

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

### Summary

Local food and beverage products have significantly grown in popularity over the past decade. While there have been numerous studies investigating general consumers' perceptions toward local food products, there has been significantly less research regarding the independent restaurant operators' perceptions and attitude towards adopting local food and beverage products. This case study's primary aim is to engage students by encouraging them to compare and analyze different factors relating to local food adoption by independent restaurant operators. In addition to the benefits of local food product adoption, students are also exposed to the drawbacks and negative factors surrounding this topic. These benefits and drawbacks create contradicting factors or a dilemma. The discussion of this dilemma is an excellent way for educators to foster class discussion and learning among students.

### Learning Outcomes

As a result of this case study, students are expected to learn how to examine the complex decision-making process, which independent restaurant operators undertake when making food product sourcing decisions. Of specific interest in this case, is the motivations surrounding adoption of local food and beverage products by independent restaurant operators. The following topic areas are designed to show students the multifaceted dilemma that restaurant operators face when adopting local food products into their restaurant operation.

After reading this case study, students will be able to:

- Learn how local food is generally defined in the food service industry.
- Understand the current and historical trends of the local food movement in the U.S.
- Review Warren Belasco's triangle of food decision factors; responsibility, identity, and convenience, as well as understanding how these factors relate to local food product adoption by restaurant operators
- Analyze the benefits, drawbacks, and contradictions concerning local food adoption by independent restaurant operators.
- Compare and contrast the benefits and drawbacks between independent and chain foodservice operators.
- Examine best practice examples of independent restaurant operations, which are currently utilizing local food and beverage products.
- Predict the future of local foods by discussing two conflicting versions of the future, as well as their implications for restaurant operators.

- Analyze how the local food movement has impacted other segments of hospitality industry.

### Discussion Questions

1. As a restaurant consumer, are you willing to pay more for a locally sourced menu item or an item at a "farm-to-table" restaurant? In general, do you believe that most consumers are willing to pay a premium for locally sourced menu items?

This may be a good opening discussion question. Answers for this question may vary. General consumers may have perceptions that fresher local food products have superior attributes, when compared to food that has travelled more miles. Certainly, there are various factors that can potentially influence consumers' willingness to pay more for locally sourced menu items or restaurant concepts. Additionally, several studies have shown that in general consumers are willing to pay more for locally sourced menu items and restaurants.

2. Among all of the benefits associated with local food and beverage products, which attribute or factor is most interesting to you as a consumer?

Before asking questions about the restaurant operators' perspective, it would be best for instructors to ask questions about student's perceived benefits and advantages associated with local foods from a general customers' perspective. Instructors then may then pose the question of whether or not students care about such information when dining out.

3. Presume that you operate a foodservice operation. Are there any other appealing attributes or challenging issues that were not listed in the case study?

Instructors may move on to discuss the benefits and drawbacks of local food from the perspective of restaurant operators. Restaurant operators' decisions to source local food products generally relate to product attributes as well as their overall perceptions. Instructors may ask students to revisit these issues associated with local food and beverage items, and then ask which attribute is the most important factor for the adoption of local food products? Students may address additional factors, which were not listed in the case study, such as time of delivery, payment procedure, lack of knowledge about local food sources, or inconvenient ordering procedures.

4. During the case study, several examples of successful restaurants adopting local food products were presented. These examples included The Kitchen American Bistro, Jolly Pumpkin Brewing Company, Great Lakes Brewing Company, and the Zingerman's Community of Businesses. Why do you believe that these companies are so successful in purchasing, utilizing,

and promoting local food products, based on the case study? Are there any other ways that they can capitalize on local food products, and maximize their potential?

Students' responses will vary. One suggestion is that instructors incorporate the concept of experiential value as part of their discussion. For example, While Zingerman's does not frequently use pricing promotions, customers are willing to spend a little more knowing they are getting better quality food products. Zingerman's has also utilized Cornman Farms for special and private dining events in order to provide different types of experiences to consumers. Perceived playfulness, being an important component of experiential value, may be valuable in discussing these aspects of Zingerman's (i.e. providing tasting events with local food and beverage products, in order to engage consumers.) In responding to other ways that they can maximize their potential, instructors may suggest how digital experiences are becoming increasingly important. Namely, rather than only focusing on the dining experience itself, digital experiences through social media (before or after dining) are becoming more important than ever. Increasingly diners demand to know where their food items come from, and they can certainly highlight their locally-sourced products and interactive activities involving local foods through social media.

5. Given the challenging issues associated, would you adopt local food and beverage products if you are given the power to purchase products for your future operations? How is your perception different if you are one of the executive management team members operating multi-unit chain restaurants?

