



To Grow the Economy, Look to Local Purchasing

A Canadian study finds that purchasing from local businesses creates nearly twice as much benefit to the local economy compared to purchasing from multinationals.

VANCOUVER, B.C. - A new joint study by researchers from the Columbia Institute, LOCO BC, and the ISIS Research Centre at the UBC Sauder School of Business looks at the economic impact of purchasing. The study is the first of its kind in a Canadian context. It found that purchasing goods from locally-based suppliers creates nearly twice as much benefit to the local economy as buying from multinational chains.

In British Columbia, local governments and school districts alone spend more than \$6.7 billion annually on goods and services. Those same organizations spend millions of dollars on economic development and on investments in their community. Yet, the link between the impacts of purchasing on economic development is rarely made. The study shows how purchasing can be used to reinforce economic development and support strong communities.

“Canadians are concerned about sustainability, and governments and institutions are looking for ways to strengthen their local economy. Finding opportunities for increasing local procurement can address all of these goals.” says Charley Beresford, Executive Director at the Columbia Institute, a national public policy think-tank.

Using office supplies as an example, the study found that Mills Basics, a locally owned B.C. office supply company, re-circulates 33% of their revenue directly to residents and businesses in B.C., compared to 17% and 19% for their multinational counterparts. This presents a 77%-100% economic advantage for B.C. from buying local, and an 80%-100% increase in jobs per million dollars spent.

“When local purchasing dollars are re-circulated in the local economy they create good jobs and build local business. It is a very meaningful way of growing local economies while supporting our communities.” says Joanna Buczkowska, Managing Director at the ISIS Research Centre, part of UBC’s Sauder School of Business.

While purchasing policies and practice have traditionally focused narrowly on price, organizations are increasingly incorporating ethical and sustainability considerations into purchasing decisions. “Local companies form the backbone of our economy,” says Amy Robinson, Founder and Executive Director of LOCO BC, a non-profit organization that promotes, connects and supports local businesses. “We ask that businesses, institutions and consumers spend with local businesses because they support local causes, hire your neighbours and help build strong communities. Now we have the hard figures to back that up.”

Download graphics and the study at: www.civicgovernance.ca/publications/power-purchasing

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