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MOVING BOXES CLOSER TO HOME:
THE ROLE OF SYSCO CORPORATION IN FOOD SYSTEM LOCALIZATION

By

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Bachelor of Arts, University of Arizona, Tucson, Arizona, 2003

Thesis

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Increasing demand for local food by foodservice establishments creates new opportunities and challenges for the local food movement. While there is considerable potential for local suppliers to sell more product volume closer to home, the business needs of foodservice establishments may not be compatible with direct marketing approaches that have fueled the growth of the movement. Foodservice establishments typically rely on distributors to provide them with the majority of their food. Drawing on the success of direct marketing, new indirect marketing approaches that link producers and consumers through *intermediaries* are increasingly advanced within food system localization.

The dominance of SYSCO Corporation as an intermediary for foodservice markets has stimulated a dialogue between food system localization actors and this national corporation. New corporate initiatives, such as Buy Local, Sell Fresh, highlight the entry of national corporations into the local food movement. Most of the literature and research on local food systems deals with direct marketing approaches, but there has been little discussion of the role of national foodservice distributors in local food systems, where their inclusion appears potentially contradictory to food system localization.

Through in-depth interviews with a SYSCO Corporation official and a telephone survey of SYSCO's broadline operating companies, this research provides an analysis of this corporation's current involvement in local food systems, focusing on how factors such as scale, social embeddedness, marketness, and instrumentalism influence these indirect markets. The results indicate that these factors appear as interrelated variables, influencing these markets and the relationships between network actors. While there are exceptions, the benefits of direct marketing which fostered the growth of the local food movement may be absent or marginalized in corporate-mediated foodservice markets.

The overall role of SYSCO Corporation in "local" food systems appears to be fairly limited because there is often a conflation of "local" and "regional," influencing both the procurement activities of SYSCO operating companies and their perspectives on the values associated with "local" food. There is, however, growing support for procurement at a regional level, evidenced through SYSCO's procurement activities and perspectives which relate to value chains in regional networks.

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CHAPTER 1

INTRODUCTION

Food System Localization

“One of the most salient characteristics of the global food system is the economic and social ‘distancing’ it creates and the wide variety of problems associated with it” (Kloppenburg, Hendrickson, and Stevenson 1996:35). Some of these problems include: additional energy required to transport food from producer to consumer, environmental degradation due to the externalities created by conventional agriculture, a decline in food quality, the deterioration of rural communities, a loss of place-based ecological knowledge, and the disempowerment of growers and eaters increasingly separated through corporate control of global agriculture (Kloppenburg, Hendrickson, and Stevenson 1996:35-6). This global food system is defined by “large-scale, highly mechanized, monocultural, and chemically-intensive methods with production oriented toward distant and increasingly global markets” (Norberg-Hodge, Merrifield, and Gorelick 2002:3). However, despite the growing control of the world’s food supply by national and trans-national corporations, the success of this global domination is not yet assured. Resistance to the global food system has emerged through a variety of grassroots efforts including what is increasingly referred to as the local food movement (Norberg-Hodge, Merrifield, and Gorelick 2002). United through the process and practice of food system localization, this movement has rallied around a growing demand for and support of alternative agri-food initiatives that attempt to “create food systems

that are environmentally sustainable, economically viable, and socially just” (Allen et al. 2003:61).

Movement actors have developed and implemented a variety of marketing and non-marketing strategies such as farmers’ markets, community supported agriculture (CSA), roadside food stands, urban gardening, environmental and nutritional education programs, food policy councils, sustainable farmers, alternative consumers, and food banks to name a few (Allen et al. 2003:61; Hinrichs 2000:297; Kirschenmann 2003a:102; Kloppenburg, Hendrickson, and Stevenson 1996:34). In these and other ways, food system localization seeks to “counteract trends of economic concentration, social disempowerment, and environmental degradation in the food and agricultural landscape” (Hinrichs 2003:33). Specific activities and events which characterize food system localization, such as farmers’ markets and CSA, often involve direct marketing approaches that are “typically oriented toward local and regional consumption, with relatively short distances- or food miles- between producers and consumers” (Norberg-Hodge, Merrifield, and Gorelick 2002:4). In addition to these initiatives, which predominantly involve face-to-face transactions between producers and consumers, a more recent development in food system localization is an increase in local purchasing by foodservice establishments¹. Many commercial and noncommercial foodservice establishments are beginning to offer local food choices on their menus, often in response

¹ The foodservice industry is the segment of the food sector which involves food prepared away from the home. Foodservice establishments within this industry are classified as either commercial or noncommercial. Commercial foodservice operators “include separate eating places, such as full-service restaurants and lunchrooms, fastfood/ quick-service outlets, cafeterias, and caterers; and those foodservice operations located in other facilities, such as lodging places, recreation and entertainment facilities, retail hosts (like department stores and limited-price variety stores), and separate drinking places.” Noncommercial foodservice operators “prepare and serve meals and snacks as an adjunct, supportive service in institutional and educational settings, such as schools, nursing homes, child daycare centers, and patient feeding in hospitals (patient meals).” (Price 1996:11)

to consumer demand as well as a desire to support local communities and agricultural producers (Bailey 2005).

Foodservice Markets and Distributors

Foodservice markets represent a significant opportunity for local suppliers to increase their revenue by gaining a greater share of the dollar from meals prepared away from home. Foodservice sales to American consumers “are projected to capture 49 percent of the food dollar by the year 2010” (Price 2002:34). In addition to generating revenue for local producers, selling more food closer to home can retain more of this food dollar in local economies and stimulate community economic development (Shuman 1998). Selling to noncommercial foodservice establishments in particular can be an important step toward strengthening alternative agri-food systems. Francis et al. (2005:66) note the importance of non-commercial markets, such as institutions, for expanding local food initiatives:

The challenge for the growth of alternative approaches is related to the difficulty in competing with the dominant system. In the current growth phase, there is a need for some protected space for the alternatives. Institutional buying represents one such protected space. Most institutions have common goals, beyond profit maximization, and can therefore protect initiatives that provide services other than cheap food.

Thus, selling local food to foodservice establishments has the potential to stimulate the economic growth of alternative food systems and enhance their competitive capacity in a corporate-dominated global market.

While foodservice markets create new opportunities for local suppliers, there are also new challenges for local producers trying to access these markets. Although

foodservice operations may purchase some local products directly from producers, many of them generally rely on foodservice distributors to supply the majority of their food and beverage items. By collaborating or partnering with established foodservice distributors, there is greater potential for local suppliers to gain access to these large markets. Selling through a distributor may also increase efficiencies and lower startup costs for local suppliers who are interested in selling to foodservice markets (Francis et al. 2005; Stevenson and Pirog forthcoming). Some local food proponents have expressed a desire to involve companies like SYSCO Corporation², the largest foodservice distributor in North America, in local food systems to provide the distribution infrastructure for mid-sized farms and ranches (Bailey 2005). This would represent a significant, and seemingly paradoxical, transformation of food system localization in that it would begin to incorporate certain components of a system that the movement has previously opposed.

Most of the literature and research on local food systems and initiatives deals with direct marketing approaches, but there has been little discussion of the role of national foodservice distributors in local food systems, where their inclusion appears potentially contradictory to food system localization. Because the procurement of local food and agricultural products by foodservice establishments is growing in importance for food system localization, there is a need for research that addresses the potential role of national foodservice distributors in local food systems. Interestingly, SYSCO Corporation has recently implemented a new initiative, called Buy Local, Sell Fresh, to encourage operating companies to procure more food from local suppliers. The central

² SYSCO is an acronym which stands for Systems and Services Company. The corporation refers to itself as SYSCO Corporation, or simply as SYSCO. Both of these terms are used interchangeably, and there is a distinction made between the corporation and its subsidiary companies when necessary.

goal of this initiative is to “respond to this consumer demand for more local and sustainable [*sic*] produced foods by linking the farmer with the customer through the modification of existing procurement and distribution supply chains” (SYSCO 2006a). However, the extent to which SYSCO companies are implementing this initiative was unclear at the beginning of this research.

Research Objectives

This research seeks to address gaps in the literature pertaining to the distribution of local food to foodservice markets through national foodservice distributors. Because SYSCO Corporation is the dominant foodservice distributor in North America, and because this corporation has already attempted to implement initiatives focused on local procurement, the focus of this research and central research question is – What is the current and potential role of SYSCO Corporation in local food systems? Since there have not been any studies conducted to date that provide a comprehensive overview of SYSCO Corporation’s current activities related to the procurement of local food, the main goal of this research is to provide a broad analysis of this corporation’s current involvement in local food systems in the contiguous United States. This includes both a description and analysis of SYSCO’s local procurement initiatives and how these initiatives are adopted by its subsidiary companies. This research also seeks to describe the scale of these local food supply chains and the relationships between the actors in these networks from the perspective of SYSCO companies, with an evaluation of how factors such as social embeddedness, marketness, and instrumentalism influence these markets. In addition to examining the challenges for SYSCO companies to procure food from local suppliers and their interest in purchasing locally, this research incorporates

existing literature on food system localization to address the potentials and limitations associated with incorporating national corporations in food system localization efforts.

