

## Group I – Survey of Buyers

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Out of the three stakeholder groups studied, the *Buyers* were probably the most diverse and broad in scope and scale. As a first attempt to select a group of buyers, the criteria developed were very broad. This was later scaled down to establish a subset of buyers to interview.

### Criteria for Buyer Selection for Phone Interviews:

- Buyers that are purchasing or may be interested in purchasing local products.
- May include any of the market channels (foodservice, retail, etc.)
- Central Region (*Appendix A*):
  - Primarily the Red Deer area within the region.
  - May include buyers outside the region that could benefit from product grown within the region, especially if they have transportation already passing through the area (*or the potential to pass through*) (i.e., Calgary-Edmonton Corridor).
  - Other criteria: size of operation, experience in buying local food, a good model for Alberta, etc.

## ARD Staff Meeting to Discuss Buyer Issues

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A meeting was held on September 29, 2010 with Alberta Agriculture and Rural Development (ARD) staff, which work with various groups of buyers. They categorized the types of buyers into groups or by marketing channels, such as food service, retail, restaurant chefs, and convenience stores. Within these marketing channels, they identified some of the barriers and issues that buyers face. They also listed solutions, which included activities currently being done or those that could be done, to help address these barriers. This input was used as background information to better understand the buyers' side of the value chain, and as preparation for the buyer interviews. (*See Appendix C.*)

ARD staff agreed that ideally it would be important to interview all buyer groups and learn from each of them. However this scope was too large for the project, since there is a wide variation between buyer groups, such as retail, food service, convenience stores, etc. Therefore, the scope of the study was narrowed to focus on one group.

The buyer group (or market) identified by staff as the best focus for this distribution study was: **food service**, and in particular **restaurants**. In general, the food service market tends to be an easier place for producers to enter, before they attempt to expand into specialty retail or large retail stores. The definition of food service is "food served away from home."

**Definition of Food Service:** “Food served away from home.”

The reasons for choosing restaurants (versus retail) as the key study group were:

- Food service generally provides better returns to the producer.  
(i.e., the markets with greatest to least returns to producers usually start with: restaurants, then specialty retail, then institutions.)
- Food service is a simpler market process, compared to retail.
- The restaurant market is more manageable, since it deals with smaller volumes (i.e., retail demands much larger volumes).
- Many chefs are interested in local food (i.e., having a new menu item, or something unique). It would be easier to develop a business relationship with a chef, compared to other buyers, providing that the chef is a key decision maker. Often independent restaurants are easier than large restaurant chains.

The questions asked in the buyer interviews focused around the following themes:

1. Main types of local food products being purchased and where they are sourcing product.
2. Their motivation for buying or not buying local.
3. Goals (if any) in expanding local food purchases or promotional plans.
4. Challenges in the purchase of Alberta’s food products.
5. Potential solutions to these challenges and opportunities for Alberta’s products.

## Summary of Buyers' Survey

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Out of the number of restaurants contacted, 11 businesses participated in the study. Businesses that were most involved with local food purchasing were able to provide significant detail and information regarding challenges, opportunities and their goals for expansion. Those businesses purchasing limited amounts or not purchasing local were still able to provide valuable information to better understand local food purchasing in Alberta and its challenges.

### Key to Responses:

In the responses that follow, numbers may appear in parenthesis at the end of the statements. These indicate the number of times the comment was raised (*e.g.*, (3) responses). Otherwise the statements indicate that at least one participant responded with those words.

### **How restaurant buyers define Local Food.**

- About half of the participants (5/11) responded with one or more of the following comments:
  - “within 100 miles”
  - “within the city or region”
  - “within Alberta”

### **Focus of the Study: those currently purchasing any of Alberta's local products**

- Out of those businesses that were purchasing (9):
  - Some indicated, “Yes” they were purchasing local (in considerable amounts).
  - Less than half are buying on a limited basis (*i.e.*, potatoes only, fruit only, etc.).
  - A couple businesses were purchasing only meat (undetermined whether this is a major part of their food purchases or on a limited scale).
- Often restaurants that are part of a hotel or restaurant chain will have large national contracts, or vendor agreements with a large food service company committing them to buy a certain percentage (*i.e.*, 80-90% of purchases), while the remainder can be purchased from other companies, which may or may not include local food. Some restaurants are purchasing specific local products to meet a particular need. For example, a restaurant may decide to purchase “local” meats only, if the producer is providing high quality product and/or specialty cuts.
- Some restaurants have local food as their main focus, while only using larger foodservice companies to purchase products not locally provided. Their local purchases vary during the year, depending on fresh or frozen product, and its availability.

