An Evaluation of Food and Culture Tourism

Restaurateur Perspectives on Local Food Networks in Crawford County, Wisconsin

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INTRODUCTION

As food production and distribution have become increasingly intensified and industrialized, the distances that food travels from farm to market have grown considerably. It is no longer the least bit novel in Wisconsin in January to eat fresh fruit imported from Mexico. Increasingly, the industrial food model where food is grown in areas distant from intended consumer markets has been called into question. Critics allege that this model destroys rural communities by eliminating small family farms, contributes to global warming by increasing carbon emissions, and makes food less nutritious and tasty by breeding for durability rather than quality. Movements have emerged in many parts of the U.S. and beyond to develop "local food networks," as an alternative to the prevailing industrial model. A local food network is the economic and social infrastructure necessary to produce fresh foods in the same places where those foods are consumed. Some of the key actors in a local food network are small farms, food processors, agricultural cooperatives, farmers' markets, community supported agriculture, cooperative grocery stores/health food stores, local restaurants, and specialty food shops.

Local food networks also go hand in hand with culinary tourism, and culinary tourism is being promoted across Wisconsin as a new economic development strategy for rural areas. Culinary tourism is tourism which emphasizes unique or locally-produced foods, beverage, and dishes from the host region. For example, many visitors come to Wisconsin to sample artisanal cheeses, local cherries, or unique wines and beers. Yet there is little research that evaluates the economic effects of local food tourism, and there is little research that examines the ways in which local food networks are assembled. This document reports the results of a restaurant survey conducted in Crawford County, Wisconsin. The purpose of the survey was to understand the organization of local food networks, and to evaluate their effects in the county. This research was conducted by the University of Wisconsin-Madison Department of Rural Sociology together with the Crawford County Cooperative Extension office.

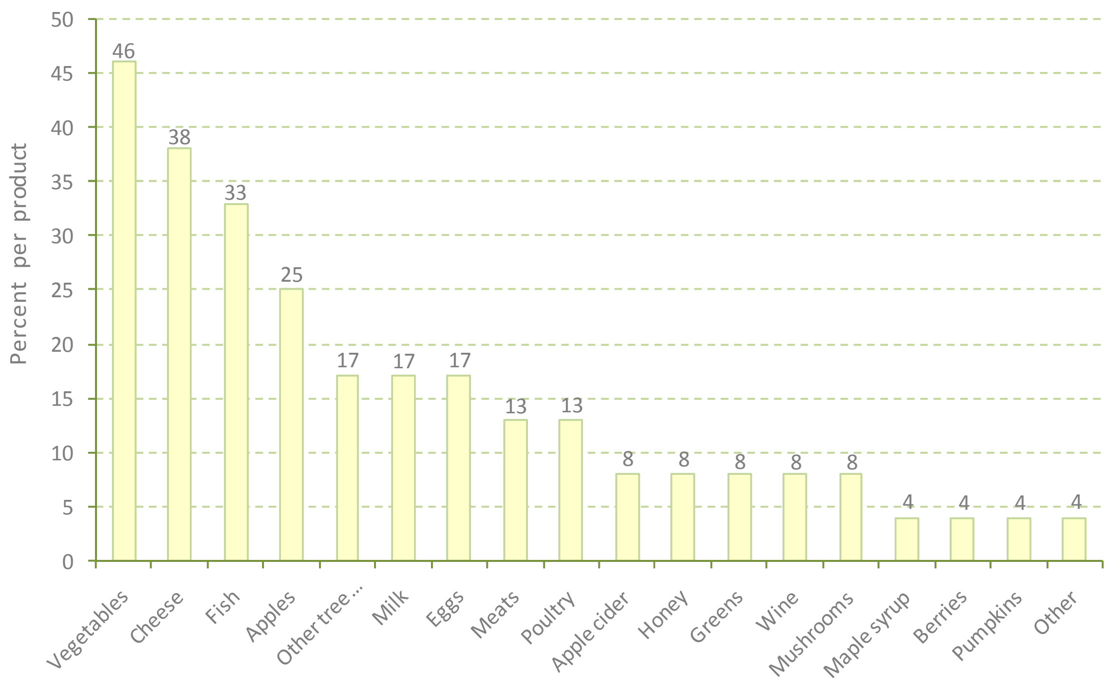
We mailed surveys to 43 retail establishments, posing questions about purchasing practices, the motivations that underlie those practices, impressions of local agricultural production, and the changes that businesses have undergone as a result of purchasing local foods. For purposes of this survey we defined "local" as within a three hour driving distance from the buyer's location. Out of 43 surveys mailed we had 24 respondents (56 percent response rate). All 24 of these retail establishments were food service establishments. One was a hotel with a restaurant. Another was a casino with a restaurant, and two self-identified as "bar and grill", but in the text we refer to all of the respondents as "restaurants". Sixty six percent of respondents to this survey were owners of the establishments they represented, and 33.3 percent were general managers. Eleven percent of respondents self identified as both owners and managers. Throughout this report, however the respondents will be referred to collectively as "restaurateurs." This document reports the results of the restaurant survey in Crawford County. There is an accompanying farmer survey, which is reported on in a separate document.

