

VERMONT FOOD SYSTEM PLAN MARKET BRIEF



MARKET: Restaurants

What's At Stake?

From mom-and-pop diners to high-end establishments, restaurants play a key role in shaping the way consumers eat and think about food. They also play a role in the success of Vermont farms by featuring, and increasing the amount of, locally grown food that they purchase. Enhancing restaurant and farm partnerships is a win-win for the health of Vermont's rural economy and the overall financial sustainability of rural communities. Before the COVID-19 pandemic, restaurants accounted for 3% of all local food purchases in Vermont, with at least \$9.7 million flowing back to local food producers. As of this writing, the COVID-19 pandemic economic shutdown has hit restaurants hard: 30% of restaurants will not reopen according to current estimates. It will take time to rebuild lost restaurant livelihoods, jobs, farmer and chef relationships, and community gathering spaces, and without a dedicated and coordinated response, they may never return to pre-COVID levels.

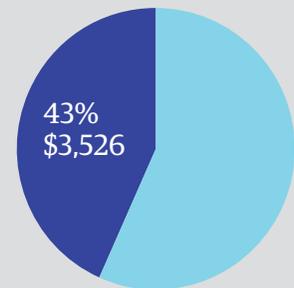
Current Conditions

Over the last 20 years, Vermont's farm-to-table movement has grown tremendously. Consumer expectations and increased demand have driven restaurants to increase their sourcing of local ingredients, form partnerships with local farms, and include food sourcing transparency as an integral element of their brand identity. The COVID-19 pandemic may reinforce consumer trends related to transparency, health, and freshness which favor local-sourcing restaurants.

The restaurant market is highly competitive, with razor-thin margins and an overall industry-wide staffing shortage both in Vermont and nationally. The obstacles that restaurants face to increased purchasing of local food include product cost, staffing shortages, staff training, storage, and consistent product quality and supply. Because of limited distribution resources, many farms deliver once or twice per week (larger restaurants and/or restaurant groups prefer three or four times per week). Lack of technology and limited distribution networks put small and medium-sized farms at a disadvantage when competing against large distributors serving the restaurant markets.

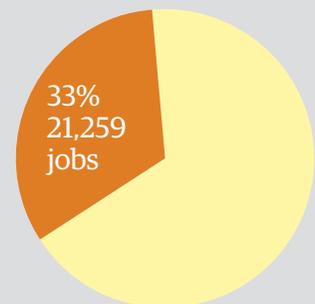
To increase the purchasing of local food in the restaurant market, we need to remove barriers in the farm-restaurant relationship. These barriers can include the cost to consumers, inefficient communication, lack of awareness of what's available, and the lack of farmer utilization of or interest in distribution networks. It is important for restaurants and farmers to understand each other's businesses, and to strengthen their partnerships with increased communication and education. Statewide organizations and smaller regional organizations provide resources, tools, and marketing assistance that foster linkages between restaurants and producers, and should build on current efforts while removing duplicative ones.

Nationally in 2019, consumers on average spent 43% of their total annual food expenditure on food away from home.



In 2018, there was an estimated \$1.1 billion in sales at Vermont's 1,413 eating and drinking locations.

In 2019, the 21,259 jobs at Vermont food service and drinking establishments made up a third of all Vermont food system jobs.



Bottlenecks & Gaps

- Restaurant budgets are tight and staff may not designate local food purchasing as a priority because buying and preparing certain local foods requires processing equipment, more storage space, and additional staff training.
- For small to mid-sized farms, direct-to-store wholesale and direct-to-consumer sales can be more profitable, reliable, and consistent than restaurant sales.
- There is a lack of small distributors, or larger distributors who offer source-identification, to increase product reach across the state and offer restaurants more local food options.
- For restaurants, communicating with each individual farm or specialty food producer can take time and be inefficient. For farms, it can be hard to keep communication channels open with restaurant partners when manager and chef turnover occur.
- Vegetable producers may be competing against each other with the same products, and/or avoiding the financial risk of new markets or products related to restaurants.

Opportunities

- Regional food hubs and small distributors that cater to small and mid-sized producers could build another market channel by serving the restaurant industry.
- By working closely with farms in the winter and early spring, restaurants can plan with producers for the coming season, leading to new products and farm connections with new buyers.
- Restaurant staples in high demand but not currently available from local producers, such as canned tomatoes or cooking oil, may present an untapped market opportunity for local producers.
- Existing organizational efforts and resources to strengthen connections between producers and restaurants can be built upon.
- A collaborative marketing program between restaurants and their producers could promote food transparency and increase marketing reach for both sectors while deepening relationships.

Recommendations

- The restaurant industry will need sustained support to survive the COVID-19 pandemic and recover to pre-COVID levels. Helping restaurants will in turn assist with the recovery of the rural economy, tourism, and downtown vitality. Safety measures (e.g., increased air circulation infrastructure costs, PPE, reduced seating capacity), intermittent full closures, and personnel concerns are adding costs while reducing business income and viability. Creativity, state funding, technical assistance, and much more are needed and should continue to be funded by the Legislature. Providing the universal workforce needs for health care, transportation, and child care will also assist in restaurant recovery.
- Increase Vermont Agency of Agriculture, Food and Markets grant funds to programs supporting farm to table relationships. Possible uses for such funds include exchanges in which farms share their products with chefs and chefs discuss their needs with producers, supporting restaurants' efforts to locate products, and bolstering online resources which facilitate communication between partners.
- Develop processing facility infrastructure and additional training and support for food hubs. Put strong systems in place for additional types of product processing (e.g., meat and/or "new" local products that could be considered for restaurant staples) with investments in equipment, training, and industry best-practice standards for safety, and craftsmanship (see [Business and Technical Assistance](#), [Meat Slaughter, Processing, and Products](#), [Lightly Processed Vegetables](#), [Specialty Food](#) briefs).
- Investigate whether and how local food purchasing incentives could work for the restaurant industry.
- Offer local food purchase tracking templates and technical support to help individual restaurants market themselves and track their individual impact. This could help the industry as a whole communicate its impact on the local food system. Support the implementation of standardized ordering and invoicing systems between farms and restaurants.

Farm to Plate is Vermont's food system plan being implemented statewide to increase economic development and jobs in the farm and food sector and improve access to healthy local food for all Vermonters.

The Vermont Agency of Agriculture, Food & Markets (VAAFAM) facilitates, supports, and encourages the growth and viability of agriculture in Vermont while protecting the working landscape, human health, animal health, plant health, consumers, and the environment.

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