### **Buyers of local food, were asked to provide details, such as how long they had been purchasing, and the locations from which they were sourcing product.**

- Some indicated they had only been purchasing within the last 3-5 years. Within this time period, some products such as produce are purchased on a seasonal basis (*i.e.*, about 8 months), while products such as meats are year-round.

- Central Region:
  - vegetables ( beans, carrots, beets, peas, potatoes)
  - herbs
  - berries
  - honey products
  - meats (beef, pork, bison, elk, lamb, turkey, chicken)
- Outside the region:
  - potatoes
- Besides buying Alberta product, most of the participants have a major food service distributor as their main provider.

***The motivation for either buying or wanting to buy Alberta’s local product – since most businesses did not comment, we could not get a full range of perspectives. However, those that did respond indicated their motivations were:***

- Quality of product, including fresher, tastier, or less processed product. Quality was a reoccurring theme, and often in first or second place as a motivator (e.g., “Quality is fantastic!,” “Had the quality, quantity and consistency of products they could use for the life of the menu”). (3)
- Food safety/awareness of how food is raised or grown (a key motivator for one buyer).
- Economic or ethical reasons, which may include personal goals such as keeping money in the local economy and allowing economic spinoffs, supporting smaller farms, keeping food closer to home, etc.
- Producers approached them; producers had quality, or the type of product that the restaurant could use.
- Product uniqueness, meeting a restaurant’s specific needs (e.g., Berkshire pork bacon, certain variety of potatoes, etc.).
- Customers are asking about local foods, for reasons such as supporting local farmers, for taste, freshness, food experience, etc.

***Reasons for NOT buying local from Alberta, only buying specific products, or only buying limited quantities:***

- The most common reason given for not buying is that buyers are not aware of who is out there for suppliers, and the kind of products available, “Producers have not approached them.” (4)
- Price of local product is a big consideration. (4 )
- *(Related to price)* There are rebates offered by large food service companies for buying in bulk. Some will buy from large retail stores, just because it’s cheaper (e.g., dairy).
- Convenience; they purchase from large companies more out of convenience, if they cannot easily source product locally. (2)
- *(Related to convenience)* There is some concern about supply or availability of product.
- Coordination and time required; it is too difficult and too time consuming to coordinate large numbers of small deliveries; they prefer the ease of making all their purchases with one or two suppliers; this relates to billing and delivery. (2)
- There is some concern about food safety (1) and quality. (2)
- Required producers to deliver; some producers were not willing to deliver. (2)

**Goals/Values:**

**Goals in supporting local and/or implementation plans to further promote local. Some businesses had very specific goals, aiming to purchase a certain percentage. Others were gathering their own consumer feedback or collaborating to develop a plan beyond their immediate restaurant.**

- Some estimated their food budget for local product to be as high as 75% of their total annual food purchases, in order to support the local economy; purchasing 100% of their meat locally, and spending between 25% (during the winter months ) to 75% (during the growing season) on locally grown produce.
- Some estimated their current local purchases were around 20%, others at 10% or less (i.e., the percentage allowed by corporate head office). Many did not indicate their total local food budget purchases.
- A company not currently purchasing local, but planning to start, is doing some preliminary research by surveying customers to find out their food preferences regarding production systems (e.g., free range, organic foods, etc.).
- Some business plans include instituting a “local “corporate menu, in collaboration with other chefs, over the next few months. Their goal is to purchase 100% of their meats and 90-100% of potatoes. They also stated “they would buy local greenhouse tomatoes for 8-10 months of the year,” but need to locate products locally.
- Customers do ask about local foods; more than one business indicated their staff is trained to talk about the benefits of local foods featured on the menu or promote their philosophy.