THE DEMAND FOR LOCAL FOOD IN CRAWFORD COUNTY, WISCONSIN

This survey asked respondents whether or not they purchased five percent or more of their total fresh food purchases locally. Eighty percent of respondents indicated that they did while 20 percent indicated that they did not. This indicates that the majority of restaurants in Crawford County have some connections to local farmers and food processors. Establishing these linkages is the important first step of creating a local food network, and the fact that these linkages are pre-existing in Crawford County suggests that the nascent local food network might be easily developed.

There is a wide range of locally-produced foods that restaurateurs purchased in Crawford County. The most common locally purchased items were vegetables. Unsurprisingly, the second most commonly purchased local food item was cheese. Cheese was followed by fish, and then apples (Figure 1).

FIGURE 1. MOST COMMON PRODUCTS PURCHASED LOCALLY



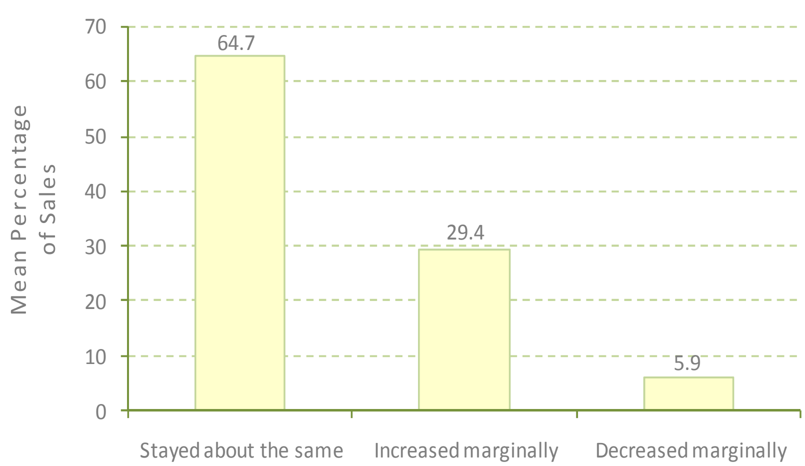
Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

In addition to asking residents whether they purchased locally, we asked respondents if there were locally grown items available to them that they chose not to purchase, and 55 percent of respondents indicated that there were. Thirty percent indicated that they purchased everything that was available from local sources, and 15 percent indicated that they did not know whether there were other items available that they did not purchase. Therefore, although eighty percent of restaurants in Crawford purchase some items locally, the majority of those do not purchase everything locally that is available to them. This suggests that while there is some interest on the part of local buyers in integrating into local food networks, there are barriers that must be overcome in order to further strengthen the local food network in Crawford.

Restaurants in Crawford County spend an average of $156,116 per restaurant on fresh foods annually, and they spend an average of $21,054 on fresh local foods during that same twelve month period. This means that 13.5 percent of all fresh foods purchased in Crawford County come from local sources.

Promoting local foods is widely considered to be a new trend. Restaurants owners in Wisconsin that we interviewed as part of this project stated, "five years ago nobody was talking about buying locally." We asked Crawford County restaurateurs how the amount of local food served by their establishments had changed over the past five years, and surprisingly, the vast majority stated that it had not changed at all. Sixty five percent stated that the amount of local food they sold remained about the same, and 30 percent stated that the amount increased marginally. Six percent stated that the amount of local food they sold had decreased (Figure 2). These data indicate that the local purchasing—the 13.5 percent—of fresh foods sourced locally, is a longer-standing phenomenon in Crawford County and not the result of the current local foods trend.