This case study mainly highlights the local food and beverage product adoption for independent restaurant operators. However, it is also important for instructors to address specific drawbacks that impact multi-unit restaurant operators with regards to local food product adoption. This particular discussion question engages students to critically think about specific challenging issues that impact multi-unit foodservice operations, and compare them to independent foodservice operations. Instructors may ask which factor is of the most concern to students.

While responses from students may be varied, standardization and consistency are especially key elements for multi-unit restaurants. Furthermore, it may be challenging to conduct food safety audits to ensure that local growers have met food safety standards. Instructors may use the example of how Chipotle Mexican Grill provides training and funding to their local farming partners, so that they may implement higher quality and food safety standards. Chipotle is known to be one of the largest restaurant buyers of locally grown produce. Closely working with local farmers has been an important business priority to Chipotle, supporting "Food with Integrity" (Chipotle, 2018). When Chipotle had suffered an unprecedented series of foodborne illness outbreaks in late 2015 to 2016, consumers questioned the safety

of local food sourcing, although they did not have any science-based evidence (Cha & Cichy, 2018).

From this question (Q98, instructors can talk about how to protect and enhance the brand image and reputation. Case study presented several criticisms about pink slime, including 1) use of ammonia during production process, 2) questioning labeling issue, and 3) safety / quality issue. At the same time the case study also included reasons why the use of LFTB should be supported in our industry. It is important for students to understand pros and cons using the LFTB for their operations under current situations. For example, McD used the LFTB for their hamburgers, starting 2004, but banned using this product in early 2012 due to increased consumers' demands, although U.S. health officials still considered the LFTB to be safe product. Some brands developed a new TV commercials educating consumers that they never used the LFTB, while others revised their websites to educate consumers about their products in the LFTB controversial time. Instructor should ask students to think of different marketing strategies that have not been done by other major brands.

6. How does local food adoption impact other segments of hospitality industry?

The popularity of local food products certainly influences other segments of the hospitality industry. For example, there have been many studies showing how local food attracts travelers and contributes tourist experiences (Björk & Kauppinen-Räsänen, 2016; Chen, 2018; Galvez, Granda, Lopez-Guzman, & Coronel, 2017). Local food is also known to impact the Airbnb market, which is widely recognized as a disruptive innovation in the hospitality industry. Airbnb outperforms the hotel industry in terms of experiences, and in particular, many guests tend to select Airbnb in order to try local foods and experience local communities (Mody, Suess, & Lehto, 2017; So, Oh, & Min, 2018; Volgger et al., 2018).

## Suggested Courses for the Use of this Case Study

This case study can be used for different levels of courses, depending on the needs of instructors. The topic of local food can be addressed in multiple hospitality-related courses. The following examples highlight a few possibilities:

### *Introduction to Foodservice Management / Advanced Foodservice Management*

Since local food and beverages have been a growing trend in the U.S. restaurant industry, this case study may be a good fit in "Introduction to Foodservice Management" and "Advanced Foodservice Management" courses. The instructor may utilize and present the best practices of real restaurant examples included in this case study such as the Kitchen American Bistro (founded in Boulder, Colorado), Zingerman's Community (Ann Arbor, Michigan), and Jolly Pumpkin (Traverse City, and other Michigan locations). Each of these restaurant and foodservice companies have dif-

ferent variations of how they source and market local food and beverage products effectively. The deeper analyses relating to the dilemma caused by the contradicting factors of adopting local food products for independent and multi-unit chain foodservice operators are most appropriate for advanced foodservice management courses.

### ***Food Safety and Hospitality Law***

Experts and general consumers alike, address the issue of food safety and health relating to local food products. In fact, the Local Food Safety Collaborate is a collaboration between National Farmers Union Foundation and the Food and Drug Administration to offer training, education, and outreach to local producers and processors in order to improve key elements of food safety. This case study may be used when the FDA's FSMA (Food Safety Modernization Act), known as the most sweeping reform of U.S. food supply chain in more than seventy years, is introduced to the class. Out of the seven major rules, one rule is to improve standards for produce safety. Instructors may discuss what rules can be applied to local farms in terms of safe growing, harvesting, packing, and holding of fruits and vegetables grown on-site. The instructor also highlights what types of small farms (in size and annual sales) may be exempted under the FSMA's Produce Safety rules.

### ***Foodservice Cost Control / Restaurant Marketing***

There are multiple control points in any food and beverage operation. Decision of utilizing local food and beverage products or not certainly may impact certain steps within control points such as menu planning, purchasing, receiving, storing, and preparing food products. Instructors may highlight specific guidelines that foodservice operators need to follow, in order to ensure safety and quality issues. Purchasing is one of the most important foodservice cost control cycles determining the quality and safety standards of products, often resulting in a company's competitive position. Standardization and consistency are especially important for multi-unit foodservice operations. Instructors may highlight the special dilemma that foodservice operators may need to resolve, especially their purchasing area. Alternatively, students can develop a marketing plan relating to 4Ps (product, place, promotions and price) for locally-sourced restaurants or farm-to-table concept restaurants.