**Logistics:**

**There is a broad range of local products from Alberta. Some of these can be purchased all year, if they are non-perishable or frozen products, such as legumes, meat, or frozen fruit and vegetables, etc. Fresh produce is available during the growing season. Often deliveries are made 1-2 times per week to these businesses.**

- Products listed from the surveys (please note, this is not a comprehensive list of all products purchased in the region):
  - meat products – beef, pork, bison, elk, lamb, turkey, chicken
    - Meat can be available all year.
  - vegetables – beans, carrots, beets, peas, greenhouse crops, potatoes
    - Vegetables available approximately May to October, depending on the type.
    - Greenhouse vegetables have a wider time frame, starting earlier and extending longer into the season.
    - Root vegetables available approximately July to October, but if the producer has adequate storage they could be available all year.
  - fruit – strawberries, raspberries, saskatoons, etc.
    - Fresh fruit is generally ready from June and September, depending on the type.
    - Frozen fruit or vegetables can be available all year.
  - herbs
  - grain/oilseed – breads, etc.
  - legumes – dry beans, split peas, kidney beans (for soups, etc.)
  - honey products

***Participants were asked who they bought product from (i.e., individual farms or organizations/co-ops), as well as how they received these products (i.e., picked up or delivered).***

- Mostly individual farms or businesses were mentioned as the source of their product.
- Some of these businesses may represent a collaborative group of producers that supply the product.
- In all the examples provided, products were delivered to the restaurant.

***Local Food Purchasing - Potential & Issues:***

***Businesses that were already purchasing Alberta's local products were asked to list their biggest challenges to purchasing and list them in order of importance. (Note, they were asked to list and rank their top-of-mind challenges, rather than a pre-determined list.)***

- First – Most important Challenge:
  - price (2, one comment related to produce)
  - quality (related to food inspection and eggs)
  - quantity (needs to last the life of the menu)
  - delivery when required (1)
- Second – Next in importance:
  - quality (2, one comment related to produce)
  - quantity (a steady supply for the life of a menu, 3-4 months at a time, and consistency of product quantity for duration of the menu) (1)
  - difficulty in coordinating a large number of small deliveries, since it involves receiving and billing, which is time consuming (1)
- Third – Other Comments (not ranked):
  - interested in local, but not knowing where to source products (4), such as vegetables, fruit, and meat, or other food types that might be available. Some would like to see more producers approach them.
  - delivery (2) was required to the restaurant
  - the buying process was difficult at times
  - wanting to see a more business-like approach in the promotion of products, pricing and quantities, etc. (1)

The following diagram lists the challenges that were top-of-mind to buyers when it comes to the purchase of local food. Their issues included both general and logistical challenges.

The diagram was created by taking the phrases from participants, noting the number of times each comment was stated, the ranking that participants gave (i.e., first, or second), or if the challenges were listed but not ranked (i.e., therefore ranked as third). The ranking was then weighted, and entered into Wordle<sup>TM</sup><sup>1</sup>.

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<sup>1</sup> Feinberg, J. (2009). Wordle<sup>TM</sup>.

The result is the word diagram found below on the right-hand side. Phrases that are larger are those that were ranked higher and/or mentioned more often than other phrases. For example: quality, price, quantity and lack of awareness were the top four issues. (See Appendix E for the explanation on ranking and weighting of phrases.)



Source: Wordle TM

***Suggestions on overcoming the gaps or barriers to local food purchases mostly focused on:***

***a) Knowing where to source product.***

- Product sourcing and awareness – There is a lack of awareness by buyers of the producers that live in the area and the products that they have available. This may be an opportunity to set up a website to inform buyers on availability and a means to educate as well. Buyers are looking for information such as product description, prices, sizes, etc.
- Variety/uniqueness – One participant expressed a need for “more producers with unique products” (e.g., purple potatoes, Berkshire bacon, etc.).

***b) How to better deal with volumes of product.***

- Quantity – Restaurants need volume; therefore, either “more producers capable of supplying quantity” are needed or purchases may need to be coordinated from a number of producers in order to get the volume of supply required.

