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LOCAL SOURCING

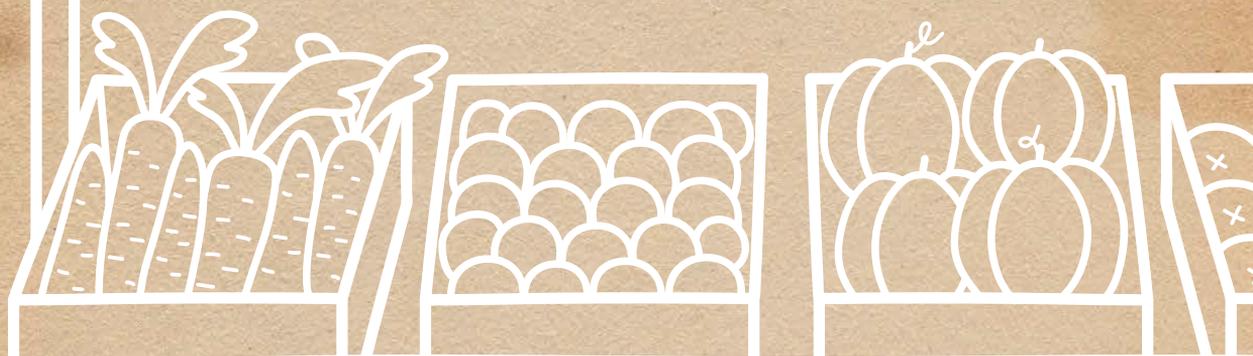
**A GUIDE FOR THE
HOTEL, RESTAURANT, CATERING
AND TOURISM INDUSTRIES**

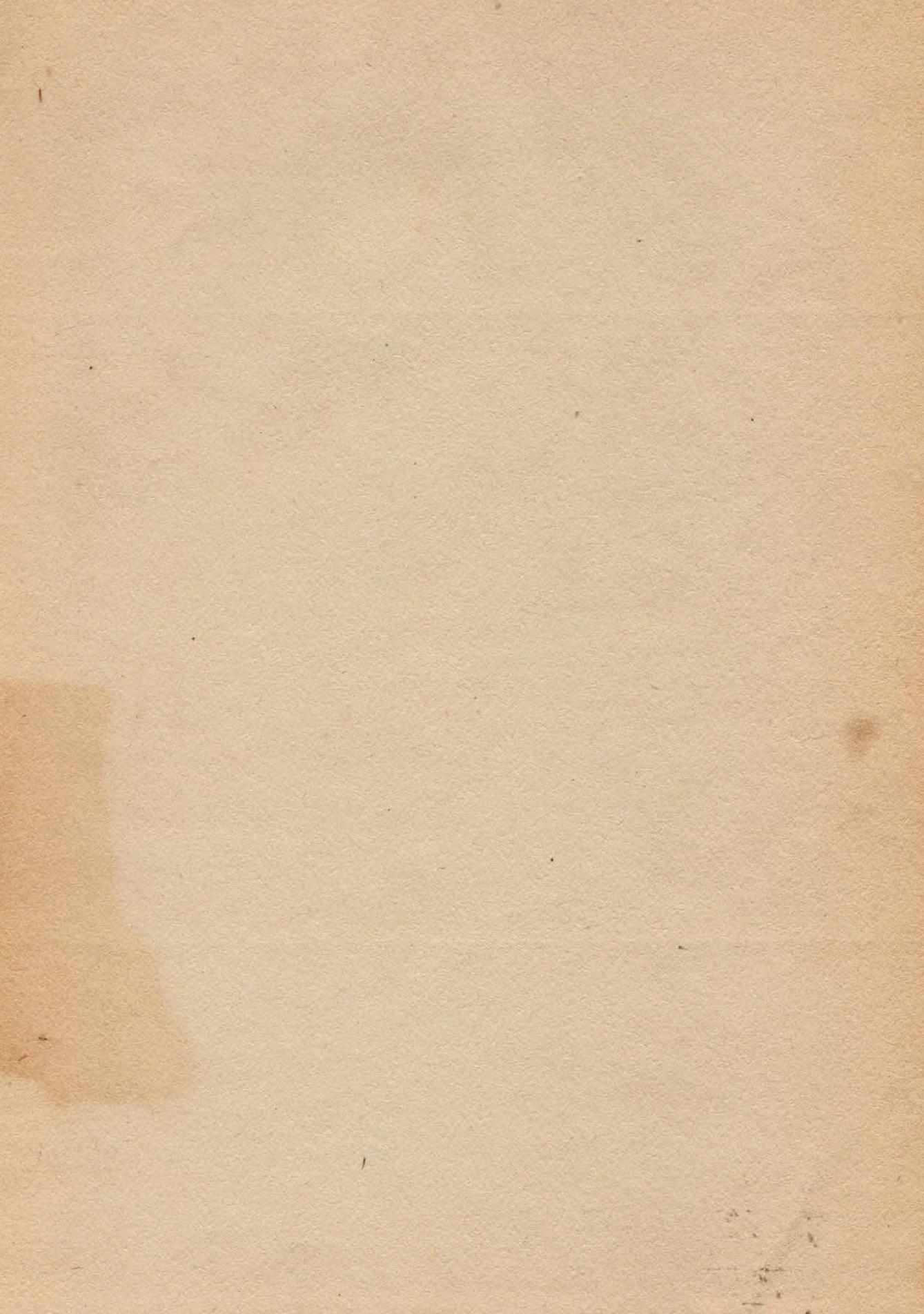


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Local Produce





LOCAL SOURCING

A GUIDE FOR THE HOTEL, RESTAURANT, CATERING AND TOURISM INDUSTRIES

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The boxes in this guide showcase examples of operations involved in local sourcing. They were selected for their relevance to the sourcing practices described in the guide and as representative of the various types of enterprises involved in local sourcing (small, medium, large).