Figure 2. Change in Amount of Local Food Served by Retail Establishments Over Past Five Years



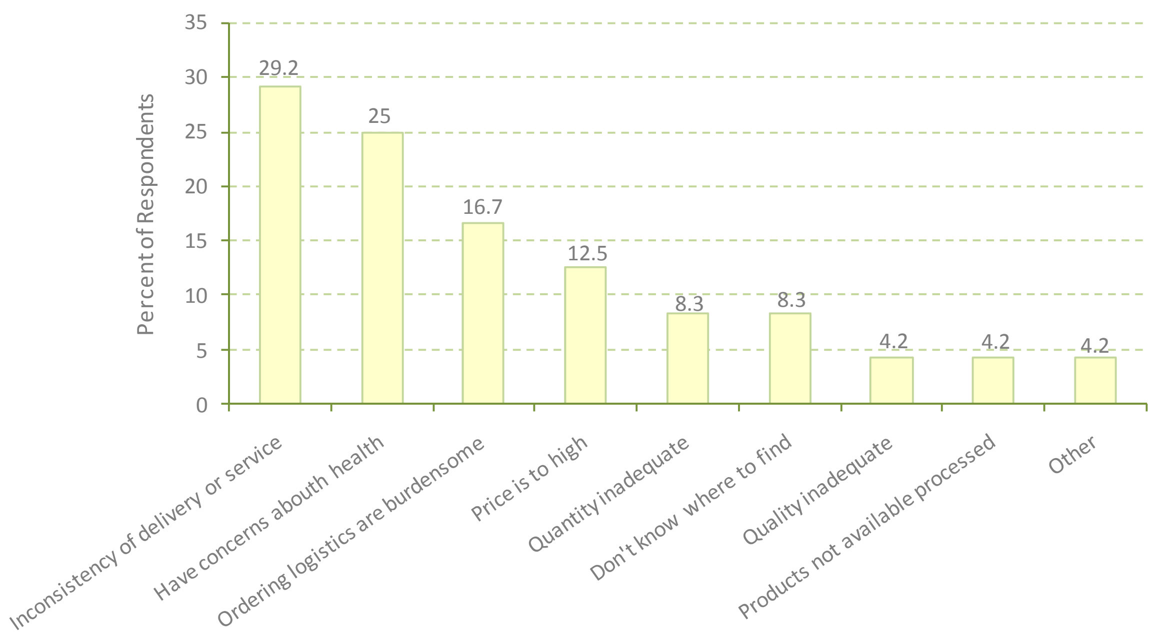
Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Restaurateur Impressions of Local Food Networks

The reasons laid out in Figure 3 partially clarify the reasons behind fifty percent of respondents indicating that they did not necessarily purchase all locally available items. According to the perspective of retail owners and managers involved in local food buying, there are significant barriers to deepening the local food network in Crawford County. Among these barriers inconsistency of delivery or service ranks highest. Health concerns are the next most significant barrier. The added paperwork of ordering logistics was third followed by high prices. Retailers reported that not knowing where to find local products was not a significant problem. This finding is important because it suggests that producers are doing an adequate job of promoting themselves among local buyers despite the hardship of advertising expenses for small farms. Inferior quality of local produce is not a significant problem either. In fact, in interviews restaurateurs consistently expressed their belief that local produce was superior to that distributed by large intermediaries. Surprisingly there was very little about products not being available in processed form. The lack of local processing facilities was thought to be a significant barrier because of the expense of developing processing facilities, but these data suggest that additional processing is not necessary to convince restaurants and other food retailers to purchase locally.

The conventional wisdom is that local foods are considerably more expensive than non-local foods because the large distributor companies buy from industrial farms and take advantage of massive economies of scale to reduce prices. Local food being grown on small farms with more individual attention is more expensive to grow, thus costs more at market. In light of this, it is interesting that "prices too high" was only the fourth most significant barrier to buying locally as described in Figure 3.

