Local food is gaining popularity in food service. Being more responsive to local circumstances can bring food companies increases in traffic and customer loyalty, but it also involves challenges. With more local food on the menu, companies may face a larger variety of suppliers. And that involves dealing with both short and long food supply chains.

Short supply chains involve as few intermediaries as possible, connecting local suppliers with local consumers more directly compared to conventional (longer) supply chains. Further development of companies specialising in short supply chains—or elements thereof—can reduce potential higher overhead costs and benefit farmers, food service and, in the end, consumers.

Think consumer-y, source locally

Across the daily food service news bulletins, we notice a constant focus on the local food theme. Think full-service restaurants mentioning local food on their menus and selling locally brewed craft beers. We’ve also noticed quick-service restaurants increasingly emphasizing locally sourced ingredients. We’ve even come across food service brands specifically built around the premise of ‘local’. And even though that word has no clear-cut definition, consumers are living the trend, as they:

• are better informed than ever and require more transparency from the supply chain.
• perceive local food to be healthier, fresher, of higher quality and better for the environment and local economy, compared to processed alternatives.
• seem to be willing to pay more for local food.

Professionalise, develop, scale & profit

Sourcing food locally provides food service companies with the opportunity to deepen the relationship with the customer. It can bring the food service company closer and it distinguishes them from others. But growing demand brings challenges, as food service companies need to cope with a mix of short and long supply chains while maintaining food quality standards. Also, economies of scale can prove more difficult when dealing with short supply chains. The rapidly changing local preferences adds to the complexity.

Professionalization and further development of short supply chains has the potential to reduce overhead costs and benefit all links in the chain, consumers included. The benefits of increased volume and pricing should outweigh the potential overhead costs.

Optimisation—the way forward

The role of traditional supply chains diminishes as short supply chains emerge. Regulators, municipalities and businesses are supportive, but this supply chain model needs further development. As farmers focus on the product itself and food service companies are busy
preparing the food, there is an increased need for companies specialised in connecting the farmer with food service.

We recently visited a seminar on short food supply chains, where we saw some interesting examples of entrepreneurial innovation which further develops short supply chains. One participant built an online/offline local food distribution platform, so consumers can order local food online and pick up their groceries close to home. Another interesting initiative had multiple stakeholders—farmers, municipality, consumers—aiming to further bolster the local economy by using an online platform to trade a variety of local products. Also present was an independent consultant advising food service companies on hospitality, the use of local food and how to benefit from local regulations or available subsidies.

Further development of short supply chains by small innovative entrepreneurs can help food service companies benefit from the local food trend and overcome challenges such as maintaining quality standards or dealing with a larger variety of suppliers.