

Local Food as a Catalyst for Tourism Growth

Introduction

This article considers the role of local food initiatives and one of the inspiring projects that has secured the future of farms at risk, opened up new business opportunities and ultimately made a significant contribution to local economic growth. It aims to review some of the underpinning concepts and to provide a set of considerations for managers to maximize the opportunity local food can offer to businesses and the wider community.

In an age where the population is being encouraged to think about eating more healthily, and celebrity chefs are highlighting the often unsavoury side of mass farming, local food is a valuable resource that makes a significant contribution to local economies and encourages diversification amongst rural communities. Where once a particular farm produced lamb for the supermarkets, the same business now produces and sells its meat directly to customers, the old farm buildings house craft shops and activity rooms and the farmer offers B&B and self-catering.

Alongside this shift in emphasis the research company FARMA have proven through research a growing interest and enthusiasm in local foods. At the beginning of the decade calculations from the New Economics (NEF) Foundation (<http://www.neweconomics.org>) estimated that for every £1 spent on local food £2.50 is generated for the local economy. This was significantly more than the £1.40 generated when that same £1 was spent in a supermarket. NEF believes this value increases further when that purchase is part of a local food project.

Multiplier and Leakage

A key issue, therefore, in the promotion of local food is the *multiplier and leakage* effect, which describes the contribution a product makes to the local economy. In very simple terms, money spent on a product either stays in the local economy, and multiplies in value, or leaks out of the economy.

In the case of food, this effect is apparent among major retailers, such as supermarkets, where leakage is rife, and small independent businesses selling local products from local businesses where the multiplier effect is clear.

This relates most to the tourism industry in the rural areas of the UK where high numbers of daytrippers spend little money and therefore have little impact on the local economy (a particular challenge in National Parks). The average day visitor buys petrol before they leave home, often takes a picnic and is likely to buy only snacks and postcards at their destination.

However, the leakage problem is not just one of the visitor's making if retailers lack the local produce to sell. Many 'touristy' shops and gift shops at attractions err towards mass production and homogenization and are often, therefore, selling items produced outside the economic boundary.

Most of the shelves in souvenir shops are lined with pens, pencils and souvenirs, which are purchased, ready branded, from incentive suppliers. The cookies and fudge more often than not acquire a postcard glued to the front of the box to give some sort of locational significance to the purchase, while other products, such as Kendal Mint Cake, are ubiquitous and have nothing to do with destinations outside the Lake District. As a result such shops are missing the opportunity to sell produce sourced locally.



Authenticity

Given a choice, consumers like to purchase 'authenticity'. More often than not that authenticity is signified by packaging and image. There is a threat to this in the form of postcards glued on boxes and the constant reappearance of certain categories of food regardless of geographic origin. The greater the authenticity, the higher the ascribed value of the product is to the buyer. To enhance authenticity, businesses should be adding information and signage to tell customers that the jam was produced locally, citing magazine articles about the local fudge maker next to his fudge, or telling each customer about the producer of the local cheese and as a consequence visitors leave with a closer connection to the destination, and potentially purchase more of the product to take home with them.

There is also an opportunity for shops and restaurants to build a relationship with their suppliers. For example, telling the customer at the counter that the honey they are purchasing was only produced yesterday at the farm 2 miles away and is their best yet may encourage the visitor back to the shelves to buy more of the high quality product. The same principle applies in accommodation businesses selling local produce. Owners might consider selling the produce that the guest has eaten at breakfast, so that the guest can take away the local bread, local jam, sausages, eggs, etc. as a memento of their visit. Using and selling the local produce creates a new income stream.

Barriers to Selling Local Food

Price

The biggest issue for local food, indeed any local product, is price. Local produce is bought within a smaller economy of scale – for example, to produce oatcakes in a household kitchen by hand, using smaller batches of ingredients and packaging, takes longer and costs more than mass producing thousands of biscuits for each and every UK supermarket.

This adds real costs, not just costs the consumer has to bear, but costs that the retailer also has to consider. Whilst it may be a small increment on a pack of fudge, it could be a substantial increase when selling fish, meats, cheese and other products. Communicating the origin of the food should assuage customer concerns and add value to the product and can overcome price objections.

