

The Local Food Product Adoption Dilemma: Implications for independent restaurant operators

By Cameron Thomas and JaeMin Cha

Introduction

Historically, reliance on local food production was necessary, as limitations in transportation, storage, and production methods, prohibited the importation of many food products. However, in our current day and age technological advances have allowed for the development of global food supply chains, with both fresh and preserved food items commonly being shipped across the country, or even the world, to consumers who demand them. The current state of the restaurant and foodservice industry in the United States, is that of an industrial food production system, based on increasing production efficiencies and lowering food prices. However, the food production landscape is changing throughout the United States as more consumers are realizing the perceived benefits of eating “local foods”. Locavores, or consumers who source food products locally by choice, are a relatively new addition to the culinary landscape in the United States. These locavores are driving the current trend towards increased popularity of local food products among general consumers in the food product category.

According to a report by the USDA (2010), “There is no consensus on the definition of “local” or “local food systems” in terms of the geographic distance between production and consumption. The article rather defines “local” based on meeting arrangements, such as farmers selling directly to consumers at regional farmers’ markets, as well as farmers selling directly to restaurants or schools.” This statement by the USDA shows the lack of a clear and concise definition of what local food means, and the difficulty that restaurant operators and consumers face when adopting local food products. Some define local in areas as large as an entire State (Michigan for example) or region (Midwest). The general understanding among experts on the topic, and the definition utilized in the context of this case study, is that a “local” product is one which is produced within 100 miles of where it is being sold.

Case Study Objectives

This study seeks to examine the complex decision-making process, which independent restaurant operators must undertake when making local food product sourcing decisions. Over the course of this

study the benefits, drawbacks, and contradictions concerning local food adoption by independent restaurant owners will be detailed. Best practice examples of independent restaurants utilizing local food products will be examined as guidelines for restaurant operators seeking to utilize local foods in foodservice operations. Lastly, the future of local foods will be debated by discussing two conflicting versions of the future, as well as their implications for restaurant operators

According to the National Restaurant Association’s Top Trends (NRA, 2018a), local foods are in vogue. When examining the Top 10 NRA concept trends, we can see an emphasis being put on the trends related to the Local Foods Movement. The Top 10 concept trends concerning local foods are as follows:

Hyper local sourcing, natural ingredients/clean menus, environmental sustainability, locally sourced meat and seafood, locally sourced produce, and farm branded items are all directly related to the Local Foods Movement. In addition, when examining the NRA Top Trends in alcoholic beverages, the second ranked alcoholic beverage trend according to the NRA is locally produced wine, spirits, and beer. Many alcohol producing establishments, such as Wildwood Spirits (2018) in Bothell, WA are focusing on producing alcoholic beverages using locally sourced ingredients from the geographic areas these establishments are located within.

The Local Foods Movement

Since the end of the Second World War, advances in technology and transportation in the United States have allowed massive changes in the country’s food infrastructure. These developments have direct implications on how food products are produced, marketed, and sold. Since 1935, the number of farms in has decreased by 66% from 6 million in 1935, to around 2 million in 2012, according to a Washington Post article (Ferdman, 2014). The article also states that during this time period, the average farm size in has more than doubled. These statistics continue to illustrate the consolidation of the overall food industry in the United States, up until modern day.

Since Alice Water’s groundbreaking restaurant Chez Panisse was founded in Berkeley, CA in 1971 (McNamee, 2007), many American have begun to gain an interest in local foods adoption. While mediums such as farmers’ markets, organic farms, and nonprofits are great ways to find local foods, increasingly restaurants are also beginning to see value in serving local fare. Some well-known early adopters of

Cameron Thomas is affiliated with *The River Merchant*. **JaeMin Cha** is affiliated with *Michigan State University*.

Table 1**National Restaurant Association’s 2018 Top Trends: Highlighting Local Food**

# on List	NRA Trend	How the Trend is Related to Local Foods
1	Hyper Local Sourcing	This term refers to food products being produced on site, which consumers perceive as a sign of freshness.
3	Natural Ingredients/Clean Menus	Many consumers see locally produced food products as more natural than products produced in other areas.
6	Environmental Sustainability	Locally produced foods require less fossil fuel emission from transportation, than foods that are shipped long distances.
7	Locally Sourced Meat and Seafood	Consumers are demanding locally sourced meat and seafood.
8	Locally Sourced Produce	Consumers are demanding locally sourced produce.
10	Farm Branded Items	The reputation of farms is an important quality in certain areas. If restaurants are able to carry products from sought after farms, it will increase sales of these items.