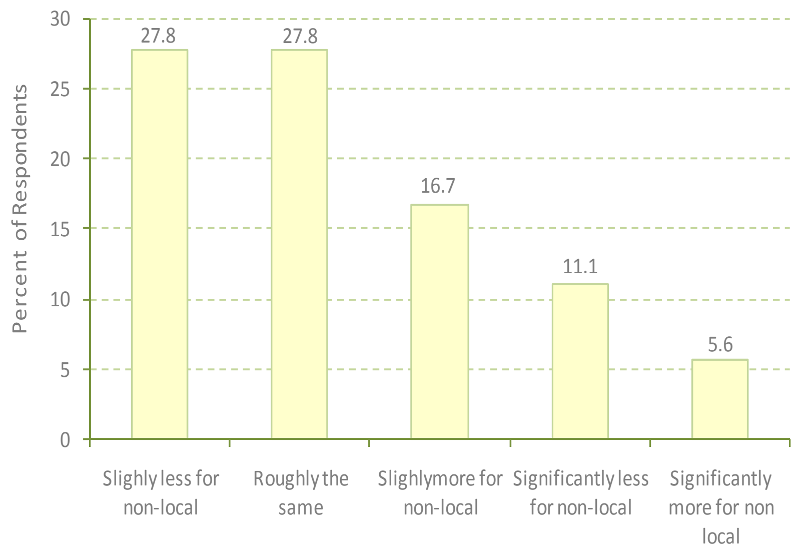
FIGURE 3. REASONS FOR NOT BUYING LOCALLY



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

We explore the price factor in more detail in Figure 4. We asked respondents what their price expectations were regarding local and non-local produce What we found is in keeping with Figure 3, but contradicts the conventional wisdom about the high costs of local produce.

Figure 4. Price Expectations Regarding Local vs. Non-local Produce



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

In Figure 4, 28 percent of respondents indicated that they expected to pay slightly less for non-local foods, and the same number of respondents (28 percent) indicated that they expected to pay roughly the same amount. More surprising still, nearly 17 percent of respondents indicated that they expected to pay slightly more for fresh foods from outside of the area. The data displayed in Figure 4 complement the price data from Figure 3 to suggest that the price differential in Crawford County between local and non-local produce is quite insignificant.

We also asked respondents to evaluate a number of statements as being more or less true or false. The results of this question give us some insights into the perceptions regarding fresh foods of local origin held by restaurateurs in Crawford County (Figure 5). Thirty three percent of respondents indicated that local produce has a less consistent shape than non-local produce; however, 29 percent of respondents also indicated that local produce has fewer blemishes than non-local produce. Twenty nine percent of respondents also indicated that local produce is less durable and doesn't last as long as non-local produce. One-fourth of respondents indicated that non-local wholesalers have superior packaging and handling. Also in keeping with this same observation, only 12.5 percent of respondents indicated that local sources had more reliable delivery practices than non-local sources.

FIGURE 5. RETAILER IMPRESSIONS OF LOCAL PRODUCE

Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

CHANGES RESULTING FROM INVOLVEMENT IN LOCAL FOOD SYSTEMS

Despite the fact that the local food network in Crawford County is marginal and many of the existing linkages between farmers and restaurateurs predate the recent popularity of local foods, there are meaningful changes that restaurateurs have witnessed by seeking to source more of their produce locally over the last several years. This section of the report deals with these changes—some positive, others ambiguous.

Some respondents indicated a recent increase in the amount of local foods that their restaurants bought and sold. We asked those respondents whether that increase had an effect on their sales numbers. Sixty seven percent indicated that there had been no discernable change in their revenue with this change, while 33 percent indicated that sales were up. No respondents indicated that their sales had worsened as a result of increased participation in local food networks.

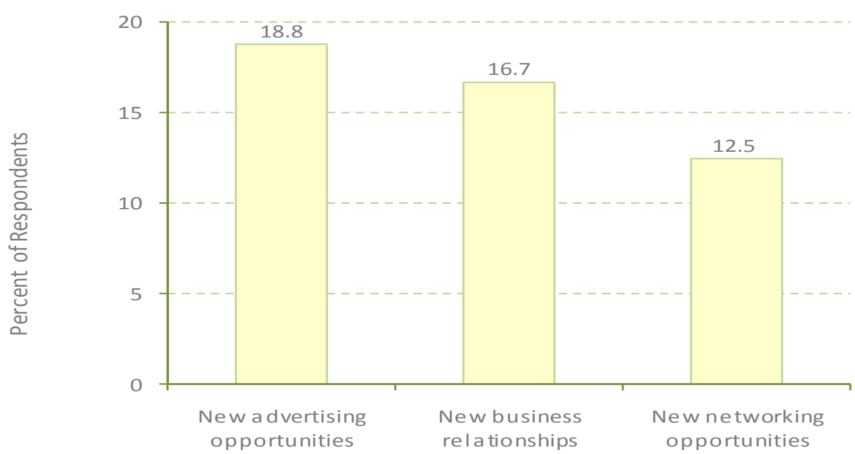
We also asked respondents about changes in the number of suppliers that their restaurants dealt with. Forty one percent of respondents indicated no change while 17.6 percent of respondents indicated that the transition to local foods brought about a change in the number of suppliers that they worked with. Of that 17.6 percent, 67 percent indicated that they purchased from more suppliers now, and 33 percent indicated that they purchased from fewer suppliers. These numbers are not strong enough to give a meaningful indication of the relationship between local food networks and changes in suppliers, but they suggest that working with local buyers may, in some cases, signify additional working relationships.