This research is based on interviews with a key SYSCO Corporation official, a survey of SYSCO broadline³ operating companies, and secondary sources pertaining to this corporation's local procurement initiatives. Chapter Two reviews the existing literature pertaining to foodservice markets and the procurement of local food by foodservice distributors. This includes general background information on local food systems relevant to this research, as well as a description of direct marketing of local food to ground a comparison of these two marketing approaches. Chapter Three describes the methods used during this research, and presents a brief overview of SYSCO Corporation. SYSCO's Buy Local, Sell Fresh initiative are discussed in detail in Chapter Four. The findings of the survey with SYSCO's U.S. broadline operating companies are presented and analyzed in Chapter Five, and the conclusions of this research are given in Chapter Six.

³ A broadline foodservice distributor is one that carries a wide assortment of food and beverage products, as opposed to specialty distributors or brokers that carry only some specific items. Broadline distributors are also called full-line distributors. Broadline distributors, as defined by SYSCO, are discussed more specifically in chapter three.

CHAPTER 2

EXPANDING THE SCOPE OF LOCAL FOOD

Introduction

Consumer demand for locally produced food is increasing, which is supported in part by the fact that the number of farmers' markets in the U.S. increased eighty-two percent between 1996 and 2006: from 2,410 to 4,385 markets (U.S. Department of Agriculture 2007). Many foodservice establishments such as schools and universities, hospitals, and restaurants are also seeking out local food. Farm-to-school programs are gaining popularity across the country (Murray 2005), and organizations such as the Chefs Collaborative are working to "connect chefs with local and regional food producers" (Rowe 2006:8). Many local restaurant owners are seeking out local products "not only because they are likely to be fresher or of higher quality, but because they add to the distinctiveness of the restaurant's menu" (Norberg-Hodge, Merrifield, and Gorelick 2002:66). Recently, this increase in demand for local food has drawn the attention of the national media. The appearance of a recent cover story in *Time Magazine* that compares "local" and "organic" food suggests that the local food movement may soon achieve similar "mainstream" acceptance as the organic food movement (Cloud 2007). Not surprisingly, this increase in demand for local food has created a significant "niche" market that has also attracted the interest of national businesses like SYSCO Corporation. Because the local food movement has developed from grassroots initiatives, it seems likely that this movement will experience "growing pains" as it attempts to reconcile the benefits and challenges of working *with* corporations to advance its goals.

An extensive body of literature related to food system localization has accompanied the growth of the local food movement. This literature consists of theoretical examinations of the current agro-food system, empirical studies of alternative food initiatives, technical reports, market analyses, and other works. While there has been some previous examination of local procurement by commercial and noncommercial foodservice establishments, most of the literature related to local food systems in general involves direct marketing approaches like farmers' markets and CSA. This is understandable, considering that direct marketing of local food has been central to both the theory and practice of food system localization to date, and that these alternative markets are particularly inviting for social science research and analysis. However, the purchasing needs of the foodservice industry may require many local producers to sell their products through distributors if they desire access to these markets. A comparison of indirect (and, for the purpose of this research, corporate-mediated) marketing approaches to distributing local food with research on direct marketing initiatives may provide valuable insight into these socio-economic transactions.

This chapter reviews the existing literature on direct marketing of local food. This discussion is focused on the use of such terms as "local" and "regional" as they have been defined in the literature, as well as the concept of "social embeddedness" that is a critical, and often contested, component of direct marketing. Next, literature and research associated with foodservice markets for local food are identified and discussed. Finally, some of the impacts that large corporations have had on other alternative food initiatives are presented, using the organic food movement as a primary example.

Food Systems as Networks

A recurring theme in the literature on food system localization revolves around the term “local” and the context in which it is applied. Norberg-Hodge, Merrifield, and Gorelick (2002) frame the “local” as a binary opposite of the “global,” such that this opposition characterizes the struggle between these seemingly distinct forms of agricultural production and marketing. “Local,” in this sense, encompasses both spatial and theoretical assumptions about its opposition to the “global.” “‘Globalization’ and ‘localization’ still tend to serve as conceptual shorthand for movement toward two opposed poles,” according to Hinrichs (2003:35). Deconstructing this dichotomy requires a “systems-oriented approach” to understand how the “local” and “global” are interrelated (Hinrichs 2003; Whatmore and Thorne 1997). Since “local” and “global” are part of a system, these categories “connect and feedback in terms of structure and process, mutually conditioning one another” (Hinrichs 2003:35).

This broader approach to food system analysis has been advanced within the framework of actor-network theory (ANT), which challenges the local/global dichotomy. Actor-network theory explains that the “local” and the “global” are fundamentally similar because they rely upon complex networks of “people, machines, and codes” in order to function effectively (Whatmore and Thorne 1997:301). The growth of these networks is based on a process called “network lengthening,” which describes the strength of the connections between points within the network. This implies that the power associated with these networks does not depend on geographic distance, but instead the “network’s capacities over space-time represent the simultaneous performance of social practices and competences at different points in the network” (Whatmore and Thorne 1997:291).

Power in a global economy is understood not as “a globalization of surfaces,” but rather as a “lengthening of flows” (Whatmore and Thorne 1997:302). Therefore, the ability of the “local” to significantly oppose the “global” is due to the fact that both are interrelated and operate under the same principles, and not from assigning positive and negative values to this dichotomy. A network approach to understanding the role of SYSCO operating companies as actors in alternative food systems can help to define this corporation’s overall role in food system localization.

Local Food Systems

Understanding the “local” as part of a larger system is complicated by discussions of the physical proximity of local markets. Although discussions of physical proximity play an important role in food system analysis by highlighting different energy requirements of “local” and “global” food chains, many authors challenge the notion of “local” food systems as distinctly defined geographic spaces. Bellows and Hamm (2000:272) use the terms “more local” and “more global” to acknowledge the fact that “‘local’ has no universal meaning or reference.” They note that “[l]ocalizing’ a food system or making it ‘more local,’ however, addresses a change toward concentrating a food system locally that can be applied in diverse situations” (Bellows and Hamm 2000:272). Allen et al. (2003:63) also emphasize that “[t]he local is not everywhere the same” because it is constructed through historical and social processes within various landscapes and communities.

In addition to having different meaning across local food systems, the “local” is also defined differently by actors *within* these food systems. A study conducted in Washington State sought to understand how producers and consumers define a “local”

area. Selfa and Qazi (2004) provided empirical evidence that the concept of “local” does not hold the same meaning for all participants in local food systems. Using interviews and surveys from consumers and producers in three counties, these authors found a significant degree of variability for both producers and consumers over the meaning of “local”:

This study highlights that for some food network actors across rural and urban locales, local food systems are defined by social relationships that may or may not be geographically proximate, while for others, local food systems are defined by a politically constructed boundary like a county or a bioregion (e.g., the Columbia Basin). Producers and consumers in the urban areas of our study identified more closely with face-to-face, direct markets that are physically proximate when they conceptualize their local markets or local food system. Yet in places where there are fewer consumers and markets, “local” is not necessarily defined as being physically proximate at all. (Selfa and Qazi 2004:462)

The results of the Washington study indicate that while consumers and producers derive meaning from “local” that is based on both geographic location and perceptions of food quality, this meaning is “shaped by history, geography, and environmental contexts” of particular places (Selfa and Qazi 2004:462). This indicates that the term “local” can incorporate a wide range of definitions associated with scale and proximity, as it depends on the meaning it holds for different actors in particular places. It is important to consider issues of proximity in corporate-mediated markets, because large businesses may conceptualize scale in ways that differ from those in direct markets.

Direct Marketing.

Direct marketing of local food has been central to the development of the local food movement. Indeed, farmers’ markets and community supported agriculture have

been the focus of many local food system analyses, yielding a great deal of information regarding the socio-economic characteristics of these market exchanges and identifying opportunities and constraints for food system localization. It is important here to discuss some of the more salient characteristics of direct markets to understand how they are similar to, and different from, indirect marketing.

Social embeddedness.

A growing topic of debate in the agro-food system literature involves the social embeddedness of direct marketing. “Embeddedness” is a concept derived from economic sociology, which asserts that “economic behavior is embedded in and mediated by a complex, often extensive web of social relations” (Hinrichs 2000:296).

Kloppenburg, Hendrickson, and Stevenson (1996:36-37) invoke this concept as central to building alternative food systems, as it underscores “the real possibility of establishing economic exchanges conditioned by such things as pleasure, friendship, aesthetics, affection, loyalty, justice and reciprocity in addition to the factors of cost (not price) and quality.” Lyson (2004:28) describes these non-economic, or “civic,” measures of exchange as “an attempt to embed the economics of agricultural production within an environmental, community, and household context.”

Sage (2003:47) points out that “[s]ocial embeddedness conveys principles of social connectivity, reciprocity and trust, characteristics which are essential to all economic life in general but which fundamentally underpin grassroots and ‘alternative’ initiatives.” Drawing on Offer (1997) and Lee (2000), he analyzes an alternative food network in Ireland to illustrate how reciprocity can lead to “relations of regard” (Sage 2003). Regard can be understood as mutual relationships, where producers and

consumers place additional value on face-to-face economic transactions based on the relationship between these actors. Consumers benefit from enhanced knowledge about production practices, and can identify more closely with producers within their geographic area. Producers gain consumer loyalty through these relations of regard, which can generate greater value for their products (Sage 2003).