Table 2**Timeline of Local Foods in America**

Year:	Event:
1950-1970	There is a sharp decline in the number of farms in the U.S.
1971	Alice Waters, opens Chez Panisse in Berkley, CA. Her restaurant only utilizes produce purchased from local farms, and helps spark the Local Food Movement in the U.S.
1986	Carlo Perini founds the “Slow Foods Movement” in Italy, which soon spreads to the U.S.
1988	Great Lakes Brewing Company is Founded in Cleveland, OH
2004	The Kitchen American Bistro is Founded in Boulder, CO
2009	Michelle Obama plants a 1,100 square-foot organic garden on the White House grounds
2012	U.S. Census of Agriculture “Farms and Farmers” Report finds that the number of farms in the U.S. is still decreasing, however that the number of farmers 25-34 is rising since 2007
2014	Zingerman’s Community of Business opens Cornman Farms in Dexter, MI
2017	Amazon acquires Whole Foods for 13.7 Billion USD

the local food movement, such as; Great Lakes Brewing Company, The Kitchen American Bistro, Jolly Pumpkin Restaurants, and Zingerman’s Community of Businesses, show how a new foodservice business model is being built around the idea of local food and beverages. Local food production even made an appearance at the White House in 2009, when then first lady Michelle Obama planted a 1,100 square-foot organic garden on the White House grounds (Burros, 2009).

Why Consumers Are Shifting to Local Food Products

When examining the current situation of the food industry in the United States, it is apparent that several large companies control a majority of the food production industry. According to Kate Taylor (2016) from Business Insider, ten companies control almost every large food and beverage brand in the world. This finding shows the consolidation of power in the food industry between these ten companies, and the pressure which is put on small/local food producers.

Many consumers are gaining interest in shifting to local food products, as a way to gain access to healthy foods, support local farmers, and exert more control over the local food system in their community. For example, local sourcing is one of the top trends affecting restaurant menus according to the National Restaurant Association (2018b)’s “What’s Hot” survey. There have been a few studies, which examine the key factors of local food product consumption among consumers. For example, Frash, Dipietro, and Smith (2015) evaluated guest perceptions regarding the local foods in the U.S. chain restaurants. They identified attributes such as food safety, environment concerns, nutrition, community support, social responsibility, freshness, and taste as motivating factors. Among these factors, social/community and fresh/tastes were determined as two strong motivators of consumers’ willingness to pay more for local food products in chain restaurants. Shin et al. (2017) highlighted the environmental

aspects related to local food product adoption. In their study, environmental knowledge and environmental concern positively influence restaurant diner's attitudes toward visiting a locally sourced restaurant. This study shows that environmental perceptions/concerns play an important role in influencing attitude toward visiting a locally sourced restaurant. Although these examples of empirical studies do not target collecting data from restaurant operators (i.e., focus of this case study), it is imperative for restaurant operators to consider those factors, which motivate diners to select locally sourced restaurants or prefer local food products served at restaurants.

Belasco's Triangle of Factors for Food Sourcing Decisions

In his book "Food: The Key Concepts" Belasco (2008) discusses the "triangle" of factors; responsibility, identity, and convenience, which must be considered when making food sourcing decisions. Identity is defined as considerations of consumer preference, pleasure, creativity, and a sense of who/where the consumer is. Convenience encompasses variables such as price, availability, and ease of preparation (time, labor, skill) required. Lastly Responsibility, which Belasco places at the apex of the triangle, entails being aware of the consequences of actions, personal and social as well as physiological and political. Figure 1 below shows an illustration of Belasco's triangle of factors. Using Belasco's triangle, we are able to examine local food sourcing decisions made by restaurant operators, and their relationship to each of the three factors.

Identity

Identity is related to local foods, because by producing food products, a city, state, or geographic region is able to distinguish itself from other geographic areas. The influence that geography and micro-climates have on agricultural products ensures that local products will be somewhat unique compared to products grown or raised elsewhere. The concept of identity is also important when examining the culinary tastes and traditions of an areas, and the foods that are commonly consumed.

Convenience

Convenience alternatively, is often the anti-thesis of identity. Often times local products of high quality are not produced using the most "efficient" agricultural/processing methods, and therefore are higher priced than comparable mass market items. Additionally, it is often difficult to find locally produced agricultural products when they are out of season, which creates a convenience gap when consumers are looking to purchase local food products. For these reasons, many consumers find it more beneficial for them to buy non-local products.