Abbreviations and acronyms

CBI	Centre for the Promotion of Imports from developing countries
CSA	community-supported agriculture
CSR	corporate social responsibility
EBRD	European Bank for Reconstruction and Development
FAO	Food and Agriculture Organization of the United Nations
GFDC	Georgian Farmers' Distribution Company
HoReCa	hotel, restaurant, catering



Sustainable



Introduction

Scope and objectives

This guide aims to advise actors in the hotel, restaurant, catering (HoReCa) and tourism sectors on success routes to source local food products and ingredients. This guide was developed under a collaborative framework between the Food and Agriculture Organization of the United Nations (FAO) and the European Bank for Reconstruction and Development (EBRD).

More specifically, this guide was developed in the context of recent FAO-EBRD joint efforts to support the development of short agrifood supply chains in Eastern and Central Europe, Central Asia, and the Southern and Eastern Mediterranean. It seeks to combine FAO's technical and policy facilitation skills with EBRD's investment capacity and expertise.

In particular, FAO and EBRD have been supporting the improvement of backward linkages between agribusiness companies and local agrifood small and medium enterprises by developing quality labels and geographical indications. Recent examples of FAO-EBRD interventions in this area include geographical indications in Croatia, Georgia, Montenegro and Serbia. FAO and EBRD have also been collaborating to improve linkages between traditional, quality agrifood products and tourism in several countries. This includes activities to link gastronomy to tourism/agritourism in Montenegro, Jordan and Georgia.

Overall, this guide builds on previous FAO-EBRD work carried out in Montenegro by Lisa Paglietti and Nina Coates (FAO Investment Centre), and Emilie Vandecandalere (FAO's Food and Nutrition Division), aimed at improving linkages between Montenegrin fruit and vegetable producers and buyers (e.g. processors, retailers, wholesalers, importers/exporters and other aggregators/off-takers) through consolidation of supply and upgrading of quality standards, and the linkages between agriculture and tourism (Coates *et al.*, 2022; FAO and EBRD, unpublished).

The document highlights the main benefits, challenges, and critical steps to implement an efficient and inclusive local sourcing strategy. It is evidence-based, providing examples of international best practices in local sourcing. It offers insights on how to successfully contact and work with producers to promote the local products of a country or region. It aims at strengthening links between primary producers and HoReCa and tourism businesses, highlighting key learning points and opportunities to scale up local food sourcing.

In doing so this guide aims to:

- clarify what is meant by local food;
- explain the main benefits of local sourcing for HoReCa and tourism sectors;
- identify barriers to implementing and scaling up sustainable local sourcing solutions;
- highlight key learning points and opportunities to improve and scale up sourcing of local foods.

The focus is to foster local sourcing through producers who directly supply restaurants, hotels, catering services and other tourism enterprises, such as guesthouses or agritourism businesses. It excludes local sourcing to retailers or other points of sale, such as farmers' shops, farmers' markets or corner shops. It also excludes local sourcing to hospitals, prisons, schools and public administration.

Local sourcing: a term open to interpretation

First, we need to define what is meant by local sourcing. The literature on the topic does not provide a universally accepted definition of local. *Local sourcing* normally describes the sourcing, purchase or procurement of food and ingredients within a specific distance or a given geographical area. *Local* refers to: a (i) geographical distance, but also, indirectly: (ii) specific production practices; (iii) the number of intermediaries between the producer and the final consumer; (iv) traditional know-how; (v) gastronomic identity; or (vi) a specific feature of a territory (terroir).

The European Commission Joint Research Centre scientific and policy report on short food supply chains and local food systems (2013) offers a potential definition: “a food system in which foods are produced, processed and retailed within a defined geographical area”. A study by the United States Department of Agriculture asserted that: “There is no global consensus on a definition in terms of the distance between production and consumption. Definitions related to geographic distance between production and sales vary by regions, companies, consumers, and local food markets” (Martinez *et al.*, 2010). In general, the distance between production and consumption depends on each country’s characteristics: area, landscape, and population density. A few countries have set the exact geographical distance between production and consumption. For instance, the Congress of the United States of America in the 2008 Food, Conservation, and Energy Act (2008 Farm Act) limited the distance a product can be transported and still considered a “locally or regionally produced agricultural food product” (Martinez *et al.*, 2010) to less than 400 miles (643 km) from its origin, or within the State where it is produced. In Switzerland, local applies to food sourced within a radius of 70 km (Martinez *et al.*, 2010). Local sourcing should not be used as a synonym for domestic sourcing, as a local product can be found in a specific geographical area even when this crosses a national border (Coates *et al.*, 2022). Conversely, a domestic product refers to its country of origin and implies that manufacturing and retail took place within its national border.

Most consumers expect local foods to be produced close to the market or retail outlet where they buy them. However, local foods may have features other than physical proximity. When they visit a particular place, consumers choose local food products that represent a territory, a tradition, or a gastronomic heritage. Another feature of local food products is the direct relationship between producers and consumers also referred to as direct marketing. The concept of local food can extend to the producer: the personality and ethics of the grower and the attractiveness of the farm and surrounding landscape, all factors that make up the “story behind the food” (Martinez *et al.*, 2010). Social embeddedness (i.e. social connections, mutual exchange, and trust) are viewed by some as an important feature of direct agricultural marketing (Hinrichs, 2000; Sage, 2003). Small farms are representatives of a specific territory and commit to it through the social and economic relationships they create with local stakeholders and consumers. Moreover, although both concepts are not necessarily linked to each other, many consumers associate locally produced with seasonal and/or organic food.¹

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Unlike organic food that has a more concrete and regulated concept in many countries, the interpretation of local food can vary depending on the context being used, and who is using it.