Hinrichs (2000:296), however, draws on Block (1990) to argue that embeddedness “in this sense of social connection, reciprocity and trust” devalues the importance of market considerations, such as price (marketness) and self-interest (instrumentalism), which are also inherent in direct agricultural markets. In this sense, “sentimental assumptions about face-to-face ties” can negatively affect the outcome of direct markets if other market considerations are ignored (Hinrichs 2000:301). Winter (2003:25) presents an alternative to this critique, drawing on Krippner (2001), to assert that “all market relations are socially embedded.” This suggests that the social embeddedness attributed to direct markets is not an aspect unique to local food initiatives, but is inherent in all economic transactions (Winter 2003:25). Although social embeddedness may not be unique to direct markets, the local food movement continues to assert the importance of embeddedness in direct markets while recognizing a need to address issues such as marketness and instrumentalism.

Empirical research presents somewhat conflicting data concerning the embeddedness of direct markets. In a pilot study at the Stratford Farmers’ Market in the UK, which included both participant-observation and a consumer survey, Holloway and Kneafsey (2000:296) found that consumers seek out food with a “guarantee of quality, freshness, and safety.” They point out that among certain consumer groups there is “an

interest in foods that are not only felt to be safe, but which are traceable, and associated with the ideas of sustainability and ecological-friendliness” (Holloway and Kneafsey 2000:290). Their study of consumers at these markets suggests that “[t]he act of purchase is thus layered with meanings concerning trust, quality, and morality, tied-in to the notion of ‘localness’” (Holloway and Kneafsey 2000:296).

Hinrichs (2000) reviews other studies conducted on farmers’ markets. She concludes that, for producers and consumers, marketness and instrumentalism are important considerations in addition to the social aspects of these markets (Hinrichs 2000:299). She also examines CSA groups and concludes that, while price and self-interest are still present in these direct markets, there is a higher degree of trust and embeddedness in these exchanges. This is due to the fact that farmers’ markets continue to reflect “conventional exchange relations,” while CSA exhibits greater interdependence between producer and consumer (Hinrichs 2000:301). DeLind (2003:203) also notes that, while CSA has considerable potential to be more “civic” than other direct markets, it may be reduced to a “small business arrangement in which farmers and members negotiate their respective positions across a more personable market divide.”

This debate over the embeddedness of direct markets continues to be important because it is these non-economic factors that have generally served to distinguish the local food movement from the dominant global food system. At a minimum, the notion of trust and mutual regard between producers and consumers that is derived from face-to-face relationships continues to permeate local food discourse. This research will seek to identify both economic and non-economic measures of exchange between actors in local food systems, where SYSCO operating companies act as intermediaries between

producers and consumers. While “social embeddedness” is still a contested notion, this research will primarily draw on Hinrichs (2000) to examine both economic and non-economic aspects of exchange in these corporate-mediated local food systems.

Local economics and the environment.

Other economic and environmental benefits associated with direct markets are advanced within the local food movement. Research indicates that more money is returned to producers when they sell their products directly to consumers. One study based on an exhaustive literature review and interviews with people knowledgeable about food system economics indicates that “[f]ood producers can receive 50% to 80% more by selling direct to the consumer” (Integrity Systems Cooperative 1997). Other authors note that “[e]ven when selling through local shops and restaurants rather than directly to consumers, farmers receive much more for their production than when it is sold through supermarket chains, or traded as a global commodity” (Norberg-Hodge, Merrifield, and Gorelick 2002:65-66). Local food systems keep more money in local economies and support self-reliant communities that minimize their dependence on external goods (Curtis 2003; Norberg-Hodge, Merrifield, and Gorelick 2002; Peters 1997; Shuman 1998).

In addition to supporting local economic development, encouraging trade within local food systems reduces energy requirements associated with food transportation and increases the sustainability of alternative food systems (Stagl 2002:147). Norberg-Hodge, Merrifield, and Gorelick (2002:17) describe this aspect of local food systems:

A key feature of local food systems is that food miles- the distances food travels before reaching the consumer- are relatively low. This means that local foods use far less

energy, and produce less pollution and greenhouse gases, than food from the global system. This, in fact, may be one of the strongest arguments in favor of a shift toward local foods.

In a study that compared Iowa-sourced food and conventional sources, Pirog et al. (2001:14) found that “local food traveled an average distance of 44.6 miles across all food projects, while that same food would likely travel an average of 1,546 miles if it came from conventional sources.” Pirog and Benjamin (2003) also found that local food traveled less distance on average compared to food sourced conventionally. This evidence shows that transporting local food uses less fuel and produces fewer greenhouse gases than conventional products (Pirog et al. 2001; Pirog and Benjamin 2003).

Pirog et al. (2001) compared conventional, Iowa-based regional and local products to determine the most fuel efficient system in their study. This study showed that the regional food system used less fuel than both the conventional and local transportation systems under consideration. Although regional food systems are not as clearly defined as local food systems in the minds of consumers (Palan 2005), these regional food systems may present both new opportunities and challenges for the local food movement.

Regional Food Systems

Francis et al. (2005:66) articulate the need for alternative marketing approaches that operate at a broader scale than direct markets:

A major challenge in developing alternatives to the dominant, de-localized food system is creating alternatives that become larger and more efficient. The different methods of direct sale offer interesting options, but only for a small proportion of all consumers.

Regional food systems are closely related to local food systems, in that they draw on similar principles to expand the geography of alternative food systems. While a local food system “allows farmers to interact directly with customers,” a regional food system often includes intermediaries who source products “first from growers who are closest to the point of consumption” (Anderson 2007:4). As defined by The Regional Food Systems Working Group, a collaborative group based in Iowa, a regional food system,

supports long-term connections between farmers and consumers while meeting the economic, social, health, and environmental needs of the communities within that region. Producers and markets are linked via infrastructures that are efficient, promote environmental health, provide competitive advantage to producers, processors and retailers, encourage identification with the region’s culture, history, and ecology, and equitably share risks and rewards among all partners in the system. (Palan 2005:5)

In general, regional food systems seek to reproduce the benefits of local food systems on a larger scale while responding to the needs of a variety of actors in these food chains.

The scale of regional food systems necessarily involves more participants in a food supply chain than local food systems; thus there is a need to establish standards for these supply chains that reflect the values associated with direct markets and acknowledge the complex business needs of partners in these food chains. Stevenson and Pirog (forthcoming) have identified these food chains as “values-based value chains,” which are “are long-term networks of partnering business enterprises working together to maximize value for the partners and for the end customers of a particular product or service.” Key attributes of values-based value chains include a combination of economies of scale and product differentiation, cooperation, trust, a common vision among partners, transparency, and “commitment to the welfare of all participants.” To

build these values-based value chains, businesses identify “strategic partners” whose products or services “create the highest value and the greatest differentiation in the marketplace” (Stevenson and Pirog forthcoming).

These values-based value chains reflect industry trends toward supply chain management (SCM). SCM incorporates a “network approach to value chain optimization,” which seeks to increase value for all participants in these supply chains (Wilson 1996:9). Instead of promoting adversarial relationships and competition between actors within these networks, SCM notes the advantages created by promoting cooperation between strategic partners:

Partnerships and joint ventures, with open shared information and communication, have been seen as the new form of competition. Co-operative business competes supply chain versus supply chain, with players along the line working together. (Wilson 1996:10)

In this way, participants in regional food systems can achieve cooperative advantages that make them competitive with traditional supply chains (Wilson 1996).

Developing trust and relationships in these value chains can help to minimize transaction costs and increase margins for partners in these value chains (Wilson 1996).

Similarly, Jarosz (2000:281) discusses the importance of identifying trust between partners in regional food systems:

Examining regional food networks from within and focusing upon the social relations of trust and cooperation among the actors in the network provides a means of identifying obstacles and opportunities within networks. The research process enables actors to define their own positionality within each network.

While Stevenson and Pirog (forthcoming) also emphasize that trust is a critical component for effective value chains, they emphasize that this trust is not based on

“personal relationships” between people, but rather on “organizational procedures.” This means that these relationships are based on “trust in the fairness, stability, and predictability of the procedures and agreements among strategic partners” (Stevenson and Pirog forthcoming).

Other authors also note the importance of trust in building partnerships within regional food systems. Ilbery and Kneafsey (1999) present the results of a study of producers, consumers, and institutions in the European Union⁴. Their analysis indicated that “the predominant means of securing association with other actors in the supply chain is through the establishment of personalised relationships built around contested notions of trust, reputation, and reliability” (Ilbery and Kneafsey 1999:2214). This study also showed that when producers sold their products through a third party, it was critical for them to “secure a stable alliance with the middlemen, rather than with the final consumer” (Ilbery and Kneafsey 1999:2214). Interestingly, according to this study, regional food systems also appear to incorporate elements of social connection, trust, and reciprocity that characterize direct markets, but these non-economic aspects appear to be distributed across points of exchange within these extended supply chains.

Scale is also an important component of values-based value chains. Stevenson and Pirog (forthcoming) explain that a consideration of scale “permits greater efficiencies and lower costs throughout the chain.” They state that these value chains will be more successful on a regional level, with an emphasis on building “regional food economies” (Stevenson and Pirog forthcoming). By operating on a larger scale, regional food systems have the potential to revitalize a diminishing segment of agricultural producers

⁴ These “institutions” refer to public and private agencies or organizations that have a regulatory role in building relationships between producers and consumers. This is not to be confused with “institutions” as I have used the term to identify noncommercial foodservice operators.

collectively referred to as the Agriculture-of-the-Middle. These middle-scale producers operate “between the direct markets and the markets available through vertically integrated, multi-national firms” (Kirschenmann 2003b)⁵. As such, these producers may be able to establish partnerships within these “mid-tier” supply chains that build upon shared social, economic, and environmental values (Stevenson and Pirog forthcoming). The need to build these strategic partnerships on a larger scale has created a space for dialogue with SYSCO Corporation, which has a distribution infrastructure in place to potentially connect local and regional producers with consumers.