In further keeping with the curious finding that the price differential between local and non-local foods is minimal, 31.3 percent of restaurateurs in our sample indicated that “purchase costs are higher overall” with the transition to local foods while 25 percent indicated that the opposite was true, that “purchase costs are lower overall” with the transition to local foods.

Twenty five percent stated that certain products were more expensive with the transition while only twelve and a half percent stated that certain products were less expensive. Again, these data confirm the relative ambiguity of the price differential between local and non-local foods in Crawford. Local foods, it seems, may be marginally more expensive, but not significantly so.

Conventionally, participation in local food networks creates significant advertising opportunities for restaurants that cater to tourists. In Crawford County, however, 56 percent of respondents indicated that local food involvement had created no new advertising opportunities, and only 19 percent indicated that participation had created new advertising opportunities. Similarly, twelve and a half percent of respondents indicated that involvement in local food production had created new networking opportunities, while 69 percent indicated that local food involvement had created no new networking opportunities. Seventeen percent of respondents indicated that participation in local food networks helped establish new business relationships for the companies (Figure 6).

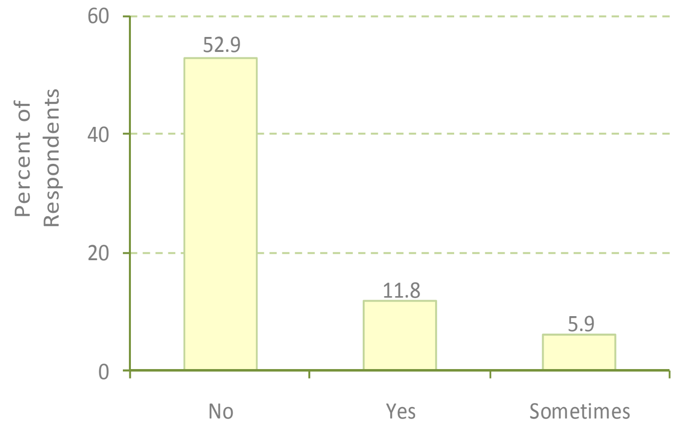
FIGURE 6. OPPORTUNITIES CREATED BY LOCAL FOOD NETWORKS



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

These data indicate that while most of the expected benefits of participation in local food systems are somewhat marginal for restaurateurs in Crawford County, advertising opportunities are more important than new business relationships and new networking opportunities. Nevertheless, local restaurateurs are not taking advantage of potential advertising opportunities afforded by participation in local food networks. When asked if they used signs or labels to indicate locally-sourced products on their menus, 52.9 percent of respondents indicated that they did not, and only 11.8 percent of respondents indicated that they did (Figure 7).