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Globalization has led to more complex, longer food chains. Alongside this is a growing interest in food that is locally sourced.

.....

¹ According to the United States of America Department of Agriculture, organic producers rely on natural substances and physical, mechanical, or biologically based farming methods to the fullest extent possible. Produce can be called organic if it is certified grown on soil that had no prohibited substances applied for three years prior to harvest. In the European Union, organic production, labelling and controls have been regulated since 1991.



The word *provenance* seems to capture the essence of a definition for local food as it reflects how local influences shape product identity (Thompson *et al.*, 2008). For the purposes of the present guide, a local product is one made by a producer within a given region or country, a product that is seasonal and sold to HoReCa/ tourism businesses within that region or country. This may also include retail companies but these are not covered in the present guide.

Potential of local sourcing

Both FAO and the EBRD recognize that local food sourcing can strengthen linkages between HoReCa tourism operators and farmers, creating the following opportunities for both.

- Increase the quality of the guest experience by meeting growing demand for a type of tourism focusing on nature or lesser-known destinations, and engaging the local population, their lifestyle and gastronomy. Local sourcing will also satisfy consumers' preferences for traceability, local and specialized products.
- Improve the brand image in terms of the social and environmental sustainability of tourism sector stakeholders and enhance the overall value of the hospitality offering. Local sourcing is a major asset as it adds value and visibility in a competitive tourism market while promoting sustainability.
- Provide local suppliers with greater market access and exposure to HoReCa clients who require seasonal or high-quality products. This can increase suppliers' ability to improve or expand products and services, as well as generate economies of scale and enhance products' value added.
- Create business opportunities and employment in rural areas for sustainable and integrated development.
- Facilitate linkages between tourism and agriculture to foster traditional local value chain efficiency and visibility, benefiting the whole country.

From a wider perspective, local sourcing can: (i) preserve and promote biodiversity and, traditional production know-how (for example in the case of food/ingredients produced with methods that help keep soil rich with biodiversity); (ii) reduce food waste in the tourism and hospitality industries; and (iii) expand tourism flow and revenue to lesser-known rural areas.

Sourcing.



A. Local sourcing in the hotel, restaurant and catering and tourism industries: the context

The rising demand for more sustainable, local food

Consumers' expectations are changing and are driving significant evolution in food markets towards sustainability (Coates *et al.*, 2022). At global level, consumers are demanding more localized, authentic experiences, starting with the food they consume. This has led to major scrutiny of the origins and procurement of food. The recent resurgence in buying local has been largely driven by environmental, health, political, and/or economic reasons. Pressure on companies to address issues of sustainability is increasing (e.g. reducing greenhouse gas emissions related to transport and more sustainable farming practices).

An August-September 2020 Eurobarometer survey (European Commission, 2020) found that almost 80 percent of respondents² considered factors linked to local products were "important" when buying food products, with the following considered "very important":

- coming from a geographical area they know is "very important" for 41 percent of respondents (a 10 percent increase over 2017);
- having a label that ensures the quality of the product is "very important" for 41 percent of respondents (an 8 percent increase over 2017);
- finding food products that respect local traditions and knowledge is "very important" for 40 percent of respondents (a 9 percent increase over 2017).

Consumers in that survey considered that the main advantages in buying local lie in the freshness of food, awareness of the origin of the product, being able to enjoy seasonal, tasty products, supporting traditional farming practices and contributing to more sustainable and local food systems. The main perceived obstacles are supply "inconveniences" (e.g. schedules, reduced assortment, market accessibility) (Coates *et al.*, 2022).³

Terms such as "farm-to-fork" and "farm-to-table" are increasingly common, ranging from restaurants to farmers' markets. "Local" has become a proxy for "sustainable" and implies fresher, better tasting, healthier, safer, and more traditional foods. To a larger extent, it can also describe more environmentally friendly and socially responsible processing and distribution methods. This suggests that – at least in principle – quality, authenticity and sustainability should be closely intertwined, to meet local food quality standards in the entire process from field to plate.

.....
The commitment to social and environmental sustainability is central to local sourcing. It is also one of the greatest food service trends.
.....

² The survey was carried out by the Kantar network in the 27 Member States of the European Union between 3 August and 15 September 2020, interviewing 27 237 European Union citizens from different social and demographic categories.

³ In Georgia, as well as in other upper-middle, lower-middle or low-income countries, consumers may have different priorities as they tend to spend proportionally more income on food and, for them, prices may remain the main deciding factor, over origin.

Rediscovering tourism around local foods

According to the World Food Travel Association, visitors spend approximately 25 percent of their travel budget on food and beverages globally (World Food Travel Organisation, 2020). The Centre for the Promotion of Imports from developing countries (CBI), established by the Ministry of Foreign Affairs of the Netherlands, reports that for over 80 percent of all leisure travellers, good food and drink experiences have a big influence on their overall satisfaction with a trip and make them more likely to return to a destination (CBI, 2021). The same source reports that 81 percent of tourists agree that food and drink help them understand the local culture and they increasingly seek local foods as part of an authentic experience. In the eyes of some visitor groups, local food should be simple, fresh, qualitative, traditional and promote a unique relationship with the community and its territory. Outlets serving local foods are a front door for tourists to share this cultural discovery. Food tourism can be described as a window to market value-added products for visitors who consider this part of their experience. This represents a key opportunity for food producers and tourism providers to collaborate and offer high quality local food products.

Promoting local food and drink through tourism has two major advantages: (i) it strengthens the message of authenticity where local products represent the destination and its unique characteristics; and (ii) it creates strong prospects to develop value-added high quality food value chains. HoReCa and tourism sector businesses now have an opportunity to tap into this linkage.

Box 1

Linking food and experiential tourism: the example of agritourism



By combining a zero km sourcing strategy and educational with recreational activities for visitors, agritourism can direct consumers' interest towards local foods and support local agriculture production systems.