### **Other Teaching Resources**

#### ***Suggested Assignments or In-class Activities***

In addition to assigning this case study, the following examples may potentially be used as additional assignments or in-class activities. One approach is to ask students to conduct a field research assignment, titled "What are well known farm-to-table restaurants in your local area?" As part of this assignment, instructors can ask students to visit the restaurant's website as well as social media sites, in order to be familiar with the restaurant's concept and how they highlight locally-sourced menus or concepts. Students may focus on how

menu items are described as opposed to how locally-sourced menus are described. Students may also investigate menu pricing.

For upper-level classes, an individual student or team may conduct an interview from one of these farm-to-table concept restaurants. The interview should be designed to identify to what extent the restaurant operator is utilizing local food products, and what are the primary factors motivating or preventing them from utilizing local food products within their restaurant operation. Depending on the size of classroom, instructors also may decide to take a field trip to a local farmers market or farm-to-table restaurant.

### ***Video Clips relating to Local Food and Locally sourced Restaurant Cases***

Instructors may utilize the following video clips, in order to enhance in-class discussions and help students understand the topics of the local food movement, locally sourced products, farm-to-table restaurants, and more.

- A video clip explaining what a local food system consists of, and how it effects consumers: <https://www.youtube.com/watch?v=yDlwVczAXRg>
- Chipotle Pictures (not associated with the restaurant company) documentary, titled "Locavores: Defining The Local Food Movement". This short film was produced for the Foodbank of Santa Barbara County's 2010 'Feed The Future' Video Competition: <https://www.youtube.com/watch?v=IJwco5KSBjE>
- A video explaining many of the various elements of the local foods movement, and defining these elements relating to research at the Utah State University Agricultural Extension: <https://www.youtube.com/watch?v=qC9xtZHWJgg>
- Accomplished food writer Michael Pollan discusses why local foods and local farmers are important to the environment, communities, and ultimately consumers.: [https://www.youtube.com/watch?v=DhaG\\_Zi6izU](https://www.youtube.com/watch?v=DhaG_Zi6izU)
- A video clip showing the Great Lakes Brewing Company's "Pint Sized Farm" in the Cleveland, Ohio area. This farm produces organic fruits and produce for the Great Lakes Brewpub and Restaurant, and uses the breweries spent grains as fertilizer: <https://www.youtube.com/watch?v=mTgmy3kSZt4>
- A video detailing the local focus and ingredients of Jolly Pumpkin beers produced at their Traverse City location: <https://www.youtube.com/watch?v=OyC0LebbBRM>

### **Additional Website Resources and Reading**

## Materials

Instructors can provide students with the following websites as additional resources to learn about the local food and beverages from different angles and topics.

- Local Food Safety Collaborative: <https://localfoodsafety.org/>  
National Farmers Union Foundation is partnering with the Food and Drug Administration and a few universities such as Cornell University, Maryland Department of Agriculture, Washington State Department of Agriculture, National Young Farmers Coalition, Deep South Food Alliance, and New England Farmers Union to help local producers and processors comply with applicable Food Safety Modernization Act regulations.
- Food Safety Modernization Act (FSMA) Final Rule on Produce Safety: <https://www.fda.gov/Food/GuidanceRegulation/FSMA/ucm334114.htm>

The FSMA includes the produce safety standards as one of major seven rules. For the first time, there have been science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables grown for human consumption.

- Chipotle's Food Safety: <https://www.chipotle.com/foodsafety>  
This link highlights Chipotle's advanced and revised food safety systems in seven areas. Among seven aspects, pay attention to "farmer support and training" section. Students can read the information about how Chipotle has partnered with Azzule's Local Farmer Program to provide on-site food safety and audit local growers.
- Zingerman's Cornman Farms: <https://www.zingermanscornmanfarms.com/>  
This link displays Zingerman's Cornman Farms is a 42-acre farm property, located in Dexter, Michigan. It is a member of the Zingerman's Community of Businesses, and functions as a private events space and working farm to produce food products for other Zingerman's businesses.
- The Kitchen Restaurant Group: <https://www.thekitchenbistros.com/our-story/>  
This link highlights the Kitchen Restaurant Group, and their commitment to sourcing from local famers within the markets (Colorado, Illinois, and Tennessee) the company operates.
- Great Lakes Brewing Company: <http://sustainability.greatlakesbrewing.com/projects>  
This link displays the local farming projects that Great Lakes Brewing Company supports in Northeast Ohio. These projects include their "Pint Size Farm" in the Cuyahoga Valley National Park, and "Ohio City Farm" near the Great Lakes Brewery in Cleveland Ohio.

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