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Marketing Local Foods to Gourmet Restaurants: A Multi-Method Assessment

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Abstract

The study reported here examines the gourmet restaurant market for local agricultural products in Nevada. A multi-method assessment was implemented to collect data for the study. Study results indicate that both local producers and gourmet chefs lack appropriate information concerning production possibilities and gourmet chefs' needs and preferences. Chefs indicated preferences for high-quality products and viewed quality and freshness as positive aspects of purchasing locally. Chefs desired small quantities of unique and specialty products. The impacts of the study have been positive, in that gourmet restaurant purchases of local products expanded in both the Reno and Las Vegas markets.

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Introduction

Direct marketing strategies including farmers' markets, pick-your-own, and roadside stands are used by farmers as an alternative to traditional distribution channels. Direct marketing eliminates

the middle-man, potentially increasing farmer income by providing a greater share of the product's final price to the farmer (Govindasamy & Nayaga, 1996; Adam, Balasubrahmanyam, & Born, 1999). Previous studies have focused on direct strategies aimed at farmer-to-consumer marketing of fresh vegetables, fruits, and nursery products (Wolf, Spittler, & Ahern, 2005; Govindasamy, Italia, & Adelaja, 2002; Bukenya, Mukiibi, Molnar, & Siaway, 2007).

However, direct marketing to restaurants (chefs) and institutions such as schools and hospitals is becoming a popular and profitable strategy for farmers and ranchers across the U.S. (Montri, Kelley, & Sanchez, 2006; Gao & Bergefurd, 1998; Thilmany, 2004). Cooperative Extension, USDA agencies, and others provide publications on the "How To" of direct marketing to restaurants (Wright, 2005; Kelley, 2006; Adam, Balasubrahmanyam, & Born, 1999; Pepinsky & Thilmany, 2004; Strohbehne, Gregoire, Huber, & Karp, 2002; Sustainable Agriculture Research and Education [SARE], 2008). Additionally, several organizations such as the Chef's Collaborative, Slow Food, and the Community Food Security Coalition actively work to connect farmers with chefs and provide programming and publications to assist farmers in working with restaurants.

Fostering relationships between Nevada's gourmet chefs and local agricultural producers seemed to be a mutually beneficial proposition. Producers would gain access to a premium paying market, while chefs would be given the opportunity to create meals of extremely fresh, locally-grown food (SARE, 2008). Because chefs' reputations are based on the quality and uniqueness of the ingredients they use (Kelley, 2006), local foods are an important option for them. Additionally, there are a large number of gourmet restaurants in Nevada, primarily located in the tourism centers of Las Vegas, Reno, and Lake Tahoe.

In order to assess the gourmet (\$50/plate minimum) restaurant market potential for Nevada's agriculture producers, the University of Nevada Cooperative Extension (UNCE) developed a multi-method study. The study included focus groups and surveys of both gourmet chefs and producers; a conference to discuss the results of the study and give local producers and chefs an opportunity to meet; and a gourmet restaurant tour for producers. Each component of the study and its results are outlined in the following sections. Also included is a discussion of conclusions and study impacts.

A Place to Start: Focus Groups

Chef Focus Group

As a first step in the study, a focus group of gourmet chefs from Las Vegas, Nevada was held in December 2004. During the focus group, the chefs emphasized their need for high-value foods in small quantities. Current suppliers provide packaging that forces the chefs to purchase items in larger quantities than needed, resulting in waste and a higher per-item cost.

Two major conclusions were reached during the focus group. Primarily chefs are willing to pay a high price per item to obtain the quantity and quality desired. Second, chefs need producers to let them know what products are available and when, so that they may plan seasonal menus in advance. Several publications note these chef concerns and offer suggestions for dealing with chef product quality and informational needs. Suggestions included scheduled visits with chefs to discuss product availability, brochures covering farm history/philosophy and its products, and providing free product samples to chefs (Kelley, 2006; Wright, 2005).

Producer Focus Group

In January 2005, a focus group of agriculture producers was conducted in Fallon, Nevada. The discussion centered on issues producers face in trying to market to local restaurants, as well as their interest in and concerns regarding direct marketing. Nearly all of the focus group members agreed that they would like to enter the market as suppliers for gourmet restaurants, but did not have enough information to do so. The participants were interested in finding out what products interest chefs and restaurants, the quantities/packaging desired, and the timing and delivery methods preferred. Participants were also interested in the steps that need to be taken to modify their operation to meet the needs of this niche market.