Lo Stuzzichino Osteria is a family-run business created in 1988 in the municipality of Massa Lubrense, Naples, Italy. In recent years, the business has grown to include a restaurant, a one hectare orchard and garden, a processing laboratory and a guest house offering dinner and breakfast (D&B) for residents.

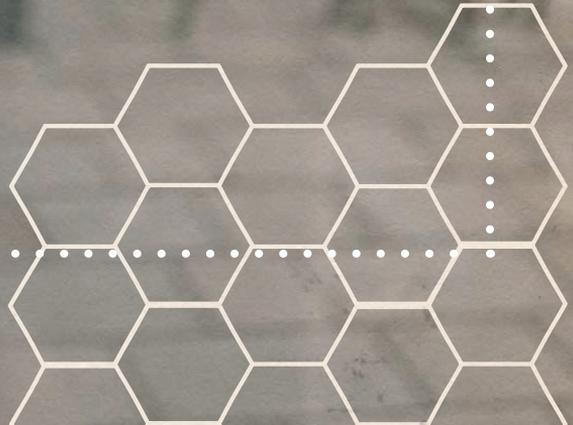
Lo Stuzzichino Osteria operates a closed supply chain model, which reduces production stages and limits them to a geographical region. The restaurant uses products from its own orchard as well as from local suppliers. Sourcing is centralized and managed directly by the owner and chef for 90 percent of its products. Most suppliers are part of the owner's professional and personal network in the surrounding areas. They are mostly cooperative businesses selected for the quality of their foods. The owner engages them by promoting their products and their story to customers.

This model supports a business strategy that promotes the identity, familiarity, and tradition of the area where food is produced. The restaurant offers customers the full experience to enjoy their dishes. It states the origin of the food, explains the traditional processing and preparation methods, emphasizing its high quality. Guests are invited to choose fruits from the orchard and to take part in preparing the dishes on the menu. The Osteria also runs a guided tour, where customers can visit its food suppliers. Apart from meals served to them, customers can also buy directly from the Osteria via its recently developed e-commerce platform.

Source: Authors' own elaboration based on information gathered through LoStuzzichino Osteria website (www.ristorantelos-tuzzichino.it/) visited in April 2022 as well as interviews with Mimmo de Gregorio, owner of Lo Stuzzichino Osteria, April 2022. See Annex 1 for more information.



Promoting.



B. Prospects for the HoReCa and tourism sectors

Five reasons why HoReCa and tourism businesses should embrace local sourcing

Depending on their size and location, HoReCa and tourism businesses can benefit from local sourcing, adjusting their menus to provide fresher, locally grown foods. For chefs, general managers, procurement staff, purchasing managers or food business owners, there are multiple advantages to local sourcing.

1. Reduce transport costs and increase control

Local sourcing can help reduce transport costs and time leading to greater predictability in delivery. Shorter distances to production areas can create opportunities for direct collaboration with suppliers, allowing frequent site visits with the potential to create relationships of trust.

2. Secure quality, seasonal foods

Sourcing local, seasonal products is a great opportunity to develop a closer relationship with producers by adapting to seasonality and production quantity. This leads to the purchase of tastier, fresher products and can reduce food loss and waste as products can grow to maturity and do not spend long periods in transit. Eating seasonal food is also promoted as one aspect of a sustainable diet in many countries and regions (e.g. the Mediterranean). Adapting to product seasonality requires specific adjustments for HoReCa actors such as:

Box 2

From farm to fork: tailoring menus to seasonality



By sourcing locally, HoReCa actors enhance the connection between producers and final consumers. Tailoring menus to seasonality is a way to promote local farmers. It allows them to promote sustainable diets by proposing quality products while being a real brand image booster.

Le Persil restaurant, based in Marseille, France, is a neighbourhood eatery with a 100 percent local procurement policy. Le Persil began in 2018 and was initially a branch of a broader urban farming project. The restaurant is no longer part of this project, but continues to offer only fresh, local products grown in Marseille urban farms or in the close surroundings. The chef and the owner design the menu and manage procurement according to what is seasonal and available. The menu includes three starters, three main courses and three deserts. It changes every two weeks. This allows Le Persil to make an accurate forecast about which products will be needed and in what quantity, avoiding food loss and ensuring availability from local suppliers. As well as buying products from its networks among Marseille urban farms it also buys from the immediate surrounding area via a specialized third party, La Plateforme Paysanne Locale. This organization offers logistic services to connect restaurants with local organic producers of all type of products.

In addition, Le Persil offers cookery classes and is involved in the urban agriculture movement in Marseille, raising awareness on local sourcing in the HoReCa sector.

Source: Authors' own elaboration based on interviews with Marion Schnorf, Director of La Cité de l'Agriculture and founder of Le Persil restaurant, August 2022. See Annex 2 for more information.

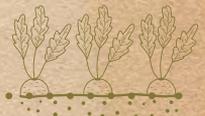
i) chef and cooking teams' experience in seasonal products preparation; ii) strong local supplier network; iii) synergies between cooking teams, purchase officers and suppliers to tailor menus to product availability; iv) a flexible and adapted purchase and delivery organization (see Boxes 1, 2 and 5).

3. Attract guests and build customer trust

Local sourcing can help differentiate one business from another by building communication and a brand image around the promise of fresh, local ingredients. HoReCa and tourism businesses can offer an authentic experience and develop activities for clients with suppliers around local gastronomy (e.g. traditional culinary heritage tours). In principle, increased competition in local markets leads to better quality products, which means more satisfied customers with improved operations in terms of traceability and adaptability to local preferences and specialized products.