Distributing Local and Regional Food to Foodservice Markets

Increasing demand for local food from foodservice has stimulated research into the benefits and challenges associated with bringing local agricultural products to these markets. Although there are different types of foodservice establishments, such as colleges, hospitals, restaurants, correctional facilities, etc., that have their own particular needs and requirements, there are also a number of similarities that can be explored broadly in the context of local food distribution. In particular, foodservice buyers generally seek ways to maximize efficiencies, which often preclude direct marketing approaches to procuring local products. These operations may also require some degree of food processing, as it can be difficult or inefficient to allocate resources for handling raw agricultural products (Vallianatos, Gottlieb, and Haase 2004). While there are notable exceptions of restaurants and colleges purchasing directly from local suppliers (see Halweil 2004; Norberg-Hodge, Merrifield, and Gorelick 2002), many of these

⁵ Ag-In-The-Middle producers are also defined by SYSCO as “family owned farms which are larger than a niche hobby farm, while smaller than the corporate-owned commodity raising enterprise” (SYSCO 2006).

establishments rely on the “one-stop-shopping” that foodservice distributors offer (Bellows, Dufour, and Bachmann 2003; Johnson and Stevenson 1998).

The Practical Farmers of Iowa (Huber 2002) prepared a report for the USDA on the barriers and opportunities for Iowa producers to sell direct to foodservice markets. This report was based on several projects and studies conducted by other Iowa agencies. From this study, they identified critical issues for producers to market directly to foodservice, which were: competitive prices, consistent quality, inadequate volume, standard packaging, ease of ordering, frequency of delivery, dependability, transportation and distribution, and food safety (Huber 2002:3). Interestingly, as suppliers begin to look to foodservice distributors to carry local products to these markets, these challenges that foodservice buyers face when purchasing direct from local suppliers may be passed on to the distributor. This section addresses the needs of foodservice and distributors, and identifies existing research on the procurement of local food by foodservice establishments.

Noncommercial foodservice operations.

The bulk of the research conducted on the institutional procurement of local food has focused on schools, colleges, and universities. By incorporating “Farm-to-Cafeteria” projects into their food buying decisions, many of these institutions seek to support local producers and local economies while providing fresher and more nutritious meals to their patrons (Bellows, Dufour, and Bachmann 2003:1). Although somewhat new as an alternative initiative within the local food movement, farm-to-cafeteria programs are growing in popularity and number across the United States, with nearly 950 schools and over 200 colleges across the U.S. seeking to purchase from local suppliers (Joshi, Kalb,

and Beery 2006; Murray 2005). Potential ways for these institutions to procure local food include purchasing direct from local suppliers or purchasing from producer cooperatives, marketing associations, or wholesale distributors (Sanger and Zenz 2004:14-15).

Strohbehn and Gregoire (2005) note that the particular characteristics of these institutions will influence how they purchase local products. Many of these institutions are bound by policies and regulations that govern their purchasing decisions, such as following a bidding process to identify suppliers. Often these institutions purchase their food products through a prime vendor, which is a single broker or distributor that delivers the majority of food to these institutions (Strohbehn and Gregoire 2005). Because of these institutional requirements, many of these institutions that would like to purchase locally ask their particular prime vendors to carry more local food products.

In a study that explores the potential and barriers for Minnesota public schools (K-12 programs) to offer more local food, Berkenkamp (2006:2) found that “[f]oodservice directors mentioned that a major step to getting more local products would be for their distributors to carry them.” An early finding was that many of the broadline distributors servicing these schools already carry some local produce when it is in season. Distributors mentioned that price significantly influences their decision about where to source products. However, some mentioned that lower transportation costs could influence them to carry some locally produced products (Berkenkamp 2006:23). “Insufficient local supply, Minnesota’s short growing season, price, quality control, liability issues, and a perceived lack of demand” were all factors that acted as barriers for these broadline companies to carry more local products (Berkenkamp 2006:23).

In a study of the University of Montana's Farm-to-College program, Hassanein et al. (forthcoming) spoke with the prime vendor for this institution, a SYSCO operating company, and found that proper packaging can be an additional challenge for distributors to carry local products. Having adequate volume to meet customer demand, insurance requirements, and quality assurance were also considered challenges for this broadline distributor. This distributor mentioned several benefits from working with local suppliers, including supporting the local economy and generating positive public recognition for their company (Hassanein et al. forthcoming).

Commercial foodservice operations.

Many restaurants, hotels, catering services, and other commercial foodservice operators are also looking to incorporate more local products into their menus. Strohbehn and Gregoire (2003) conducted a study of nine foodservice markets in Iowa to assess the interest in and challenges associated with purchasing local food. Using site visits, questionnaires, and interviews, these authors found that "there is strong interest by food buyers for commercial and institutional foodservices in Iowa to support local farmers, provide fresher and higher quality food and lower associated transportation costs" (Strohbehn and Gregoire 2003:62). These authors discussed the differences between these types of foodservice markets, and noted that commercial buyers have more flexibility than institutional buyers because they prepare meals for fewer customers, and can adjust menus more easily based on seasonality. They can also adjust the price of their meals more easily than institutions if needed (Strohbehn and Gregoire 2003:62). Some of the challenges faced by foodservice operators in this study when purchasing local food are product costs, labor, food safety, multiple vendors, payment, and adequate

supply. They indicate, however, that foodservice buyers in general are more likely to purchase local products if they have information in advance that addresses their concerns (Strohbehn and Gregoire 2003:62).

Foodservice Distributors.

A 2006 study in Iowa looked at building partnerships between SYSCO operating companies and small to mid-size producers (Cooperative Development Services 2006). Through interviews with two local suppliers currently selling to SYSCO and three SYSCO operating companies, the Iowa study examined the challenges for these businesses to bring more local food to SYSCO's customers. Apparently, suppliers often do not understand the needs of SYSCO's customers or of SYSCO as a distributor. This included concerns about the higher price that these suppliers were asking for their products, as well as a lack of understanding about what SYSCO's customers were demanding (Cooperative Development Services 2006:16). SYSCO representatives also mentioned that it is difficult for their marketing staff to focus their time on what amounts to a fairly low volume and profit sector for SYSCO's business. They also expressed concern that their marketing staff does not always have adequate knowledge to represent the sustainability or organic aspects of these products to their customers (Cooperative Development Services 2006:16).

The research made several recommendations for building successful partnerships between local suppliers and SYSCO. From the perspective of SYSCO representatives, this includes educating the suppliers about the needs of SYSCO and its customers, developing a "story" that can be marketed along with the product, and maintaining a trusting business relationship (Cooperative Development Services 2006:18). Another

observation by these SYSCO operating companies is that smaller companies need to develop a marketing strategy that “includes the 4 P’s of marketing: product, promotion, price, and place-distribution/logistics” (Cooperative Development Services 2006:19).

While this study and other research on foodservice distributors begin to examine the needs of distributors like SYSCO associated with procuring local food, this research seeks to expand on these studies by eliciting the perspective of all SYSCO broadline companies in the contiguous United States. This will help to establish a framework for understanding SYSCO’s role in food system localization. The local food movement has grown large enough to attract the interest of this corporation, and there may be potential for this corporation to support local and regional food systems.

The next section includes a cautionary note about the influence corporations have had on other alternative food systems, with a focus on the organic food movement. Awareness within the local food movement of the difficulties for defining “local” can minimize this as a problematic issue for alternative initiatives, as proponents continue to reflect on the *intent* of food system localization. However, this ambiguity over what constitutes “local” may provide an opportunity for corporations to appropriate this term to accommodate their own standards, such that “local” may one day be regulated or defined to suit corporate needs. This does not imply that SYSCO or any other corporation will inevitably co-opt the local food movement, but rather I suggest that a more reflexive assessment of SYSCO’s involvement in alternative food initiatives is necessary to generate a discussion about which food system actors will decide the future of the local food movement. Recognizing the potential influence of large corporations on

local food systems may be important issue to address before the local food *movement* evolves into the local food *industry*.

Corporate Influence on Alternative Food Initiatives

A defining attribute of the contemporary agro-food system is the increasing concentration of a small number of transnational firms that control all aspects of agricultural food production (Hendrickson and Heffernan 2002:350; Lang 2003: 558-60). Through horizontal and vertical integration, and more recently the development of food chain clusters, large agricultural firms attempt to capture and control as much of the global production process as possible by building strategic partnerships with other firms to expand their power in the global food market (Hendrickson and Heffernan 2002; Lyson and Raymer 2000). Increasingly, corporate officials from these companies sit on one another's board of directors, creating a "web of interlocking directorates" which further consolidates power in the agri-food industry (Lyson and Raymer 2000:207). These businesses are under increasing pressure to control as many facets of the food system as possible to remain competitive in the global food economy. As these partnerships continue, control over the food system is concentrated in an oligopoly of transnational corporations committed to "making money for their shareholders" (Hendrickson and Heffernan 2002:359).