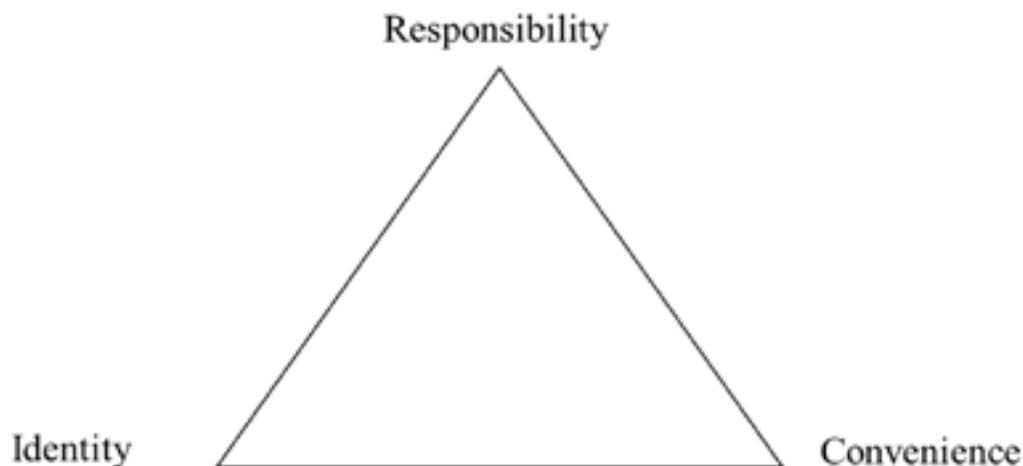
Responsibility

Belasco places responsibility at the apex of his triangle concept, because it combines both aspects of identity and convenience within the decision-making process. Responsibility regarding local food products, refers to the various ways in which local production and consumption benefits the communities in which they are produced. These benefits may be in the form of social, economic, environmental, or otherwise. However, these positive aspects generally come at an increased cost for restaurant operators, in the form of reduced convenience and higher prices.

Contradicting Factors Relating to Local Foods Adoption by Independent Restaurant Operators

Health and Taste Benefits

Chefs and consumers alike perceive locally produced foods as having a better taste (Curtis and Cowee, 2009), which is generally attributed to the "freshness" of food items transported quickly from farms to restaurants. Health benefits are also suggested by many experts, who believe that local food products are produced using organic and "natural" practices. However, other experts warn that consumers should not assume that local food products, which are free of GMO's, antibiotics, and hormones are automatically safer than other food products (Berfield, 2015).



Pricing and Premium Pricing Strategies

While it is generally accepted that local food products from small scale farmers are more expensive than their industrial scale competitors, restaurant operators are often able to command a premium pricing strategy when utilizing local foods on their menus (Inwood et al, 2008). However, in order for restaurant operators to utilize a premium pricing strategy, they must be able to advertise their use of local food products and the associated benefits that these food products provide to consumers.

Relationships with Food Producers

Local foods adoption by restaurant owners, provides a unique opportunity for these restaurant owners to form personal relationships with the farmers who are growing their food products. With our accepted definition of “local” being 100 miles, this creates the opportunity for restaurant owners and local farmers to be a relatively short geographic distance from each other, which makes these personal relationships possible. However, maintaining these relationship takes valuable time for restaurant operators and farmers, which often times makes it more beneficial for both parties to alternatively establish relationships with distributors.

Regulatory, Labelling, and Food Safety

Many small-scale farmers and local foods producers are exempt from the regulation and scrutiny that larger operations face. Organizations such as the USDA, FDA, as well as state and local health authorities have a much more difficult time regulating small scale farmers, as compared industrial scale operations. While this may provide benefits to small scale farmers by allowing them to grow a wider variety of crops without expensive regulatory reviews, it creates difficulties determining the source of local food products in the case of

a foodborne illness outbreak. Food safety testing may also be less accessible to small scale farmers, than industrial farming operations.

Seasonality, Distribution and Consistency

The seasonality of local food products is an important factor; which restaurant operators must take into account. While many food items are popular during certain seasons of the year (i.e. pumpkins in October), consumers also desire many food items when they are out of season (i.e. tomatoes in January). Distribution is another major concern; as small-scale local farmers often have a difficult time including their products in traditional foodservice distribution channels. Many distributors prefer to conduct business with large scale industrial farming operations, which allow for greater consistency in products and yields. Similarly, restaurants prefer to conduct business with a relatively small number of distributors, who are able to supply a large portion of food product need consistently.