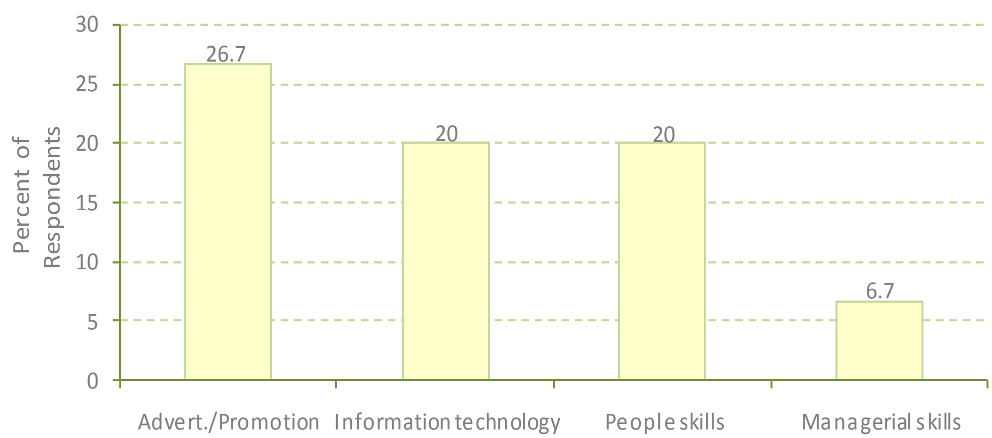
FIGURE 7. USE OF SIGNS OR LABELS TO INDICATE LOCALLY-SOURCED PRODUCTS



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Although the use of signs or labels is one means to take advantage of advertising opportunities, there are skills, including advertising skills, which accrue to restaurateurs engaged in local food purchasing practices. In this survey respondents were asked about a range of skills which were developed or enhanced through their relationships with local food producers and other actors in the local food network (Figure 8). Twenty six percent of respondents indicated that they acquired new advertising and promotional skills through their involvement with local foods. Twenty percent of respondents claimed that involvement in local foods contributed to their information technology skill set, and twenty percent of respondents indicated that their people skills were enhanced through interacting with agricultural producers in Crawford County. Many fewer respondents indicated that their managerial skills improved.

FIGURE 8. NEW SKILLS ACQUIRED THROUGH PARTICIPATION IN LOCAL FOOD SYSTEMS

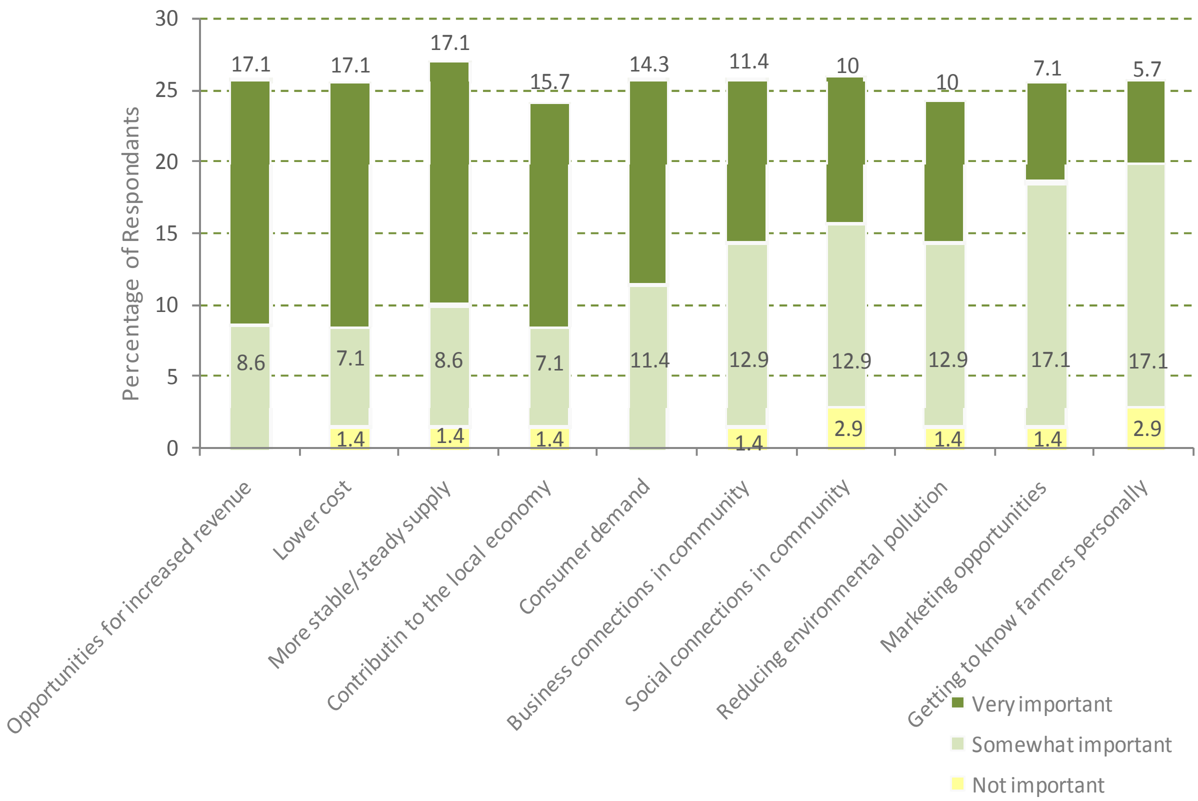


Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Retailer Motivations for Participating in Local Food Networks

Despite the ambiguous utility for restaurateurs of participating in local foods, many have chosen to do so. This section of the report explores the motivations behind this choice for those restaurants in Crawford County that have committed to source significant quantities of food locally.