Box 3

Local sourcing as a social and environmental commitment strategy



Shifting to local sourcing is a great opportunity for HoReCa and the tourism sector to commit to a bold corporate social responsibility (CSR) strategy. Many businesses already source locally, inserting it as a core principle in their purchasing. Some also engage in farming projects to support local procurement and rural development.

The Adjara Group Holding is a leading HoReCa actor in Georgia, managing hotels and restaurants in different regions since 2010. It has developed a CSR strategy committing to social and environmental sustainability through active support to local farming and local sourcing.

Starting in 2017, the Adjara Group initiated a 2-hectare farming project in Udabno, Kakheti producing almonds, soft fruits, grapes, and dairy products and launched a vertical farm initiative, the Space Farm, delivering produce directly to the hotel where it was developed. Udabno supplies fresh produce to the Adjara Group Holding's restaurants. Cheese and matsoni produced by their restaurants use goat's and buffalo milk from the company's dairy and poultry farm. The farming project plays a pivotal role in fighting climate change while bringing biodiversity to the Kakheti region. Employing local people and creating a gender-balanced work environment is a high priority for the company's agricultural work.

The Adjara Group is also a partner and member of the Georgian Farmers' Association (GFA). Through ongoing collaboration, the company sources fresh local produce from Georgian farmers. The GFA helps find local vendors and farmers while the company's procurement policy focuses on a single department, which buys all the products for its food and beverage establishments. Sourcing usually takes place daily through intermediary vendors and various local farmers, as well as direct procurement. It offers a connection between HoReCa structures and farmers in terms of logistics and payments.

Investing in farming projects and purchasing from local suppliers is a way to: (i) support sustainable farming and culinary practices; (ii) support rural development and employment; (iii) enhance value and promote local value chains. Through these actions, the Adjara Group meets its ongoing commitment to social and environmental sustainability, thus improving its brand image.

Source: Authors' own elaboration based on information gathered through Adjara Group website (<https://adjaragroup.com/>) visited in August 2022 as well as interviews with Guram Sakvarelidze, former Business Development Director of Adjara Group, August 2022. See Annex 3 for more information.



4. Improve corporate social responsibility

By supporting local businesses, HoReCa and tourism companies can improve their corporate social responsibility (CSR). Shorter delivery channels and reduced product delivery times can reduce transport carbon emissions, damage, and spoilage rates (BCG, 2018). Local sourcing also reduces food waste and supports local networks that address food waste. It can also enhance environmentally friendly practice by choosing suppliers engaged in regenerative agriculture as well as social responsibility by supporting smallholder farmers and local communities.

5. Promote local community development

Local sourcing can benefit the local community by creating sustainable business opportunities and better access to markets for local enterprises. The revenue from local suppliers rises, helping the community in terms of local employment and tax revenue. Local sourcing supports and attracts investments in communities and promotes indigenous culinary culture while preserving traditional know-how, landscapes and biodiversity. Culinary tourism can extend the average tourist stay, redirect tourism flows into in less known areas and contribute to integrated and sustainable rural development.

Local sourcing strategies can deliver important benefits for both buyers and suppliers. HoReCa operators can promote a positive brand image, securing their supply chain while consumers can enjoy fresh, healthy products. Looking at the broader picture, local sourcing can make a country and its regions more attractive as a sustainable destination while supporting culinary/gastronomic tourism and agritourism as well as helping preserve biodiversity and landscapes.

Local sourcing challenges

Local sourcing strategies for HoReCa and tourism actors may also face challenges as they can fragment, create complexities, and increase risks along the supply chain. Many firms may be able to source only a percentage of food items from within their country or their region. This may be due to lack of availability, lack of awareness, poor quality, slow delivery, or high prices. Key constraints on the development of local sourcing include the following:

1. Irregular or inconsistent supply

Local suppliers may have smaller, or a less diverse range of products compared to other suppliers (e.g. international chains). They may also have less efficient delivery systems or poor accessibility due to their remote location or fewer staff and local sources can be more expensive due to aggregation costs. All these features can generate uncertainties about quantities, prices and delivery, which jeopardize HoReCa procurement stability.

2. Inconsistent product labelling and packaging

Buyers normally require standardized packaging materials and consistent sizing and grading. Restaurants and other buyers may be used to working with large-scale food distributors who provide standard packaging designed for shipping and handling, refrigeration, extended shelf-life, and user friendliness. Smallholders may have difficulties meeting these standards to offer suitable packaging for their products.



Having a shorter supply chain does not make it less complicated as working with small, local producers can sometimes pose challenges.



3. Possible food safety issues

Compared to bigger suppliers or chains, local suppliers tend to have smaller production capacity and may lack experience in checking their products for food safety requirements. They are often not large enough to justify a customer placing an individual inspector on site or even organizing regular inspections. Local suppliers' own internal inspection systems may not be as well developed and operationally as reliable as those at bigger agribusinesses. Local suppliers may also lack adequate storage or preservation capacity, which could impact shelf-life.

4. Difficulty connecting HoReCa structures and smallholders

Moving from a regular procurement strategy to a local sourcing one may be challenging for HoReCa actors as it requires a change of mindset. Sourcing locally demands a broad network of trusted suppliers who can deliver quality products, reliably. It also requires adapting menus to these new purchases as well as a shift in communication, marketing, and branding. Adopting a local sourcing strategy may require time to build a network of regular suppliers, to train staff and establish efficient communication.





Shortcuts to successful local sourcing

Before engaging in a local sourcing strategy, any HoReCa or tourism business should consider why they want to source locally and to reflect on some key marketing questions.

