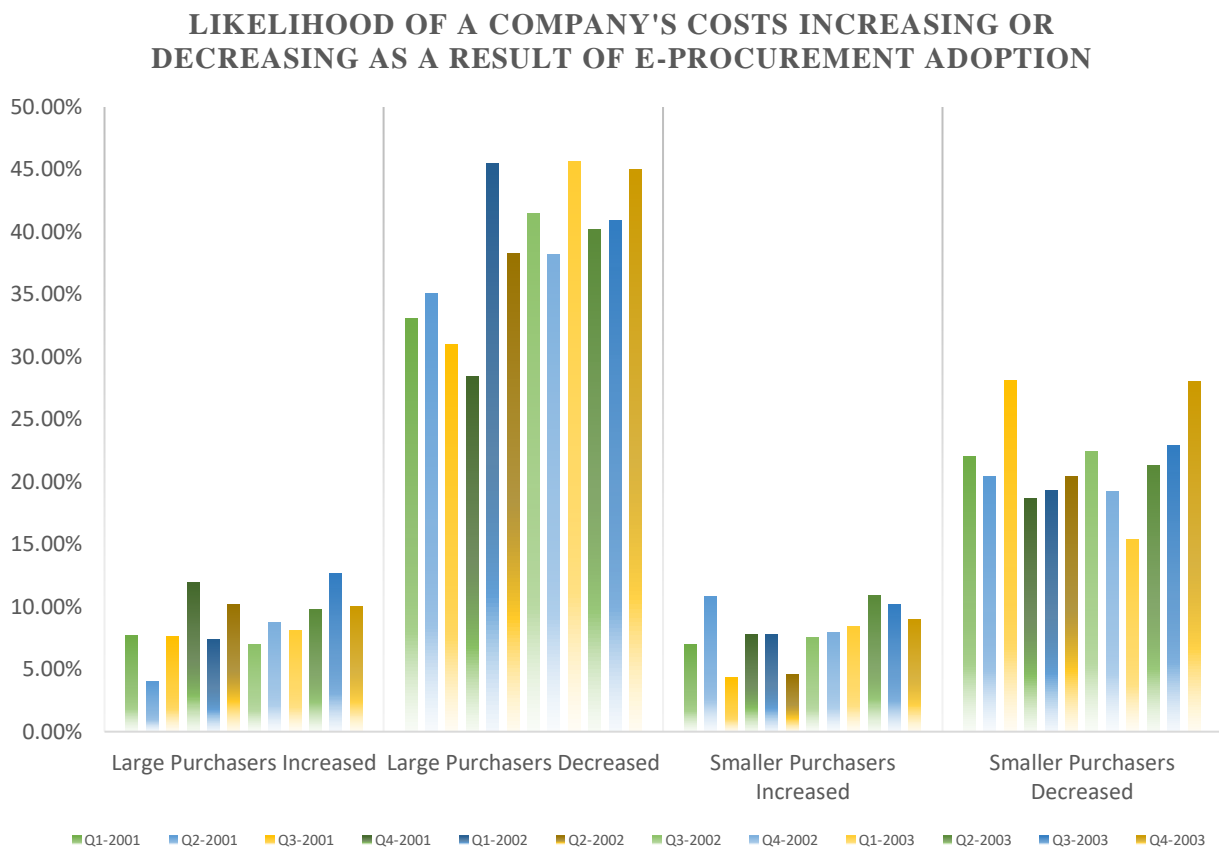


Figure 15: Likelihood of a company's costs increasing or decreasing as a result of e-procurement adoption (Data source: ISM/Forrester Research, 2004)

9.8. Reverse auction process five steps

The reverse auction process is composed of the following five steps:

1. *Identification phase*: this first phase consists, as its name indicates, in the identification of both the buyer and the seller on what is called a marketplace, using a username chosen at the time of registration on this marketplace. This marketplace is managed by an

³ Buyers spending more than 100 million dollars (USD) annually in their purchases.

operator also called an “commissaire priseur/auctioneer” who is acting as a mediator between the buyers and sellers of industrial products and raw materials present on the marketplace (Bentaleb, 2010).

2. *Offer publication phase*: this second phase consists of the publication of an RFP (request for proposal) by the buyer on the marketplace (Bentaleb, 2010).
3. *Consultation phase*: during this third phase, the suppliers, notified by the operator, consult the RFP published on the marketplace and decide whether or not to move to the next phase if they are interested in this RFP. These suppliers are partly suppliers proposed by the buyer himself, and partly suppliers proposed by the operator from his database (Bentaleb, 2010).
4. *Negotiation phase*: this fourth phase is defined as the cornerstone of reverse auctions. It is during this phase that suppliers can propose their price for a RFP. In sealed-bid reverse auctions, the prices offered by competitors are kept secret and suppliers cannot submit additional bids not knowing what other suppliers have offered. However, in open reverse auctions this phase is divided into two parts. The first part, called the continuous bidding phase, where suppliers bid while being able to see the bids of their competitors, and can therefore react by re-bidding until the end of this first sub-phase. Approximately ten minutes before the end of the negotiation phase, the second part of this phase begins, called the timed bidding phase. From this moment on, each new bid results in an extension period of a certain time called round. This second part as well as the negotiation phase ends once a round is finished without a new bid being proposed by a supplier (Bentaleb, 2010).
5. *Purchase order phase*: once the negotiation phase is over, the best bid is collected and archived by the marketplace operator and the fifth and last bidding phase begins. This transaction is then confirmed through a purchase order and the identity of the winning supplier is then transmitted to the buyer. Everything concerning delivery and payment takes place outside the marketplace between the buyer and the winning supplier. The operator's fees and commissions are paid according to the rules of the marketplace (Bentaleb, 2010).