In addition to corporate control of conventional agriculture, large national and multi-national companies are also beginning to dominate some aspects of "alternative" food systems, particularly when these alternatives become successful in national and global markets. The most noteworthy example is the rise of corporate control over the organic agricultural sector, which began as a 1970's movement "envisioned as a system

of small-scale local suppliers whose direct marketing, minimal processing, and alternative forms of ownership explicitly challenged the established food system” (Guthman 2004:7). Ikerd (1999) discusses early concerns regarding the direction of organic production:

Recent trends are transforming organic foods into just another industrialized food system. Pressures to make organics conform to the dominant mass-distribution system for food is forcing organic producers to become larger and more specialized. Demands for consistency and uniformity of product quality and for dependability and timeliness of delivery are forcing producers to standardize, specialize, and centralize control of production and distribution processes. Such operations can reduce costs – but only if they are operated at a large scale. So large-scale, specialized organic production systems are emerging in the U.S. to meet the needs of large-scale, mass distribution systems for food.

This industrialization of organic agriculture has paralleled corporate control of this sector, with well known corporations such as Heinz, General Mills, Kellogg, Coca Cola, Kraft, and Pepsi supplying the vast majority of popular organic brands sold in supermarkets and other retail outlets (Ikerd 1999; Howard 2006).

Norberg-Hodge, Merrifield, and Gorelick (2002:42) also note the influence that corporations have on organic production, highlighting the fact that these food corporations have “invaded” the organic market and “are influencing its guidelines and definitions.” These authors suggest that “the possibility that agribusinesses and food corporations will hijack the organic movement is very real” (Norberg-Hodge, Merrifield, and Gorelick 2002:43). The recent announcement by Wal-Mart, the second largest retailer of food in the world, that their stores will start to carry more organic food at lower prices raises concerns that the majority of organic food sold through this corporation

could come from outside the country and involve minimal organic production standards (Pollan 2006). The potential implications of this for suppliers of organic food to Wal-Mart may be similar to how this corporation conducts business in general: reduce prices by consolidating supply and gaining economies of scale (Halweil 2004). As Wal-Mart places more pressure on smaller organic producers to consolidate their supply and cut costs, this could limit sustainable production practices and create economic hardship for many producers who depend on the price premium they receive from organic foods. Norberg-Hodge, Merrifield, and Gorelick (2002:43) emphasize that “when so-called organic foods are produced in large-scale monocultures and transported thousands of miles, many of the other costs of the global food system remain.”

Food system localization has the potential to revitalize the original intent of the organic food movement by maintaining direct links between producers and consumers. As corporations like SYSCO take an interest in local food as a “niche” market, local food movement actors should bear in mind the lessons learned from the organic movement. Involvement in local food systems by corporations such as SYSCO may have the potential to weaken direct marketing links and create similar conditions that have led to the industrialization of organic foods. Accordingly, this thesis research also explores the potential impact of SYSCO on these producer/consumer links as well as its potential impact on the social embeddedness of market transactions in local food systems.

Conclusion

Food system localization incorporates a variety of benefits that oppose the dominance of large corporations over the global food system. These benefits are related to direct marketing approaches that have characterized food system localization, and the

socially embedded aspects of direct markets continue to be explored and debated. As the local food movement grows, there is a need to define the scale of this movement which incorporates regional food systems as well. Regional food systems seek to incorporate the values of direct marketing into food chains, while defining the needs of actors in these networks. To better understand the role of corporations in local food systems, this research explores how issues of scale, social embeddedness, marketness, and instrumentalism influence these indirect markets to foodservice establishments. Although there may be benefits for including companies like SYSCO in food system localization efforts, previous examples of the cooptation of alternative agriculture by corporations urges critical reflection of the role of SYSCO in local food systems.

CHAPTER 3

METHODOLOGY

Introduction

To gather data on SYSCO Corporation's current activities related to procuring local food and agricultural products, this research utilized both qualitative and quantitative research methods consisting of interviews with key SYSCO personnel and a survey of SYSCO businesses across the continental United States. Before turning to a description of the research design, data collection, and analysis, this chapter provides a general overview of SYSCO and its corporate history. As becomes clear, the structure of this corporation influenced the design of this research and access to research participants.

Overview of SYSCO Corporation

SYSCO Corporation was founded in 1969 as a result of a merger of nine foodservice distribution companies. Since it first became a publicly traded company in 1970, SYSCO has grown steadily to become the largest foodservice distributor in North America (Gale Group 2006)⁶. SYSCO Corporation conducts business through its subsidiaries, which are called operating companies. In addition to starting new businesses, SYSCO has acquired 137 pre-existing distribution companies over the last four decades, giving it a total of 171 primary distribution facilities by 2006. With 49,600 full-time employees and annual sales over \$32.6 billion in fiscal year 2006, SYSCO has

⁶ The Gale Group (2006) has compiled a detailed profile of SYSCO Corporation's history. Visit <http://www.answers.com/topic/sysco-corporation> for additional background information.

developed a distribution infrastructure capable of servicing nearly 394,000 customers in the foodservice industry (SYSCO 2006b).

SYSCO classifies the customers it services as either “traditional” or “chain restaurants.” Restaurants, schools, hospitals, hotels, and catering operations comprise the majority of SYSCO’s “traditional” customers, with regional and national foodservice chains falling under the “chain restaurants” category (SYSCO 2006b:2). To better serve the varying needs of this broad customer base, SYSCO operates three separate types of distribution companies: systems distributors, specialty distributors, and broadline distributors. Systems distributors, such as SYSCO’s subsidiary company SYGMA Network, service chain restaurant customers whose needs are generally limited to a particular line of standard products. SYSCO’s specialty distributors generally deliver a specific product or deliver to a certain type of customer. FreshPoint, for example, is a SYSCO subsidiary that specializes in wholesale produce, while Guest Supply is a subsidiary designed to service lodging establishments. SYSCO also operates custom meat-cutting operations that are considered specialty distributors (SYSCO 2001).

Compared to specialty distributors or brokers that carry only some specific items, broadline distributors carry a variety of food and non-food products to meet the changing needs of foodservice customers. SYSCO’s broadline distributors service both “traditional” and “chain restaurant” segments of the foodservice industry, which requires them to stock a wider assortment of items than other SYSCO companies (SYSCO 2001). Broadline distributors exhibit the greatest potential for procuring and distributing local food because they service the majority of customers who would demand these types of

products. As a result, SYSCO's Buy Local, Sell Fresh initiative is directed primarily toward its broadline operating companies (Watson 2006).

Although the Buy Local, Sell Fresh initiative was conceived at the corporate level, implementation of this initiative is at the discretion of SYSCO's broadline operating companies. While all operating companies must adhere to certain corporate policies, such as only borrowing money from the corporation, they are generally autonomous in making decisions about where to source their products (Watson 2006). Often these products are either nationally-recognized brands or SYSCO's own brand of foodservice products, which may be sourced locally, nationally, or internationally depending on the product and the operating company's geographic location⁷. According to SYSCO's Vice President of Quality Assurance and Agricultural Sustainability, the decision to procure food locally largely depends on customer demand for local products in the broadline operating companies' servicing areas (Watson 2006). Buy Local, Sell Fresh is relatively new for SYSCO, and information on the extent to which operating companies have implemented this initiative was not available before this research began. To address the research question regarding SYSCO's role in local food systems, it was necessary to contact SYSCO's broadline operating companies directly to learn about their current interest in distributing local food.

Research Design

The intent of this research is to develop a general overview of SYSCO Corporation's interest in procuring local food and the extent to which this is currently

⁷ For example, a nationally-recognized brand of Florida orange juice may be distributed by operating companies throughout the U.S., but for operating companies located in Florida this product is sourced locally.

practiced by its operating companies⁸. Through a broad analysis of SYSCO's role in local food systems, there is also the potential to generate some comparisons between the direct marketing approaches that typically characterize food system localization and the indirect marketing approaches involving foodservice distributors. In this sense, this research can build upon existing literature by establishing a framework for discussing the potentials and limits associated with including SYSCO Corporation in food system localization efforts.

While the focus of this research is on SYSCO Corporation as a whole, it is important to note that because SYSCO acts *through* its operating companies, as mentioned previously, this prohibits an analysis of this corporation simply as a monolithic entity. In other words, the autonomy granted to SYSCO's operating companies to source products from a variety of suppliers requires an analysis of SYSCO's local procurement activities from the perspective of individual operating companies. Thus, an examination of individual operating companies serves as a window into the overall goals and practices of the corporation itself. A complete description of SYSCO's role in local food systems is necessarily an interaction between SYSCO Corporation's current goals and the perspectives and reported practices of its broadline operating companies.

For these reasons, I gathered data from two primary levels: SYSCO Corporation and its broadline operating companies. I chose two forms of data collection tools to gather information: semi-structured interviews with SYSCO Corporation officials and a

⁸ It cannot be assumed from this research that SYSCO companies outside of the contiguous United States would share similar perspectives as those identified for this research. This geographic limitation was imposed for time and funding constraints, and because pilot projects of Buy Local, Sell Fresh have been implemented in this country. Future research may be needed to assess the perspectives on broadline companies outside of this geographic area.

telephone survey of SYSCO's broadline operating companies. The following sections describe the data collection and analysis for each of these tools. I supplemented data from these two groups with secondary sources, such as media stories related to SYSCO and local food, company documents obtained from SYSCO Corporation, and other relevant literature.