Figure 1
Key marketing questions for HoReCa and tourism businesses willing to source locally

WHICH PRODUCTS?	FOR WHICH CLIENT?	FROM WHICH SUPPLIERS?
↓	↓	↓
Which product(s) or share of my total purchasing do I want to source locally?	What are the characteristics and needs of the clients who eat the products I am offering?	Which market channels are available for the products I want to purchase?
Which quality products are available close to my business?	Will I attract more customers by promoting my structure as sustainable?	Do I know the producers or if not, how can I reach them?
		How many suppliers will I be working with?
WHAT ARE THE COSTS?	HOW WILL I USE LOCAL PRODUCTS?	WHAT ARE THE SUPPLY ARRANGEMENTS?
↓	↓	↓
What is the cost of my local sourcing strategy?	How do I tailor my menu to locally sourced products and their seasonality?	How and when should I organize the aggregation, selection, and delivery of these products?
Is there a cost difference between it and a conventional sourcing plan? If so, how do I compensate for this margin?	Does my chef promote locally sourced products?	How can I maintain quality control? According to which standards? What happens in case of non-compliance?
	What needs to change in meal preparation? Does using local products generate additional work?	How do I store products? What packaging do I require?
WHAT ARE THE BENEFITS?	WHAT IS THE COMPETITIVE ENVIRONMENT?	WHAT IS MY COMMUNICATION AND MARKETING STRATEGY?
↓	↓	↓
Which assets will I gain from sourcing locally (sustainability, quality label, producer story)?	Who are my competitors?	How do I highlight and promote the local products I use?
Will the benefits outweigh the costs if it is more expensive?	What makes my products, or the way I sell or promote them, different from those of my competitors?	How can local sourcing improve the brand image of my business?
	Are there other restaurants engaged in local sourcing around my area? Can I partner with them?	How can I encourage my supplier in storytelling around their products for my customers?

Source: Authors' own elaboration

Ten tips to develop a local sourcing strategy

Local sourcing implies redesigning a business development strategy and image. While some businesses will have to start from scratch, others will need to rethink their menus and business plan to increase their local food proposition. Below is a list of recommendations for any HoReCa or tourism business wanting to pursue local procurement.

1. Start small, start simple

Attempting at the start to source 100 percent locally can be counterproductive for any local purchasing strategy. It is better to start by offering simple menus based on fresh, seasonal ingredients and selecting a limited number of local products before expanding from there.

2. Emphasize what you already have

You may start by wondering what your neighbour is producing or what your region or country is renowned for. It is important to increase consumer awareness of the availability and use of alternative local foods.

3. Create a sourcing network

Managing networks of suppliers is one of the first steps to initiating a local sourcing strategy. Finding local quality products and developing relationships of trust with suppliers normally takes time. HoReCa owners, chefs or procurement officers should make an effort to meet their suppliers and source information on their businesses.

4. Use a procurement tool or a platform to manage sourcing

Creating a standardized and repeatable sourcing process can lead to continuous improvements in operations and the management of food costs. Strategic sourcing solutions are available in the market (ArrowStream, Oneorder are examples of multiparty platforms/aggregation pools), which can help to: (i) locate new partners and assess their products, company background and distribution capacity; and (ii) develop optimal sourcing plans by enabling operators and suppliers to communicate easily in real time. This, in turn, can lead to better customer service, waste reduction, better inventory systems and optimized transport.

5. Contract with specialized third parties

Finding suppliers and managing distributors can be cumbersome for HoReCa and tourism sector operators engaged in local sourcing. Local suppliers can struggle to remain competitive if they must cover aggregation and delivery logistics and costs. A third-party supply specialist can be a good intermediary to maintain stable local sourcing from farmers and ensure packed products meet the buyer's requirements. They can help locate quality suppliers and establish relations with them regarding price negotiations, aggregation, delivery, quality control and payment. Potential drawbacks of this strategy could be loss of control and sharing strategic information.

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Critical success factors:

- **Quality and freshness**
- **Consistent supply**
- **Unique approach and products**
- **Correct storage techniques**
- **Food safety protocols**
- **Market knowledge**

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Local sourcing requires commitment from the companies involved. The capacity of local suppliers has to develop to enable them to become more competitive and profitable.

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6. Plan for the seasons

Chefs, cooks and food and beverage managers normally plan their menus well in advance, which helps them secure the best possible products from local suppliers. Having a list of in season and out of season foods makes it easier to check general availability on a wish list.

7. Master local and seasonal cooking

To promote seasonal and local products, HoReCa businesses may need to adapt their habits and tailor menus creatively to match available local food. This may require training chefs, producers and the kitchen team in different cooking practices.

8. Attract visitors

Developing a better culinary narrative around local foods can draw visitors to explore the food on offer. Collaborating with food ambassadors and chefs in this area is a successful strategy. If customers do travel, they will expect their journey to be worthwhile.

Box 4

Third parties offer a solution to connecting HoReCa with producers



The role of intermediaries like distribution companies and online digital markets that specialize in local sourcing is to offer a logistic service to remove potential blockages and establish a HoReCa local sourcing strategy. Third parties can manage activities such as: (i) conduct research into suppliers; (ii) negotiate prices; (iii) secure the quantities needed; (iv) maintain quality control; (v) ensure product aggregation; (vi) manage delivery and billing. They may also offer procurement tools (digital tools, unified procurement sheets) to ease the purchasing process.

The Georgian Farmers' Distribution Company (GFDC) was founded in 2016 to help farmers sell their produce and source new, permanent markets for it. GFDC uses two schemes to supply local products. With the first scheme, farmers produce, assemble and package their output themselves and deliver it to the GFDC warehouse in Tbilisi. It handles logistics and sales. GFDC does the final sorting/packaging and delivers products to hotels and restaurants using refrigerated transport. Payment is made on delivery or within two weeks, GFDC adding 5–8 percent as its commission. For the second scheme, GFDC collects produce directly from farmers, managing transport, primary and final packaging, delivery and payment.

In both schemes, GFDC prepares a procurement sheet for HoReCa clients to list their needs and secure delivery. The intermediary then deals directly with their network of farmers to purchase the relevant quantities.