Another topic of discussion included the benefits and costs of small producers uniting as a cooperative or other business entity to lower the individual costs of production, marketing, and delivery. Focus group participants also discussed the creation of an umbrella Web site featuring business information and seasonal availability menus for individual producers, which chefs and restaurants could use to place orders. They felt that such a system would lower transaction costs to both producers and chefs, because chefs could compare local products and place orders with more than one producer at a time, while suppliers would experience greater exposure and benefit from sharing the costs of the website. Advantages of cooperatives and alliances for direct marketing to restaurants purposes is discussed by Strohbehne, Gregoire, Huber, and Karp (2002), as well as Pepinsky and Thilmany (2004).

Information Collection: Surveys

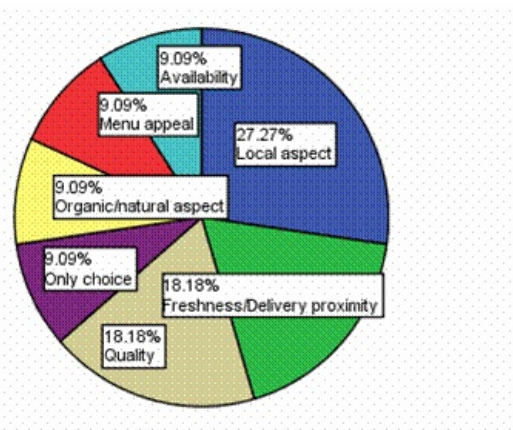
Chef Survey

Gourmet and high-end restaurants were surveyed by mail in 2005 to determine product and supplier attribute preferences and attitudes towards buying locally produced foods. Questions focused on the types and quantities of food products chefs use, when the products are needed (daily, monthly, seasonally, etc.), the chefs' product delivery preferences, and the types of packaging and labeling the chefs prefer. The survey also covered product attributes, such as taste, color, fat content, etc., and asked chefs to rank attribute importance on a scale of 1-10. The survey was based upon that conducted by the Chef's Collaborative in 2003 (Food Processing Center [FPC], 2003).

The survey responses (n = 76, 26% response rate) revealed that local chefs are interested in many types of beef, lamb, and pork, with a particular interest in differentiated meats, including organic, natural, and grass-fed. Local chefs also expressed interest in many fresh herbs and vegetables, with an emphasis on heirloom and micro/petite varieties, which are often sold at premium prices. Chefs were also interested in local melons, berries, grapes, peaches, fresh and organic eggs, cream and milk, and artisan and specialty cheeses.

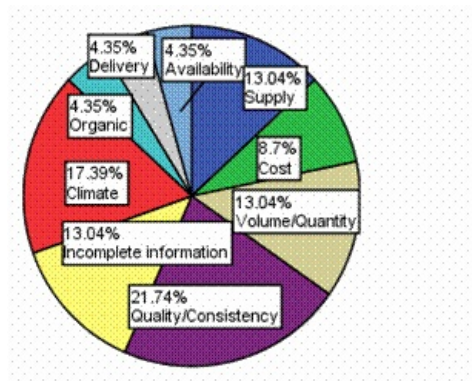
Although budget constraints are always an issue, the surveyed chefs agreed that the two most important food product attributes are quality and taste. In addition, chefs are very concerned with the method and timing of delivery. Consistency and reliability were also issues of importance, in terms of both delivery and the quality of products. Chefs perceived the popularity of local products with their consumers (27.27%), freshness, and quality to be the most positive aspects of making local purchases (Figure 1). These results are similar to those found in the Chef's Collaborate study (FPC, 2003). All data was evaluated using frequency distributions in SPSS.

Figure 1.
Chefs' Views on Positive Aspects of Buying Locally



The chefs' perceived obstacles to buying locally are shown in Figure 2. The primary obstacle chefs perceived was the quality and consistency of quality of local products (21.74%). The second largest obstacle perceived by the chefs was the ability to produce needed products in Nevada (climate at 17.39%). These results are quite different than those of the Chef's Collaborative study (FPC, 2003), where quality/quality consistency was perceived as a minor obstacle (ranked 7 out of 11) and climate was not at all discussed. However, in both studies, chefs ranked lack of information on product availability as the fourth major obstacle to buying local products.

Figure 2.
Chefs' Perceived Obstacles to Buying Locally



Producer Survey

The producer survey, mailed in 2005, asked for information relating to the specific products under production in Nevada, available quantities, harvest date (seasonal, etc.), and the types of

differentiated and value-added growing/production processes followed.