Data Collection

Semi-structured Interviews.

The first step toward gathering data for this research was to contact SYSCO Corporation directly, which served two main purposes. First, it allowed me to request an interview with people at the corporate level who were knowledgeable about SYSCO's Buy Local, Sell Fresh initiative. Second, it served to inform this corporation of my research and objectives, including my desire to speak with SYSCO operating companies in the United States. Initially, I sent a letter to SYSCO Corporation's current chairman, Mr. Richard Schnieders, in November, 2006, which explained the research and requested an interview. I identified Mr. Schnieders as a key person to contact not only because of his position in the company, but also because he has been outspoken about the need to support local producers who can provide SYSCO with certain "niche" products their customers want.

My introductory letter was forwarded to the attention of Mr. Craig Watson, SYSCO's Vice President of Quality Assurance and Agricultural Sustainability, who called me to discuss my requests. Because Mr. Watson has been in charge of SYSCO's Buy Local, Sell Fresh initiative since its inception, and had been instrumental in its development, I had hoped to interview him as well. Ultimately, I conducted two semi-

structured interviews with Mr. Watson in December 2006 and March 2007. The first interview was conducted at SYSCO's headquarters in Houston, followed a few months later by a short telephone interview.

Although I had constructed an interview guide for my meeting with Mr. Watson, which consisted of open-ended questions designed to elicit his perspective on SYSCO's local food procurement initiatives, some miscommunication prevented me from following the chronological ordering of questions and from tape-recording the interview (see Appendix A for the in-depth interview instrument). However, we carried on a conversation for an hour and a half regarding his views on SYSCO's interest in local food and its initiatives, during which I was able to ask some of my planned questions and take notes. This meeting provided me with general insight into how and why SYSCO became interested in local food and what was currently being done at the corporate level to promote this interest. More importantly, this meeting helped to establish some rapport with Mr. Watson, who agreed to help me contact SYSCO's broadline operating companies. A short telephone interview with Mr. Watson three months later allowed me to clarify any information from our first meeting, and to ask some questions following completion of the telephone survey. Notes from both interviews were typed shortly afterwards, and analyzed for important concepts. Because Mr. Watson is an authorized spokesperson for SYSCO, I present his views in the next chapter as the official position of SYSCO Corporation on local procurement.

Telephone Surveys.

The population that I surveyed for this research is SYSCO broadline operating companies in the continental United States. Telephone surveys with individual operating

companies afforded an opportunity to gather data in a relatively short period of time and with minimal expense. Mr. Watson suggested that the most appropriate people to contact would be the Vice Presidents of Merchandising or their equivalent, who would be knowledgeable about some of the specific questions I wished to address. Graciously, he provided a contact list for these people at SYSCO's broadline companies in the continental United States.

In addition to providing contact information, SYSCO's corporate headquarters approved of the study and granted permission for me to contact the operating companies. This was necessary because operating company employees typically direct all inquiries such as mine to the media relations department of the corporation. Having obtained corporate approval for this study, the Vice Presidents of Merchandising knew prior to my call that they could speak with me if they so desired.

The Vice Presidents of Merchandising (N=69) were introduced to my research twice before I called them to ask them to participate in the survey. First, in February 2007, Mr. Schnieders sent an email message from his office that told them who I was, summarized my research and SYSCO's interest in this study, informed them that their participation would remain confidential, and asked them to consider participating. Second, I mailed a letter to each prospective participant that described the project in greater detail, assured confidentiality, and informed them that their participation was voluntary.

Instead of developing a sampling strategy, I attempted to survey all sixty-nine of SYSCO's broadline operating companies over a period of seven business days. During the course of conducting these surveys, I learned that the same Vice President of

Merchandising oversees operations for two of these companies, which this person told me were almost identical with respect to the survey topics. Therefore, instead of simply duplicating these results in my survey data, I reduced the population by one. This gave me a final total of sixty-eight operating companies that I attempted to contact. This survey was conducted during regular business hours on the weekdays between Friday, March 2nd and Monday, March 12th.

Within this time frame, I was able to contact sixty people from these separate operating companies, of whom fifty-nine agreed to participate in the survey. There were eight other people that I was unable to contact during this period or could not make satisfactory arrangements to conduct the survey. Overall, the survey's response rate was eighty-seven percent of the sixty-eight broadline operating companies.

Both open-ended and closed-form questions were included in the telephone survey, which generated qualitative and quantitative data. The majority of questions were closed-form, meaning respondents selected from a set of response options. Several open-ended questions allowed participants to give more detailed response. The mixture of these two forms of questions seemed to keep respondents more engaged with and interested in the survey. Participants were informed in advance that the survey should take no longer than twenty minutes, and the majority of surveys were completed within this time span.

The survey was divided into six major sections to elicit responses on topics relevant to this research (see Appendix B for the telephone survey instrument). The first section covered general background information on the operating company and the participant, including how long the person has been with the company, how long the

company has been a part of SYSCO, and the geographic area the company serves. Some of this data, including specific references to the company's servicing area, is not included in the final analysis in order to maintain the confidentiality of these respondents. At some later date, an analysis of variation across geographic location may be worthwhile.

The second section of the survey asks questions regarding the company's interest in procuring local food from the perspective of these participants. This included questions related to the Buy Local, Sell Fresh initiative and its impacts on the company's procurement practices. The next two sections focused on the perceived demand for local food by their customers and the relationship these operating companies have with local suppliers. The final sections covered questions pertaining to the benefits and challenges for the operating companies associated with procuring food from local suppliers.

Although there were separate questions designed to ask participants whose company does not currently purchase local food, I did not have to ask these questions during this survey. Overall, this survey generated a great deal of quantitative and qualitative data, and the analysis of the survey and in-depth interview data is covered in the next section.

Data Analysis

Qualitative Data.

Qualitative data from the open-ended survey responses were analyzed according to the method described in Berg (2004). All responses to specific questions were open-coded to identify distinct concepts or ideas in this data relevant to my particular research question and objectives. Coding frames or categories were then created that identify concepts in these data sets and allow for interpretation of this qualitative data (Berg 2004:280). These categories were then entered into SPSS for Windows to calculate

frequency and percentage of responses. This permitted cross-tabulation of these open-ended responses with the closed-form survey questions to identify significant relationships between variables where appropriate.

Quantitative Data.

Closed-form questions from the survey were analyzed using SPSS for Windows, Version 11.0. All closed-form responses from the fifty-nine cases were entered into SPSS to generate frequency of responses and percentages. Some cross-tabulations were also generated between interesting variables to address specific research questions, but most were not used in this research. In instances where cross-tabulations are included, the Pearson chi-square value is presented along with the data. Statistical significance is held to confidence levels at or above 95% percent ($p \leq .05$).

Strengths and Limitations

The biggest advantage to this research approach was permitting large quantities of data to be collected from the majority of SYSCO's broadline operating companies in a short period of time. The telephone survey allowed for additional probes that provided greater depth and meaning for important questions. In addition, this telephone survey probably achieved a higher response rate than a mail survey would have, which increases the likelihood that companies that could not be reached would have responded similarly. By juxtaposing the perspectives of the majority of SYSCO's broadline companies with those of SYSCO Corporation, the description of SYSCO's overall goals and practices related to local procurement is more complete.

One limitation to this approach is that many responses do not achieve a great deal of depth. Out of respect for time available to participants the survey was restricted as much as possible, both in terms of length and in question type. In some cases, there are responses to questions that may have been more meaningful if respondents had been asked to elaborate on their responses. Also, some of the quantitative data could have been more accurate if respondents had been informed of the specific questions prior to the research. Many questions asked respondents to provide estimates, and it was assumed that no preparation would have been needed to complete the survey. As such, questions that asked for specific numbers, such as the number of their local suppliers, often generated responses that were an educated guess. For this question in particular, knowing the percentage of local suppliers their company purchases from would have been more meaningful, but it also may have required them to prepare beforehand to provide an answer. Future research which seeks a more detailed examination of discrete food chains comprised of individual SYSCO operating companies, their local suppliers, customers, and end-users may ultimately provide additional information and a richer account of the socio-economic relationships between these actors.

Notifying these participants prior to calling them also created other unavoidable concerns. First, it was necessary to inform them that the focus of the research is on SYSCO's role in local food systems and the Buy Local, Sell Fresh initiative. By providing notice about my research focus, participants may have reacquainted themselves with the Buy Local, Sell Fresh initiative prior to my call. As a result, I was unable to gauge whether or not these participants would recognize this initiative or remember what it entails if they had not received the letters from Mr. Schnieders and myself. However,

even though several survey questions pertained to the Buy Local, Sell Fresh initiative in particular, most questions sought their perspectives on procuring local food in general, reducing the likelihood that the letters or advance research had much influence on their responses.

Second, Mr. Schnieders' letter probably influenced participants' decisions regarding whether or not to participate in the survey. As noted above, to gain access to this population it was necessary to inform them in advance that SYSCO approved of this research; however, his letter probably increased the survey's response rate substantially. Because SYSCO Corporation is interested in the results of this research, Mr. Schnieders and Mr. Watson encouraged a high level of participation. While a high response rate is always desirable, I stressed to participants (and to Mr. Watson) that the participation of operating companies in this research was voluntary, so as to minimize as much as possible any coercive pressure the letter may have generated. While I cannot be certain, it did not appear as I conducted the survey that Mr. Schnieders' letter altered the responses of these participants: another possibility I was attentive to.