Examples of Independent Restaurant Operators Adopting Local Food Products in the U.S.

The Kitchen American Bistro is a great example of a restaurant company basing its business model on the local foods movement. The first Kitchen American Bistro restaurant was opened in 2004 in Boulder, Colorado by Kimbal Musk, Jen Lewin and Hugo Matheson. It was an innovative concept at the time of its founding, focusing on sourcing ingredients from local farmers in the Boulder area (The Kitchen American Bistro, 2018). By working with these farmers, and establishing strong relationships, the company has been able to expand its emphasis and focus on social/environmental goals, such as sustainability, human rights, and childhood education. As the Kitchen American Bistro concept became highly regarded within the Local Foods Movement, the company quickly grew, and opened locations in

Table 3

Contradictions of Local Food Adoption by Independent Restaurant Owners

Issue	Benefits of Local Foods Adoption	Drawbacks of Local Food Adoption
Health	Some doctors, nutritionists, and health advocates believe local foods have health benefits	Other experts do not believe that local foods carry any health advantages
Taste	Chefs and consumers generally perceive local food products as having a superior taste	Little evidence supports the claim that local food products have a superior taste
Price	If the benefits of local food products are displayed, restaurant operators may utilize premium pricing	Often local food items are more expensive to restaurant operators than other options
Relationships	Relationships with local farmers allow restaurant operators to influence what products are allocated to them, as well as receive farm “branded” items	Restaurant owners are often busy, and do not want to create relationships with different suppliers for every food item sourced
Food Safety	Local food production is often smaller scale, creating a lower risk of large illness outbreaks	Local foods may have less regulatory oversight, increasing risk of illness outbreak
Seasonality	Some consumers are attracted to seasonal foods, especially in “4 season regions”	Seasonality makes local foods more expensive or hard to source out of season

other markets, including; Denver, Fort Collins, Chicago, and Memphis. In all of these markets, The Kitchen Restaurants focus on establishing and developing relationships with local farmers, ranchers, and other artisanal food and beverage producers in the markets they enter.

An example of an alcoholic beverage business which is succeeding based on using these concepts is Jolly Pumpkin Brewery Artisan Ales, based in Dexter, MI. Jolly Pumpkin began in Traverse City, Michigan, as a brewpub/restaurant which produced “farmhouse” beers and food dishes created from local ingredients. The company has now opened restaurant locations in several other Michigan cities, including; Ann Arbor, Detroit, Royal Oak, with its main production facility/headquarters in Dexter. In 2017 Jolly Pumpkin opened its first location outside of Michigan in Chicago, IL. Jolly Pumpkin focuses on producing artisan beer and spirits in the state of Michigan, and features several barrel aged beers and locally sourced food options at all of the Jolly Pumpkin restaurant locations. The company has also been known to source building materials and furnishings for their restaurants, from local and environmentally friendly suppliers (Stoller, 2018).

Founded in 1988, Great Lakes Brewing Company (GLBC in Cleveland, Ohio has prided itself on promoting the “triple bottom line” of business profits, social responsibility, and environmental stewardship. GLBC operates a brewpub and restaurant adjacent to its Ohio City brewery, where a focus on local food products has long been a focus. In 2008 GLBC established the “Pint Size Farm” in the Cuyahoga Valley National Park (Armon, 2017). The farm is operated by former GLBC employee Christine DeJesus, who sells all of the farms produce to the GLBC brewpub. This allows GLBC to source fresh seasonal produce for their brewpub location, and has been successful enough to launch additional projects of this nature including the “Ohio City Farm”, a six-acre urban farm in the heart of Cleveland’s Ohio City district (Great Lakes Brewing Company, 2018). Initiatives such as this have made GLBC a leader in local foods adoption in the state of Ohio.

The Future of Local Foods

The Local Foods Movement has inspired companies such as the Zingerman’s Community of Businesses in Ann Arbor Michigan, to create artisanal offerings in the context of localized food production, community oriented restaurants, and innovative retail outlets (Kludt, 2018). At Zingerman’s the idea of beliefs in business is a central focus, and there are three main factors in turning a vision into results. This “triangle” of factors are as follows; the guiding principles, company culture, and work systems. It is utilizing formulas such as this that has made Zingerman’s a successful gourmet foods business, and an innovator in local and traditional food production. Ari Weinzweig one of the founders of the Zingerman’s, is an accomplished author who has written many books related to cuisine and culture. One of Weinzweig’s (2003) books “The Zingerman’s Guide to Good Eating”, details food

staples from all over the world (coffee, bread, olive oil), and describes how they have been traditionally produced.

