

LOCAL FOOD SOLUTIONS

VOLUME 18



Possibility grows here.

PEOPLE: FOOD HUBS AND AGGREGATORS

Barrier

It can require too much additional effort for distributors and foodservice companies to work with multiple, smaller suppliers to source local food.

Like supply chains around the world and across industries, the food supply chain has become increasingly concentrated, driven primarily by a desire to improve efficiency in order to reduce costs. While this model is successful in achieving economies of scale, it disconnects farmers from consumers by way of the aggregation, wholesaling, processing, and distribution that takes place in the middle.

This operating model has had a negative impact on small and medium sized farms and processors, who cannot supply the larger volumes required by larger distributors and food service operators.

As a result, the farms and processors best suited to supply local food are boxed out of the supply chain.

As 'local' becomes more important as a differentiator for foodservice providers, interest has increased in supporting more small and medium sized agri-food businesses and, in particular, ones that are offering differentiated products that cannot be accessed through the mainstream supply chain. However, responding to consumer preferences for local food offerings is proving to be a challenge for foodservice companies and distributors who depend on the existing system for efficiency.

For suppliers, it can be a challenge to meet this demand without making significant changes to their operations and/or business model. For buyers, engaging with multiple suppliers for food procurement is viewed as a costly and inefficient use of time and resources. This is particularly the case when products from multiple smaller scale suppliers compete against largescale suppliers that offer rebates to buyers based on increased purchased volume.

Local Food Implications

Regional aggregation is one approach to offset this challenge, helping one buyer access many different products from different processors, through one supplier.

Regional food hubs/aggregators could collaborate on ways to meet food safety standards, common order inventory systems, billing and other related processes,

group bidding on contracts, and marketing to enhance their collective capacities. These aggregators can then market directly to buyers, or partner with large-scale distributors to make local products available to their customers through their existing ordering process.



Progress Being Made

- Aramark Canada formed a partnership with Azoti, a local food logistics company, to help their foodservice team at Carleton University increase the amount of local food they are sourcing. Azoti has taken on the responsibility of coordinating the supply from multiple sources, ensuring that Aramark is able to meet the increasing demand for local foods. In addition, the farms offer staff and students farm tours and special dinners on-site, to enhance their understanding of farming.
- Flanagan Foodservice and LocalLine, have developed a partnership to overcome these logistical challenges. Flanagan is marketing a catalogue of local foods from LocalLine to customers across Ontario, while LocalLine supports farmers in managing distribution. Flanagan benefits through the ability to market foods considered too niche for them to warehouse, while the farmers in LocalLine's network benefit from having Flanagan's sales team market their product.