CHAPTER 4

CORPORATE PERSPECTIVE ON LOCAL PROCUREMENT

Introduction

During a Glynwood Center conference that focused on current issues related to food security, which included a variety of food activists, scholars, and business leaders, Craig Watson (2005:44)⁹ emphasized the challenge for SYSCO to address agricultural sustainability:

Defining a corporate strategy is much more difficult for a large, decentralized corporation such as SYSCO. Our agricultural sustainability efforts need to fall in line with the image of our company and be a subset of activities related to our social responsibility initiatives.

Although SYSCO's broadline companies have considerable autonomy over decisions about where to procure food, agricultural sustainability has been incorporated into the philosophy and objectives of the parent company, SYSCO Corporation. At the corporate level, SYSCO promotes programs and initiatives aimed at advancing its corporate social responsibility goals. Promoting agricultural sustainability is a relatively new objective under this umbrella of social responsibility, and it has led to the development of four primary initiatives since 1999: Integrated Pest Control, Business Coalition for More Sustainable Food, Ag-in-the-Middle Procurement, and Buy Local, Sell Fresh (SYSCO 2006a). While there is some overlap between Ag-in-the-Middle Procurement and Buy Local, Sell Fresh, which is discussed at the end of this chapter, the central focus of this research is on SYSCO's local procurement initiative: Buy Local, Sell Fresh.

⁹ Unless otherwise noted, all information provided by Craig Watson are from the two in-depth interviews described in Chapter Three.

This chapter presents SYSCO's philosophy surrounding agricultural sustainability as defined at the corporate level, before turning to a description of the Buy Local, Sell Fresh initiative. The history and development, objectives, and implementation of this initiative are then discussed, and are based primarily on conversations with Craig Watson at SYSCO Corporation. This discussion is supplemented by information from literature, conference proceedings, media articles, and SYSCO Corporation's website. Brief profiles of SYSCO operating companies that have received recognition for their local procurement activities are also included using media articles and these companies' websites. Finally, a brief discussion of Ag-in-the-Middle Procurement is presented because it also has potential to impact local food systems.

Agricultural Sustainability

SYSCO defines agricultural sustainability on its website in the context of its corporate goals:

It is SYSCO's goal to ensure that highly differentiated products are successfully produced for our future generations. To that end, our ultimate goal is to foster the success of highly differentiated products that are profitable to all participants and incorporate farmer ownership and control. Through a series of initiatives, SYSCO is contributing to environmental stewardship and rural social vitality. (SYSCO 2006c)

Watson further defines environmental stewardship as “moving production of food products forward in a manner that is friendlier to land, water, and people.” Yet SYSCO's goals in agricultural sustainability need to be consistent with its overall business goals, as Watson (2005:44) states, “Any corporate strategy to move products procured from small-scale producers must be properly aligned with current corporate strategies such as

mission, vision, and values.” SYSCO’s mission is “helping customers succeed” (SYSCO 2006d), and SYSCO is committed to meeting the needs of its customers. As more of SYSCO’s customers look for local food products, SYSCO’s stated commitment to agricultural sustainability, combined with their mission of meeting customers’ needs, has fostered the development of the Buy Local, Sell Fresh initiative.

Within SYSCO Corporation, agricultural sustainability is part of this corporation’s goals toward social responsibility goals. SYSCO’s interest in agricultural sustainability dates back to 1999 when its Chairman, Rick Schnieders, spoke with a professor at Harvard Business School to learn more about what SYSCO could do to promote social responsibility. The professor told Schnieders that because SYSCO’s business involved food, it made sense that their strategies should focus on food. This recommendation provided the spark for Schnieders to learn more about what SYSCO could do to promote social responsibility through sustainable food production. That same year, Schnieders and Watson initiated the first of several conversations with Fred Kirschenmann of the Leopold Center for Sustainable Agriculture at Iowa State University to discuss specific strategies that SYSCO could develop to promote agricultural sustainability. Based on what they learned from Kirschenmann during these conversations, as well as their own emerging ideas, Schnieders and Watson ultimately developed SYSCO’s agricultural sustainability initiatives.

SYSCO added agricultural sustainability to Craig Watson’s position of Vice President of Quality Assurance in 2004 (Smith 2004). Both Schnieders and Watson have strong connections to agriculture, having grown up in rural Iowa, which served as a personal basis for the development of initiatives to help small and mid-size farmers in

rural America. In addition to these personal motivations, supporting small and mid-size producers can help to meet a growing demand for “niche” items that these producers can supply. Many of SYSCO’s customers are often looking for greater variety in their menu options, and there appears to be a growing demand for products that are organic or natural (SYSCO 2006e). Watson believes that the biggest benefit to SYSCO companies from distributing local products is the ability to offer customers additional choices and better meet their needs. The Buy Local, Sell Fresh initiative emerged as a strategy to simultaneously respond to the evolving needs of its customer base and support rural agricultural producers.

Buy Local, Sell Fresh

Development.

Through the Buy Local, Sell Fresh initiative, SYSCO looks for “niche” products, rather than the usual undifferentiated commodities, that tell a story about where the food comes from. Watson explains that there are more consumers who want to buy local food, and that some restaurateurs want to differentiate and distinguish themselves from chains by selling local food. More schools and universities are interested in local food, and he thinks that state governments will increasingly support local food purchasing. Although there is a growing demand for local food, Watson says that chefs and foodservice operators do not want to go to farmers markets or deal with a lot of local suppliers because they do not have the time this requires.

In addition to responding to the needs of its customers, Watson says “SYSCO wants farmers to succeed.” Although it is difficult to measure, SYSCO operating companies may achieve reciprocal benefits from supporting local suppliers by gaining

positive recognition in their respective communities. SYSCO's operating companies employ a large number of people from the community, with even the smallest companies employing 500 to 700 people. According to Watson, the Buy Local, Sell Fresh initiative can "complement what SYSCO already does" by supporting local communities and making it easier for its customers to secure local products.

SYSCO's interest in supporting local suppliers and helping communities appears to go beyond broad claims, as evidenced by a series of workshops their corporation has sponsored as part of Buy Local, Sell Fresh. These workshops focus on opportunities for farmers to sell their products through SYSCO operating companies. The first set of workshops took place in Iowa in March, 2006. Called "Bridging the Gap: Selling to Foodservice and Retail," the workshop educated local suppliers about the needs of foodservice distributors, taught them how to get money for adding value to their products, and helped them to understand why they could sell through SYSCO as a substitute for or as a complement to direct marketing approaches. In these ways, SYSCO sought to help individual producers overcome the barriers that often keep them selling through the company. Eighty farmers attended this workshop, which was considered a good turnout. Another workshop of this type held in North Carolina in February, 2007, "touched" an additional sixty-five producers, according to Watson. SYSCO also conducted a "second generation" workshop in Iowa in March 2007. This workshop emphasized aggregation, in terms of pooling resources and selling products cooperatively, as a way for local suppliers to gain economies of scale and increase volume for selling to foodservice distributors. Although far fewer farmers (twenty-two)

attended, Watson says that the quality of participation was much higher than the previous year.

When asked about the future of these workshops, Watson replied that no other workshops are currently scheduled. He remarked that the interest for these workshops has to come from extension agencies, and SYSCO has not yet been asked to do these workshops by extension in other parts of the country. While these workshops reach out to producers who are currently selling direct, Watson believes that many of them will always continue to sell direct. He thinks producers need to more fully understand their input costs, including marketing, when selling direct because they may not be receiving as high a margin on their products as they think. These workshops give producers an opportunity to reflect on their marketing decisions and consider the potential economic benefits of selling to SYSCO compared to selling direct. (Watson 2006)

Implementation.

The Buy Local, Sell Fresh initiative focuses on procuring fresh, seasonal produce from local growers. A set of best practices for SYSCO operating companies who want to purchase locally provides recommendations for defining a local supplier:

This would generally mean a grower/supplier in close proximity to the Operating Company that would/could provide fresh produce on a seasonal or year round basis. The definition may vary depending on an operating company's distance from certain growing areas within their distribution radius.

Produce is the easiest product for smaller growers to sell through SYSCO, either individually or through cooperative marketing strategies. There is potential to include other food products within the scope of Buy Local, Sell Fresh, such as fresh dairy

products. Meat, however, can be more difficult to source locally from individual suppliers because the input costs are too high to make it competitive with conventional products. Watson believes that small meat producers will necessarily have to aggregate to sell differentiated meat products to SYSCO.

While SYSCO's corporate level provides guidance for farmers and operating companies, its broadline operating companies implement Buy Local, Sell Fresh on the ground and at their discretion. Understanding the extent to which operating companies have begun to purchase food from local suppliers as a result of this initiative is a major objective of this research. A few SYSCO operating companies, however, have received media attention by advancing this initiative. Three pilot projects of the Buy Local, Sell Fresh initiative have been started in the last couple of years in New Mexico, Minnesota, and Alabama. Below, brief profiles of these initiatives illustrate what guides procurement decisions within these operating companies. These are not necessarily representative of how other companies are adopting Buy Local, Sell Fresh or purchasing locally, but they do provide a glimpse into how these projects operate in specific places. Other SYSCO operating companies may also prioritize local food procurement without specifically promoting Buy Local, Sell Fresh¹⁰.