9.9. Ellram & Tate Service Matrix

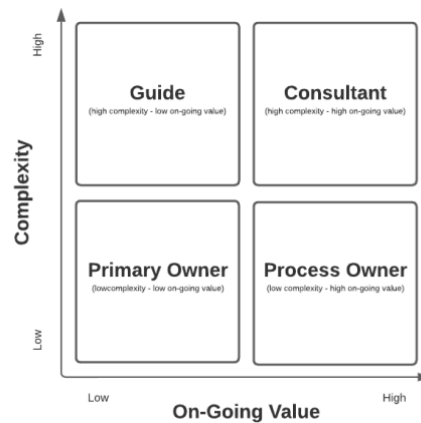


Figure 15: SM involvement matrix in services sourcing (Ellram & Trate, 2015)

- **Guide** (high complexity – low on-going value): The services purchased in this category are generally a very small part of an organization's total spend and do not have a real ongoing impact on the company's end customers but can still be relatively important to its users. The supply manager's involvement in this quadrant is seen as a "guide" or his role is generally to create a purchasing framework, such as a contract or template for the users of this service (Ellram & Trate, 2015).
- **Primary Owner** (low complexity – low on-going value): The services in this category are defined as insignificant elements. These elements can become a nuisance if they are not managed properly but do not increase the competitiveness of the company. The implications of procurement managers in this quadrant are similar to those in the purchase of basic materials (Ellram & Trate, 2015).
- **Consultant** (high complexity – high on-going value): In this category, the supply manager is generally seen as a consultant, the services in this category are generally qualified as complex, represent an important expense, and have an impact on the internal customer. The role of the supply manager is then to help the budget holder to create the RFP, to help him during the market research during the identification of the suppliers as well as during the negotiations with them but also to establish the terms of the contract and the future relationship. Once this assistance has been provided, the supply manager is usually on the sidelines and only interferes if a renegotiation is necessary or if a major problem arises (Ellram & Trate, 2015).

- **Process Owner** (low complexity – high on-going value): This fourth and last category corresponds to the role played by the supply manager when purchasing services defined as not very complex but with a high permanent value since it interferes or intervenes in several business units or several functional areas. In this nature the service can have in some cases an impact on external customers of the organization. The supply manager plays the role of the process owner and is responsible for the development of the RFP, the selection of suppliers and the development and execution of the contract. In addition, the service users manage the relationship with the supplier on an ongoing basis (Ellram & Trate, 2015).

Abstract:

The fast-moving consumer goods (FMCG) industry operates in a dynamic and competitive environment and thus one of the most important aspects of their supply chain is the sourcing part. In this thesis, we attempted to analyze the drivers, risks, and trade-offs that companies encounter when combining local and global sourcing. The aim was also to challenge companies on their current industry trends, and to assess their own sourcing strategy as an answer to these major trends. For this purpose, a multi-case analysis was carried out. An analysis of the collected data was carried out first then the outcomes of the interviews were compared against one another. The findings of this research may highlight the importance of the mission as well as its purpose as one of the important factors in the sourcing strategy, but also the nature of the product. Regarding drivers, cost reduction and access to certain product sources were the main factors mentioned for global sourcing. For local sourcing, it was agility and the associated benefits that were highlighted by the respondents. The requirement for quality products also ranked as an important parameter when choosing between global and local sourcing for the companies interviewed. In terms of trends, we observed that sustainability and product traceability were the first trends mentioned by the companies, and that their combined sourcing strategy was an effective response to these trends in their view. These results must, however, be interpreted in the light of the limitations discussed in this paper.

Résumé :

L'industrie des produits de grande consommation (PGC) opère dans un environnement dynamique et compétitif et par conséquent, l'un des aspects les plus importants de leur chaîne logistique est la partie de l'approvisionnement. Dans ce travail, nous avons tenté d'analyser les facteurs, les risques et les compromis que les entreprises rencontrent lorsqu'elles combinent l'approvisionnement local et mondial. L'objectif est également de confronter les entreprises aux tendances actuelles de leur industrie et d'évaluer leur propre stratégie d'approvisionnement en tant que réponse à ces tendances majeures. Pour ce faire, une analyse multi-cas a été réalisée. Une analyse des données récoltées a d'abord été effectuée, puis les résultats des entretiens ont été comparés les uns aux autres. Les résultats de cette recherche peuvent mettre en évidence l'importance de la nature de la mission ainsi que sa finalité comme l'un des facteurs importants de la stratégie d'approvisionnement mais également la nature du produit. En ce qui concerne les moteurs, la réduction des coûts et l'accès à certaines sources de produits sont les principaux facteurs mentionnés pour l'approvisionnement mondial. Pour l'approvisionnement local, c'est l'agilité et les avantages qui en découlent qui ont été mis en avant par les personnes interrogées. La nécessité d'avoir des produits de qualité a également été un paramètre important dans le choix entre l'approvisionnement mondial et l'approvisionnement local pour les entreprises interrogées. En termes de tendances, nous avons observé que la durabilité et la traçabilité des produits étaient les premières tendances mentionnées par les entreprises, et que leur stratégie d'approvisionnement combiné était selon elles une réponse efficace à ces tendances. Ces résultats doivent toutefois être interprétés à la lumière des limites évoquées dans le présent document.

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