Figure 9. Importance of Reasons for Purchasing Local Food Items

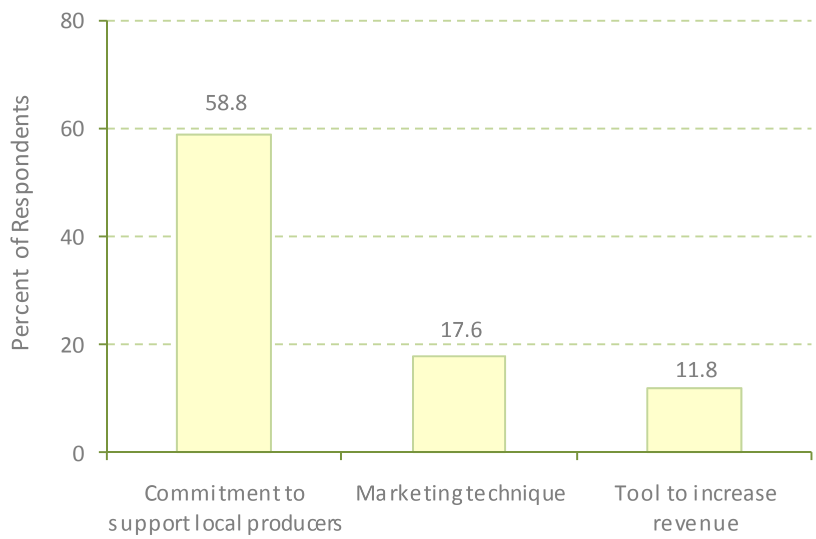


Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Interestingly, Figure 9 would suggest that there are clear material benefits for restaurant owners in Crawford County to engage in local food buying. In Figure 9, the top three "very important" reasons all speak to the financial and/or logistical self-interest of the restaurant owner. The most important reason for purchasing local food items is "opportunities for increased revenue." The second most important reason is lower cost, then more stable/steady supply. This third rationale appears to contradict earlier findings that inferior delivery and service on the part of local producers was a significant barrier to the deepening of the Crawford County local food network. Contributing to the local economy is the fourth most important reason that restaurants buy locally; therefore, the ethical commitment is important, but it is not the primary motivation. Other ethical rationale such as "reducing environmental pollution" and "getting to know farmers personally" ranked as considerably less important—in eighth and last place respectively. Further confounding the findings of the previous section, “marketing opportunities” in Figure 9 is ranked as the ninth most important rationale. It warrants mention, however, that this “one through ten” scale only tells a partial story. Figure 9 itself indicates that as reasons diminish in high importance, they grow in the “somewhat important” category. Therefore, while marketing opportunities is among the least “very important” reasons, it is conversely among the most “somewhat important” reasons.

When asked to choose between an ethical commitment to support local farmers, a marketing technique, and a tool to increase revenue, respondents overwhelmingly selected commitment to support local producers (Figure 10). Nearly 60 percent of restaurateurs prioritized supporting local farmers over the other potential benefits of local food networks.