The future of local foods should be discussed in the following areas: connecting diners with experiential value, enhancing food safety, and developing innovative technology.

Connecting Diners with Experiential Value

Many diners seek to gain unique experiences through food. There is no question that food is one of the best ways to experience local culture. Restaurants are constantly reinventing themselves to embrace local food as a way to provide experiential occasions and memorable events. Zingerman’s Cornman Farms, located in Dexter, MI is an excellent example. At Corman Farms, Zingerman’s is able to produce food items for their restaurants, exemplifying the “hyper local sourcing” approach. The company also utilizes Cornman Farms to hold events, and teach culinary classes to members of the community (Food Newsfeed, 2017). Rather than simply looking at the locally-sourced menus, increasingly more diners will expect to have experiential playfulness (fun) associated with local food at restaurants. With an increasing interest in local food, the aspect of experiential value is one of great ways to engage diners and connect them with local growers and producers while dining at restaurants.

Enhancing Food Safety

Due to the increased occurrence of foodborne illness outbreaks, foodservice operators are now more interested in knowing the way food products are produced and/or processed. While food products sourced from local farms may be as safe as food products coming through other channels, including large distributors, it is important for foodservice operators to feel assured that local food items they have purchased are not exposed to potential sources of contamination. Torres (2016), on the other hand, argues that the foodservice operations that work with local sourcing can be more complicated to control food safety, even though the supply chain is shorter.

The future of local sourcing should address systems and tools to streamline standard quality and food safety control procedures. Radio Frequency Identification (RFID) tags can be also used to monitor perishable local food products and accurately track these products (O’Boyle, 2016). More specifically, the future of local foods can be potentially dependent on the ability to ensure that all Good Agricultural Practices (GAPs) and Good Handling Practices (GHPs) are in place to be proactive and preventive regarding that can potentially lead to food safety problems (Vaughan et al., 2014).

The Local Food Safety Collaborative is known as a collaboration between the National Farmers Union Foundation and the Food and Drug Administration (FDA) to offer training, education, and outreach to local producers and processors. This collaboration effort is designed to improve the fundamental knowledge of food safety that is relevant

to these local producers/processors in order to understand and comply with applicable food safety rules and regulations (Harrison, & Feist, 2014). While there are many great resources relating to procuring local foods for child nutrition programs and school cafeterias, such resources may not be readily available for independent restaurant operators.

To expand the local food movement, it would be critical to resolve challenging issues by conducting food safety audits to ensure that local growers have met all required food safety standards. For example, enacted in 2011, the FDA has now finalized all major rules to implement the Food Safety Modernization Act (FSMA). The FSMA puts more emphasis on traceability to test food safety problems at the point-of-origin (FDA, 2018).

Developing Innovative Technology

Accessibility is one key issue, which must be resolved in order for local food adoption to expand to a higher level next level. Certainly technology may make locally-produced foods more accessible at the restaurant-level. However, Restaurant owners may need to utilize more technological applications, which allow restaurant operators to directly purchase local food products from reliable local farms.

There is also the Amazon "Prime Air" service, currently under development by Amazon. This service has the intention of delivering products such as food and beverage items to consumers with the use of unmanned autonomous vehicle, also known as drones. Amazon has become a major player in the grocery and foodservice industry following its purchase of Whole Foods in June of 2017 (Turner et al., 2017). Amazon with its Prime Air concept is looking to capitalize on the food delivery business, by utilizing drone technology in order to deliver products quickly and efficiently to customer's doors. Some critics, such as Kyle Bailey from the Observer, believe that Amazon Prime Air will not succeed in the United States. In his article "Why Amazon's drone delivery service is unrealistic" Bailey (2017) states that it is unlikely that drone delivery services will be operating in the United States in the near future because of technological hurdles and legal regulation. Regardless, the proposal of Amazon's Prime Air service has important implication for the future of local foods.

Picture a scenario where a consumer desires a locally produced and prepared meal from Zingerman's Delicatessen delivered directly to their door. Next imagine a small lightweight drone picking up the meal in a temperature controlled holding unit, delivering it quickly, safely, and efficiently to the consumer, with minimal fuel used. This is a version of the future, where both of these versions could come together. While an interesting idea, this vision is far from guaranteed, which leads to the question. What will the future of local foods hold?