The survey responses (n = 191, 17.3% response rate) indicated that although many small producers in Nevada are interested in supplying gourmet restaurants with local products, the majority are unsure about how to enter this market. Producers also revealed that they are currently offering differentiated products using methods such as organic or natural; and those producers who do not currently follow any value-added production methods expressed a willingness to do so if it would be in their operation's best interest. It was also found that the majority of survey respondents currently engage in contracts with their customers or would be open to doing so in the future. This was seen as a positive factor for future arrangements with chefs, who may require or feel more comfortable operating under a written contract.

Connecting Producers with Chefs: Conference and Restaurant Tour

Conference

Because both chefs and producers expressed interest in working together but defined a lack of information as a barrier to doing so, a conference, Nevada Grown Connections: From Farm to Market, was held in Reno, Nevada in March 2006 to discuss the findings of the study, to provide educational programming on a variety of topics indicated by producer survey respondents as high priority, and to facilitate a discussion between producers and chefs.

Conference participants were given the opportunity to express their opinions, frustrations, and suggestions on direct marketing to gourmet restaurants. It was proposed that producers might be successful as a single organized unit working together, although many producers, who feel such an alliance might limit their level of autonomy, were not in support of this idea. During the course of a mediated forum, several producers agreed that they would like to further explore the idea of working together under one business entity.

There was also some discussion of NevadaGrown, a local certification program. The NevadaGrown Web site <<http://www.nevadagrown.com/>> features information about agriculture in Nevada and provides contact information for associated producers. The Web site will be updated and expanded in the future to provide additional contact information for producers and chefs.

Restaurant Tour

A tour of the top five restaurants at Caesar's Palace Hotel and Casino in Las Vegas took place in September 2006 and attracted 18 producers from Lincoln and Clark Counties in southern Nevada, as well as several Extension professionals. The group met with the executive chefs of the five restaurants and toured each kitchen. Producers were given the opportunity to ask the chefs questions pertaining to their preferences and need for specific products, as well as their perception of and willingness to pay for local goods. The vendor system in which producers would have to enlist in order for chefs within Caesar's Palace to make purchases was also discussed. This tour confirmed that there is a strong demand for locally grown, fresh, vine or branch ripened, flavorful products. Interesting points mentioned by the chefs include:

- Ability to adjust menus throughout the year to include the seasons' freshest products
- Desire for the top 25-30% quality of the crop-the best of the best
- Unimportance of size-any size if it is the quality they desire
- Willingness to provide input on varieties required
- Restaurant customers' preference for Nevada products with the name of the farm of origin on the menu
- Desire to establish a close relationship with producers to ensure reliable shipments of quality produce at regular intervals

Conclusions and Impacts

Although both chefs and producers expressed interest in working together to support Nevada agriculture, both parties cited a lack of information as the main obstacle to overcome in this endeavor. Chefs noted product quality and quality consistency, uncertainty about the ability to grow products in Nevada's arid climate, product volume, and lack of information as the primary obstacles to buying locally. Because establishing relationships between farmers and chefs is often the biggest challenge (SARE, 2008), the conference and restaurant tours were a pivotal component of the study. Producers obtained the information needed to successfully contact and direct market their products to gourmet chefs; the chefs came away with a much better idea of the types of products and growing processes used in Nevada and the seasonality and transportation obstacles faced by Nevada producers.

Direct communication between producers and chefs as a result of the multiple-stage study has led to the following outcomes to date.

- Several chefs from the Reno area are currently making purchases for their restaurants at Reno farmers' markets and from the new consumer supported agriculture (CSA) basket program, a joint venture of local agricultural producers.
- One producer from southern Nevada is now an approved vendor for Caesar's Palace Las Vegas and is providing delivery to Caesar's gourmet restaurants for other producers for a fee.
- A pilot project was established with chefs at the MGM in Las Vegas for local producers to provide samples of their products in 2007.
- Two independent restaurants in Las Vegas are now working with beef producers to identify products and desired quality levels.
- Whole Foods in Las Vegas is now purchasing produce from local producers, as well as produce from the UNCE orchard in Las Vegas.
- Whole Foods in Reno intended to begin local food purchases in June 2008.
- An NRI grant was awarded to study researchers to assist producers in Lincoln County, Nevada in testing the local production capability of products/varieties demanded by chefs and to assess the costs of production and distribution of those products to gourmet restaurants in Las Vegas.

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