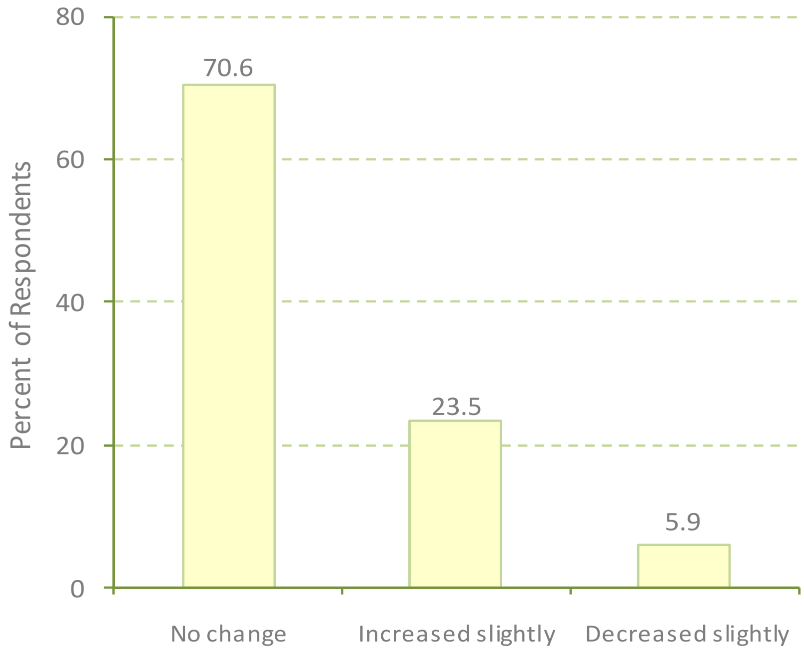
FIGURE 10. REASONS FOR BUYING LOCAL PRODUCTS



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Restaurateurs also appear to be responding to a perceived increase in consumer demand for these local foods. Figure 11 illustrates that nearly 30 percent of respondents perceive an increase in consumer demand for local products while 71 percent feel that there has been no change. Notably, no respondents perceived a decrease in consumer demand for local products. We also asked respondents what percentage of their customers provided positive feedback about locally sourced items on the menu. On average, 20 percent of customers provided positive feedback. This datum reinforces the notion that there is significant interest on the part of tourists and visitors to Crawford County in local food items.

Figure 11. Changes in Consumer Demand for Local Products over Past Five Years



Source: Survey of Food Producers and Retailers in Vernon and Crawford Counties, Wisconsin, Department of Rural Sociology, University of Wisconsin-Madison May 2008.

Overall, retailer motivations for sourcing locally are a mixture of the ethically-motivated and the self-interested. The opportunities to increase revenue and to contribute to the local economy appear to be the primary drivers. The additional marketing opportunities that local food networks provide are also a secondary motivating factor for restaurant owners, and many restaurateurs are reacting to the perceived change in consumer demand.

Appendix: Background Information on Respondent Sample

The average Crawford County restaurant has been in business for 24 years. Seven restaurants in our sample had been in business less than ten years, and three restaurants had been in business more than fifty years. The longest running restaurant in our sample has been in business for 99 years. As stated in the introduction, the majority of respondents were owners (67 percent), and a substantial minority (33 percent) was comprised of general managers. On average survey respondents had been in their positions for 13 years, although five individuals had been in their positions longer than 20 years, and one person had held his/her job for 35 years. Five respondents had held their jobs for less than five years. These data suggest that the restaurant sector in Crawford County is growing; there are many new restaurants and fewer restaurants that have stood the test of time in Crawford than in other Wisconsin counties.

Most of the restaurants that we surveyed were small, independent restaurants, although there were some exceptions. Correcting for outliers, the average number of locations each company owned was one; although one company owned seventeen locations and another owned 200. We asked respondents if they operated multiple sites did they make independent purchasing decisions. Of the five restaurants that operated multiple sites, four made independent purchasing decisions. This implies a greater opportunities for local producers than if these restaurants were bound by centralized purchasing decisions.

Crawford County restaurants are evenly distributed among sales ranges. The first four sales ranges each claim 20 percent of the sample; from $60,000 to $150,000; from 150,000 to 250,000; from 250,000 to 500,000, and from 500,000 to one million. Interestingly, thirteen percent of respondents reported sales over one and half million dollars annually.

In keeping with the range of gross sales, there was a range of numbers of employees as well. Respondents had an average of 18.5 part-time employees during the summer months and an average of 15 part-time employees during the winter months. Respondents had an average of 11.4 fulltime employees during the summer months and an average of 8 fulltime employees during the winter months. These data demonstrate the ways in which Crawford County restaurants expand and contract with the tourist season suggesting that Crawford does have a tourist economy, to some degree.

There is a relatively strong civil society in Crawford County. Sixty six percent of respondents indicated that the restaurant they represented was a member of one or more professional associations or civic groups. Furthermore, respondents were asked if they would consider participating in a state-funded agritourism trail, and 67 percent responded that they would.