These added costs and new production technologies also make the producers themselves reluctant to change production and supply chain routes when the market is uncertain. In many cases it also requires investment in new equipment (e.g. machinery for sweet production) or in other new businesses (local meat has to be slaughtered locally, so a local abattoir is required or the farmer needs to also become a butcher).

Lack of confidence about the market

Whilst the supermarket trade may not pay much for the meat that is produced on a sheep farm, and the wool may not fetch huge sums of money, there is a guaranteed market. What farmers need, then, to feel confident enough to change their production methods is the security that there is a market for their produce. Clear demonstration of demand for the product from local retailers, opportunities to test the market through Farmers Markets and support from funded projects can all help assuage these concerns.



Confusion with other categories of food

There is a danger with local food that some of the main messages can be lost along the way, or confused with other projects. Local food does not, for example, mean organic, and some local organic food may not be accredited as organic but produced with the ethos of organic farming.

Of course packaging plays a large role in managing and influencing customer expectations, but media coverage of healthy living and environmental protection may also confuse consumers. Ultimately local producers need to identify systems to communicate the quality and value of their produce through clear labelling, relevant quality standards and membership of local or regional food projects.

Commercial competitors

While local produce has until recently been the preserve of small business, supermarkets are seeing the ethical and financial benefits of local and/or organic food, notably led by Waitrose and Marks and Spencer, with their predominantly AB class shoppers.

Again, consumer confusion here is rife. Does the consumer buy the organic potatoes from Africa, or the non-organic food from the local farm? If choosing the latter then how is this production measured as any better than any other supermarket supply chain, and can the consumer be sure they are contributing effectively to local economies? If choosing the former, how do the air miles and carbon footprint equate to the benefits of buying organic?

The same issues arise with Fair Trade products, which in some cases cannot be sourced locally (tropical fruits, rice), and farm assured or other industry standard schemes. There is no measure of how an overseas standard equates to a UK standard and there is no legislative requirement for food producers to identify the source and type of ingredients in their products.

There are also aspects of the larger grocery sellers' operations that may impact on the local food product. Supermarkets have to consider corporate social responsibility and local and organic food sales are a very visible clue for the consumer. But could this growing market start to impact negatively on the local producer again?

Case Study: The Peak District

In the aftermath of the outbreak of foot and mouth disease (FMD), a number of projects were set up in the Peak District National Park to support rural businesses and encourage farmers to diversify. These projects were primarily European-funded and offered a range of business advice, training, environmental benchmarking and economic growth initiatives. Of particular interest is The Peak District Foods for Tourism Project of two sub-projects (as follows), supported by other European funded programmes:

- Peak District Foods: this project supports local producers, primarily farmers, to sell their products locally, as 'local products'. Often the businesses also encompass organic farming principles, and sell to the local trade and direct to visitors. Some of the farms were also accommodation providers and were able to use their produce for catering.
- Peak District Cuisine: this project works to encourage local businesses to use local produce, sourced from the Peak District Foods Project members. Most of these members comprise local accommodation providers, catering outlets at tourist attractions and pubs.



A project manager coordinates a working group for each project, manages funding for 'Savour the Flavour' (a guide to local food), organizes events and coordinates free marketing materials. The project funding runs out in March 2008 and the project will then rely on the groups involved in the project to self-finance and manage the current funded aspects of the project.

Branding is an important element of the project – branded stickers, banners and blackboards are provided to participants to place around their businesses. Participants are also encouraged to use the branding on their menus and on packaging.

Other routes to market

The project also supports farmers' markets, local food delivery and catering companies and the Great Peak District Fair. Farmers markets in the National Park were popular and well attended, and those involved were keen to make the most of new routes to market and opportunities to diversify from the core product. One local honey producer also offers visitors a chance to 'meet the bees', with special tours and talks about the apiary.

To fit this into the national picture it is worth noting that research by the National Farmers' Retail & Markets Association (FARMA) identified that in 2006 there were over 550 farmers markets nationwide, creating 9500 market days and 230,000 stallholder opportunities, valued at £220m.