These partnerships with specialized third parties benefit both producers and HoReCa operators, solving a key challenge for farmers who need to find markets for their goods. It also enables HoReCa companies to:

- i) create a homogeneous and streamlined procurement process (logistics and payments are externalized);
- ii) reduce risks in terms of produce quality and quantity; iii) develop better linkages with local farmers.

9. Promote your producers

Showcasing a sourced product and its producer can increase consumers' interest in its provenance and connect them with its origin. This can boost demand and grow a producer's business.

10. Expand your local menu

There are several ways to focus customers' interest in a local menu. Growing food on the premises of restaurants and hotels (e.g. in gardens or on rooftops) is increasingly popular in many countries (see Box 1 and Box 4 for examples). In addition, sourcing local drinks such as water, wine, beer, and spirits can add significant value and interest to local menus.

Box 5

Start simple and become a champion: a local sourcing success



“Young chefs and young restaurateurs do look up to more successful and well-established chefs and restaurateurs that have stars, to emulate them, so there is a responsibility there on more established businesses to behave more responsibly.” Enda McEvoy, chef of Michelin starred Loam Restaurant in Galway City, Ireland, has become a local sourcing ambassador.

Since opening in 2014, Loam Restaurant quickly received various prestigious awards acknowledging its cuisine and sustainable practices, including a Michelin star. In 2016, it became the first restaurant in Ireland to earn a three-star rating from the Sustainable Restaurant Association and was the inaugural recipient of Michelin's sustainable restaurant award in its 2020 Guide. The chef and owner, Enda McEvoy, became a champion of sustainable and local cuisine: he has been named the “Best Chef in Ireland” and Loam also won the award for the “Best Restaurant in Connacht.”

What is the recipe for this success? A global mindset toward sustainability includes the following.

- There is special collaboration with a community-supported agriculture (CSA) project that provides 80 percent of Loam's fruit and vegetables and composts the restaurant's organic waste. Three times a year they agree on what to grow to match CSA with the restaurant's needs.
- The menu is kept small and changes regularly to reduce food waste.
- Loam practices no waste and preserves ingredients through pickling and fermentation to ensure their availability out of season as well as indoor processing of meat.
- Indoor grow boxes produce herbs and flowers to reduce imports.
- Loam's marketing through a website lists menus, recipes, local suppliers and their products.
- Loam is involved in several community initiatives, running cookery demos for children at a local school in conjunction with Slow Food Ireland.



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Annex 1

Lo Stuzzichino Osteria

Name	Lo Stuzzichino Osteria - www.ristorantelostuzzichino.it/
Location	Massa Lubrense, Naples, Italy
Type of business	<p>Lo Stuzzichino Osteria is family run business located in Sant' Agata sui Due Golfi, Massa Lubrense, Naples. The restaurant has been operating for 34 years under the management of the same family and has expanded to include:</p> <ul style="list-style-type: none"> • a restaurant • a 1 ha orchard and garden • a food processing laboratory • a dinner and breakfast guest house
Number of employees	30 full-time and part-time employees
Number of covers	n/a
Share of locally sourced products	90 percent
Best practices	<ul style="list-style-type: none"> • Zero kilometre approach: 90 percent of its products are local and seasonal, whether from local suppliers or directly from the orchard. • Local supplier development: The success of the business rests on strong interdependence the owner has created with his local environment. He promotes this network of local suppliers among his customers, offering overnight stays in the area that complement his "dinner and breakfast" concept. The owner worked hard to build strong relationships with his current suppliers and convince potential suppliers of the value of traditional and sustainable production and processing methods. Through its e-market platform, the restaurant sells and promotes food from the area. • Rationalization: To take full advantage of local sourcing, the restaurant significantly reduced its menu to include five starters, five first courses, five second courses and five deserts, all based on seasonal availability of produce. Lo Stuzzichino Osteria set out to lower the costs of its entire menu, while increasing the value-added in terms of quality, authenticity and transparency offered to customers. • Tourism experiences: The restaurant combined a zero km approach with authentic tourism experiences around the food it serves, from production to consumption.
Challenges	Not all suppliers in the region can meet its requirements in terms of quality and traditional processing and production. Some have worked in the industry for many years and have fixed production methods. Changing the mindset of these suppliers requires time and effort.

Annex 2

Restaurant Le Persil

Name	Restaurant Le Persil
Location	Marseille, France
Type of business	City centre restaurant that opened in 2018, offering fresh, organic, and local products. The restaurant buys some products from its networks of urban farms. The rest comes from the immediate surroundings via a specialized third party, La Plateforme Paysanne Locale which offers logistic services to connect restaurants and local organic producers.
Number of employees	3
Number of covers	40
Share of locally sourced products	90 percent
Best practices	<ul style="list-style-type: none"> • Global approach of restaurant procurement in an urban context: Since it opened Le Persil has developed a wide network of urban producers and acts as a demonstration laboratory for all urban farms. This ensures procurement while promoting local products. • Adapting menus to product seasonality and availability from local suppliers: By planning the menu according to product availability and offering a smaller number of dishes over a two-week cycle, Le Persil avoids food loss and reduces the risk from uncertain supplies. • Awareness-raising: Le Persil is involved in the urban agriculture movement in Marseille. By offering seasonal cooking classes and participating in awareness-raising events, le Persil promotes Marseille's local producers and shares its zero km approach.
Challenges	The global approach aiming to link a restaurant to a farm in an urban context can be quite challenging in terms of the business model, supply and processing logistics and regulation compliance. Urban farming linked to catering services is developing in many cities indicating the need to explore further the zero km approach and how to manage supplies in an urban context.