***c) Coordination of product delivery, among other suggestions.***

- Ease and convenience of delivery – “There is a need for a central distribution club for central area producers.” This would help facilitate the movement of supplies to the buyer.
- Knowledge and skills – We “need someone like a major food service company to coordinate bulk buying” (*i.e., a company that has the knowledge and skills needed for the buying, coordination, and distribution process, as well as greater resources compared to most small to medium-sized businesses*).

***The impact of purchasing local food on internal business operations often means adjustments in the way business is done, such as in the area of coordination, billing, and delivery. However, this depends on how the business was set up initially. The size of business may also be a factor on how flexible they can be, and how their processes are streamlined.***

- One participant found it too expensive and difficult to coordinate delivery on a broad scope of products due to the time involved. Therefore, their local purchases were limited to specific food products and were sourced from one company. For others, billing was also difficult to coordinate.
- One participant was not impacted internally by any changes, since the business was originally set up to source local.
- A couple of the participants mentioned that they needed delivery of products to their restaurant (*i.e., unable to pick up products*).

***The satisfaction of restaurateurs and chefs in their purchases of Alberta local foods is very high for some; others are working through challenges, but are still interested in sourcing local. The ease of purchasing varies with product type.***

- Some of the businesses purchasing local were very satisfied with the quality, quantity and even price. Others had challenges with delivery or needed more information on products available, quantities, pricing, etc. They would buy more products if they knew what was available.
- The easiest product to purchase was meat, since this product can be frozen and is available year round. Root type or storage vegetables, such as potatoes were also one of the easier products to purchase.
- Fresh vegetables are more seasonal and more perishable. However, buyers said they can work around this.



## Highlights from the Buyer Survey and Opportunities

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- Some restaurant chains have a team of executive chefs developing a “local menu,” along with menu promotion. Their goal is to purchase a large percentage of their product from local sources in the coming months.
- Restaurants are looking for something other than average, such as specialty items (i.e., certain variety of potatoes, certain cuts of meat, etc.).
- Quality is very important.
- Quantity for the entire life of the menu (i.e., 3-4 months) is also of prime importance, as well as consistency of product quality during this time.
- Motivators for purchasing local include, consumers’ preference, ethical reasons, product uniqueness, products that meet a particular need, how a product is grown/raised, etc.
- Price and convenience are an issue for some restaurants. This is something to be worked out between buyers and producers/suppliers. Is there value for the extra costs?
- Producers and buyers will want to discuss potential concerns in advance, such as food safety, etc., so that they don’t become an issue at a later date.
- There is a lack of awareness of producers in the region, product that is available, and details around the product, such as description, quantity, size, price, etc.
  - This may be an opportunity for a web-based directory to locate products available in the region.
  - Building relationships, hosting open-houses, having demonstrations, or showcasing products are some promotional efforts that could create awareness of the products available. *(See Appendix C for solutions to barriers.)*
- Coordination, convenience in delivery and time – It can be difficult to coordinate a number of small deliveries, which involves receiving and billing. Being a solutions provider in the buying process may help bridge the gap.
  - This may be an opportunity for consolidation by a number of producers. They may be able to provide a variety of products to one or many restaurants in a region.
  - A central distribution facility is another option for the Central Region to facilitate the movement of supply to buyers. This requires someone skilled in the area of coordinating bulk buying and distribution.
  - A simplified billing process is something to be worked out between buyers and suppliers.
- Start small/learn as you go:
  - Some restaurants are comfortable with purchasing large amounts, while others are purchasing on a limited basis, such as meat or fruit only.
  - If there is uncertainty about the purchase of local product, it is best to keep the process as simple as possible (e.g., one type of product, one specialty item, or a certain percentage of the budget), allowing time to adapt to this process and building the relationship between the buyer and supplier. Expansion can follow.
  - Preliminary research on product demand can reduce some of the guess work (i.e., consumer feedback).

- Buying of local food is relatively new for some businesses. Some businesses have only been purchasing local within the last 3-5 years. There is a lot to be learned from others who have already started the process, through networking and sharing information.
- *See Appendix C for other barriers and solutions to purchasing local.*