Key Issues to Consider

It is useful to summarize the key issues identified in this article before considering the essential steps to successful local food projects. The positive aspects of local food production and consumption generally include the following:

For consumers:

- Better tasting, better quality food;
- Ability to make a contribution to the local economy;
- Traceability and trust in the food source;
- Food will have travelled less distance and is therefore a more sustainable product.

For producers:

- Better retail or wholesale prices;
- Opportunity to develop a good reputation;
- Opportunities for diversification;
- Less susceptible to mass-market forces.

For retailers:

- The concept of freshness and quality is implicit;
- Use of local produce can be promoted through marketing materials, menus and quality standards;
- Enhances the multiplier effect in local economies;
- Creates a unique selling proposition for business involved in local food projects;
- Local food is susceptible to seasonality, which forces producers to offer varied menus with seasonal produce;
- Reduced food miles and in some cases reduced overall costs.

The negative aspects of the projects include the following:

For the consumer:

- The cost of local produce is higher;
- There is confusion over what the product is (local, organic or fair trade);



- Seasonality and weather conditions limit choice.

For producers:

- Initial investment costs may be high;
- Routes to market may need research and participation from businesses;
- Businesses require an understanding of marketing and promotion, food hygiene and so on – skills and qualifications that traditional farming does not demand;
- Research required into supply chains and logistics;
- Seasonality may affect what can be supplied and therefore year-round consistency is not possible;
- Potential threat of changing markets (another FMD that ‘closes’ the countryside would ruin local suppliers in a given destination).

For retailers:

- Higher costs for purchase (although offset by higher sale price);
- Perishability of some products may be reduced;
- Confusion may exist about what is local, what is organic and which is best to stock;
- Retailer needs a greater product knowledge.

Synergies are essential for successful retailing of local produce. The relationship between the producer and consumer, or retailer (or secondary producer in the case of catering establishments) and retailer/producer and consumer is crucial. Key aspects to be considered in the development of food projects include:

- How will the project be funded? Funding streams constantly change, and less UK funding is available through the EU, but there are still pots of money available through the UK Government, European Social Fund, European Development Fund and Interreg. It is up to potential projects to choose a source of funding that allows the most relevant outputs to be achieved. Many funding schemes will require proof that there is a ‘need’ for the project, so research with local farmers, retailers, visitors and the community (year-round customers, rather than seasonal ones) is required.
- Branding needs to be linked to the destination identity and there needs to be a quality standard or benchmark scheme. Peak District Foods and Peak District Cuisine both borrow styles and colours from the Peak District and Derbyshire destination brand. This cements in consumers’ minds the quality and values of the product and ensures the products are associated with the destination. In the case of these projects retailers were supplied with software to produce food labels, signs and menus, which included the project logos.
- Any use of quality standards need to be clearly communicated to customers so they are understood. National standards such as the Soil Association accreditation for organic foods are valuable. It may also be that membership of a local food group requires the producer to sign up to standards regarding traceability, production standards and a guarantee that all ingredients are locally sourced, not just the primary components.
- Does the destination attract the market segments that engage, support and value local food? These are primarily higher spending customers and in research terms project managers would be seeking to identify high numbers of AB socio-economic groupings. Research needs to be carried out to assess the potential market for local produce. Local tourist boards may already have collected these data.
- A review of existing supply chain mechanisms and formalization of local food suppliers and users is required. These existing businesses will form the foundations of a project.
- An audit of potential participants is required to establish if the project can be self-funding and to check that sufficient businesses will engage with the concept.
- What other infrastructure already exists: consider local markets, key industry players, examples of best practice.



8 Essay

- Interpretation and storytelling, publicity and events are essential aspects of building awareness.

With the growing interest in selling local foods and increasing consumer demand it could be very easy to expect to see the benefits of local food to the economy, but this will never cement the food product with the tourism industry, which is crucial. Local food initiatives are crucial to a vibrant tourist economy, especially in rural areas, but as yet few destinations really value existing projects.

References

New Economics Foundation (2001) Local Food Shopping better for Rural Economy than Supermarket Shopping (http://www.neweconomics.org/gen/m6_i121_news.aspx).

FARMA (June 2006) Sector Briefing - Farmers Markets in the UK. Nine Years and Counting. FARMA, Southampton.