Annex 3

Adjara Group Holding

Name	Adjara Group Holding - https://adjaragroup.com/hospitality/
Location	Georgia
Type of business	Adjara Group Holding is a leading Georgian decentralized company, combining three primary business focuses – hotels, restaurants and bars, and workspaces. Adjara Group manages six hotels (Rooms Hotels Tbilisi, Kazbegi, and Kokhta; Stamba Hotel; Fabrika Hostel; Holiday Inn Tbilisi); and seven farm-to-table restaurants and bars (Café Stamba; The Kitchen at Rooms Hotel Tbilisi; Lolita; Shukura; Shio Ramen; Milk; Fabrika Restaurant). The Adjara Group initiated the Udabno farming project in 2017, a 2 hectare farm now managed independently from the holding. It also features the first vertical farm in the region – SpaceFarms. The latter is directly tied into the company's restaurants and bars.
Number of employees	1500
Number of covers/beds	1000 covers; 700 guest rooms
Share of locally sourced products	n/a
Best practices	<ul style="list-style-type: none"> • An exemplary CSR strategy: The company has created globally renowned local brands. Adjara Group's restaurants and bars have played a major role in redefining and bringing new standards to Georgia's HoReCa industry. One key feature of this leading position is their bold CSR strategy, part of the core business of the holding, committing it to social and environmental sustainability. • Supporting and becoming involved in local farming: The Adjara Group is an example of a leading HoReCa company committed to a CSR policy that embraces concrete pioneering actions such as investing in farming projects. This allows the Group to: (i) enhance local sourcing for its products while ensuring quality and availability; (ii) contribute to rural development and promotion of Georgian local and traditional products (cheese, wines, etc.); (iii) take part in innovative urban farming practices. • A centralized procurement process: For day-to-day procurement, Adjara Group's partnership with intermediary vendors and GFA are prime examples of local sourcing through specialized intermediaries and a growing network of local suppliers. This allows the company to: i) run an efficient procurement process; ii) reduce risks in terms of quantity and quality; and iii) develop better connections between farmers and their products. • Quality management: The company highlights the importance of standards, certification, and labelling, especially for cheese/dairy products, as these guarantee the high quality and safety of its food products. Several staff members at each facility check the quality of all products purchased.
Challenges	Local sourcing may bring occasional instability with regards to the supply of local products (quantity and quality issues). In this case, imported products replace local supplies. If suppliers deliver a low-quality product, they must take it back and replace it with others of the required standard. Organization via a third party is an interesting model but can be replicated only for big HoReCa businesses, not small and medium companies.

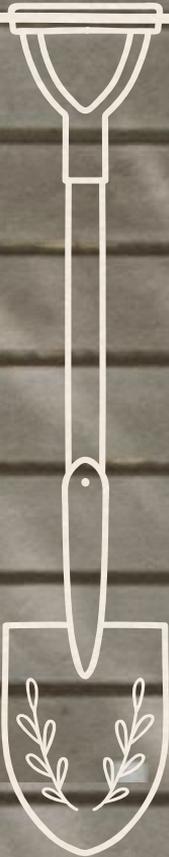
Annex 4

Loam Restaurant

Name	Loam Restaurant - https://loamgalway.com/
Location	Galway City, Ireland
Type of business	Loam is a farm-to-fork Michelin starred restaurant in Galway, Ireland run by Chef Enda McEvoy since 2014. Local sourcing strategy was the clear philosophy of the restaurant from its opening, given the special relationship it has developed with a community-supported agriculture (CSA) project which provides 80 percent of its fruit and vegetables and composts the restaurant's organic waste.
Number of employees	13
Number of covers	50
Share of locally sourced products	90 percent of products are sourced locally or grown in the restaurant.
Best practices	<ul style="list-style-type: none"> • Close collaboration with a farming project: Since its opening, the restaurant has been linked to a farming project that started at the same time. The CSA project provides 80 percent of Loam's fruit and vegetables and composts the restaurant's organic waste. Loam and the CSA work hand in hand, agreeing three times a year on what to grow so as to match production with the restaurant's menus. Loam also has indoor grow boxes producing herbs and flowers to reduce imports. • Promotion of local suppliers: From the start Loam Restaurant developed a network of local suppliers in its area. Loam's website features menus, recipes and the names of local suppliers and their products. • Zero waste menu: The menu is kept small and changes regularly to reduce food waste. No waste and ingredients preservation practices through pickling and fermentation ensure their availability out of season, along with indoor processing of meat. • An influencer position: Loam Restaurant and its chef have gained international recognition in the gastronomy world for their commitment to promoting local sourcing. Loam is involved in several community initiatives, such as running cookery demos for children at a local school in conjunction with Slow Food Ireland. The chef also plans to create a knowledge hub to aid food service and hospitality businesses in transitioning to more sustainable and efficient work methods.
Challenges	The logistics can be challenging. With bigger centralized suppliers one phone call can be enough to place an order for fresh goods, dry goods, dairy etc. Dealing with farmers directly and organizing delivery and pick up times from a number of operators requires a lot of planning and forward thinking, sometimes months in advance. But the relationship Loam builds with other small traders and suppliers has yielded many rewards.

From our garden
to your plate





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To meet the growing consumer demand for seasonal, local foods, the purpose of this guide is to advise those working in the hotel, restaurant, catering (HoReCa) and tourism sectors on the many benefits and challenges of an efficient local sourcing strategy. It highlights successful ways to source local food products and ingredients, offering examples of international best practice. The guide also contains insights on how to contact and work with local producers who supply restaurants, hotels, guesthouses, caterers or agritourism businesses, to promote the best local products of a region or country.

Local food sourcing strengthens links between HoReCa tourist businesses and farmers. It makes for a better guest experience, improves sustainability, gives local suppliers greater market access and creates business and employment opportunities in rural areas. It also promotes biodiversity, preserves traditional food production methods, reduces food waste and brings tourism revenue to more diverse rural areas.



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