¹⁰ For example, SYSCO Foodservices of Portland has worked closely with the Food Alliance to promote food that is certified using Food Alliance standards. While these standards cover a broad spectrum of sustainably produced food items, many of these products are also procured locally. For more information on SYSCO Foodservices of Portland and the Food Alliance visit <http://www.syscoportland.com/> and <http://www.foodalliance.org/> respectively.

Brief Profiles

SYSCO Foodservices of New Mexico.

In 2005, SYSCO Foodservices of New Mexico initiated a five year pilot project called “Born in New Mexico” with a focus on providing local food to restaurants.

SYSCO New Mexico promoted the potential benefits of local food to New Mexico restaurants:

Restaurants who purchase and serve Born in New Mexico products will be able to expand their menus and promote freshness through locally grown and produced items; and they will be supporting the farmers and producers who face extinction as they try to compete against the large farm conglomerates. (SYSCO New Mexico 2007)

This operating company sells nearly \$67 million worth of produce to New Mexico restaurants annually, and the ultimate goal of “Born in New Mexico” is to eventually source 20 to 30 percent of this fresh produce from local suppliers (Robinson-Avila 2005).

SYSCO New Mexico launched a broad advertising campaign to promote this new program, which included television and newspaper advertisements and billboard ads (Robinson-Avila 2005). This operating company also worked with the New Mexico State University Extension Service to help identify local suppliers and educate them about the program. A year and a half later, SYSCO New Mexico was purchasing local food from nearly fifty local suppliers. This number, however, was not nearly as many as this operating company had hoped to include (Robbins 2006).

According to a National Public Radio story that briefly evaluated the progress of “Born in New Mexico,” SYSCO New Mexico had “made a couple of miscalculations” from the outset of this program (Robbins 2006). First, SYSCO New Mexico had counted

on local restaurants to be willing to pay more for local food than they would for conventionally sourced products; however, this was generally not the case. As a result, the local suppliers who have been successful at selling their products through SYSCO New Mexico often have a product that does not cost more than conventional products (Robbins 2006). A second “miscalculation” was that SYSCO New Mexico targeted small, local suppliers to build this program, but did not account for many of them being unable to meet SYSCO’s quality assurance requirements (Robbins 2006). This included meeting SYSCO’s insurance and hold harmless requirements, as well as having proper refrigeration technology and a loading dock (Robbins 2006). Although SYSCO New Mexico is optimistic that it can double the number of suppliers selling through this program each year, these setbacks kept the “Born in New Mexico” program from returning a profit through the end of 2006 (Robbins 2006).

SYSCO Foodservices of Minnesota.

In 2003, the Minnesota Project, a non-profit organization that promotes local food, initiated a dialogue with SYSCO Minnesota and Rick Schnieders to discuss the potential for this operating company to distribute more locally produced food. By 2006, the collaboration between the Minnesota Project, SYSCO Minnesota, and other organizations and agencies had led to the founding of the Heartland Food Network, which “encourages the purchasing of local, sustainable or organic foods” (Minnesota Project 2007a). As a founding member of this network, SYSCO Minnesota created the “SYSCO Minnesota Farmers’ Market,” a web-based tool to help their customers identify locally procured or sustainable products distributed by this operating company.

In addition to advertising products from other regions in the country that are organic or sustainable, SYSCO Minnesota's product list identifies products that are labeled through the Minnesota Department of Agriculture as "Minnesota Grown" (SYSCO Minnesota 2007). As a charter member of the Heartland Food Network, SYSCO Minnesota has "distributed thousands of locally grown and produced products and is looking for further items to enhance its product offerings" (Minnesota Project 2007b). According to SYSCO Minnesota representatives, the key motivation for procuring more local products is to meet an increase in demand for these products by its customers (Minnesota Project 2007b).

SYSCO Foodservices of Central Alabama.

The State of Alabama's Farmers Market Authority governs a state-sponsored Buy Fresh, Buy Local campaign geared toward promoting Alabama-grown products that are available through direct markets (Alabama Farmers Market Authority 2004). In 2005, SYSCO Central Alabama joined this program and agreed to label locally-procured products as "Alabama-grown." An official at SYSCO Central Alabama noted that when they entered into this program, demand for local food from their customers was fairly low. This has changed as more of this operating company's customers now look for products with the Alabama-grown label (AALGA 2006).

Ag-in-the-Middle Procurement

SYSCO's Ag-in-the-Middle Procurement initiative has the potential to complement Buy Local, Sell Fresh. This initiative is intended to support "family owned farms which are larger than a niche hobby farm, while smaller than the corporate-owned

commodity raising enterprise” (SYSCO 2006f). This initiative may overlap with local food procurement because SYSCO operating companies may identify these suppliers from within their local area. This initiative differs from Buy Local, Sell Fresh in that the focus is not specifically on local procurement, but rather on supporting mid-level, family-owned farms across the country. SYSCO has been working with university faculty to develop standards for identifying “family farms” and develop support for this segment of food producers. Watson says these mid-size producers are most attractive to SYSCO because they have the capacity to supply operating companies with differentiated “niche” products in sufficient volume to supply SYSCO’s customers. For smaller suppliers to be successful at selling to SYSCO companies, it is likely that they will have to aggregate to gain the kind of efficiencies SYSCO companies need.

Although the focus of this research is on Buy Local, Sell Fresh, the phone survey included questions that would cover a range of topics related to local food procurement. Out of consideration for how the Ag-in-the-Middle Procurement initiative may also support local procurement, this research also seeks to understand the overlap between these initiatives. By recognizing the additional implications of the Ag-in-the-Middle Procurement initiative in the context of food system localization, this can allow for a more accurate depiction of SYSCO’s overall role in local food systems.

Conclusion

While SYSCO’s commitment to meeting the needs of its customers continues to guide its purchasing practices, a perceived customer demand by SYSCO Corporation for local and differentiated “niche” products has encouraged the development of its local food initiatives. While agricultural sustainability has gained importance for SYSCO, its

goals to promote sustainability are intertwined with its desire to sustain the production of these “niche” products. Agricultural sustainability, in this sense, is linked to sustainable business practices to further the production of products that many of SYSCO’s customers are asking for. In general, SYSCO’s perspective indicates that its motivations to support local producers and promote agricultural sustainability must coincide with the economic goals of the corporation if local procurement is to become a priority for its operating companies.

CHAPTER 5

SYSCO-METIZING LOCAL FOOD SYSTEMS: BROADLINE COMPANIES’ PERSPECTIVES AND PRACTICES

Introduction

While SYSCO has defined its corporate goals pertaining to Buy Local, Sell Fresh and local food procurement, a complete description of the role of this corporation in local food systems requires a closer examination of its broadline operating companies. Because these operating companies are not required to purchase food from local suppliers, the extent to which SYSCO Corporation is involved in local food systems depends on the procurement practices of its operating companies. This chapter presents and analyzes data generated from telephone surveys with officials at fifty-nine operating companies across the United States to provide a broader account of SYSCO’s local procurement ideas and practices.

This chapter first provides data related to the background of these companies and the respondents. Following this background information, the issue of geographic scale related to how operating companies define a “local” purchasing area is then discussed, as well as the current local procurement practices of these companies. The perspectives of SYSCO operating companies on their position within these food chains relative to other network actors is then presented, including SYSCO operating companies’ perspectives on the challenges and benefits of procuring local food. Finally, this chapter presents data related to SYSCO’s future involvement in local and regional food systems.

Background

Participants.

The majority of respondents in this survey are Vice Presidents of Merchandising. While particular job titles varied, SYSCO's corporate headquarters considered them appropriate contacts who would be knowledgeable about the topics included in the survey. Thirty-nine percent of the respondents have been employed at their respective companies for more than sixteen years. Only eleven respondents indicated that they have been with their companies less than five years. In these cases, however, they had either worked for other SYSCO companies prior to being transferred to their current job, or the operating company had only been in business for a short period of time. Based on their position with these companies and a generally substantial period of time they have worked there, it is reasonable to conclude that the majority of these respondents are very familiar with their company's procurement practices and goals.

Most of the operating companies contacted during this survey have been part of SYSCO Corporation for eleven or more years, with twenty-six reporting that that they have been a SYSCO company for twenty-one or more. Only ten companies had not been in business before becoming a part of SYSCO, and the rest were either one of the founding companies or had been acquired since 1970. The length of time these companies were in business before becoming part of SYSCO also varies. Several respondents mentioned that their companies had been founded in the early 1900's, and one operating company has been in business for nearly 150 years. The majority of these SYSCO operating companies emerged from businesses already established in their communities.

Defining the “Local” Area.

A frequent objective of studies with producers and consumers is to learn more about how different groups define a local area (see Hinrichs 2003; Selfa and Qazi 2004). Often, this objective “stems from a concern with the conflation of spatial and social referents of ‘local’ in discussions of local food systems, and with the implications of possible differences between consumers and producers regarding the definition of ‘local food systems’ (Selfa and Qazi 2004:452). To build on food system literature and further understand SYSCO’s perspective on “local,” this research also presents definitions of “local” from the perspective of these operating companies. In addition, this discussion creates a context for understand survey questions related to a “local” purchasing area.

The operating companies service a wide range of geographic areas in the United States. A few are limited geographically to large, metropolitan areas. Most of the companies surveyed, however, service all or part of the state within which their facility is located, and many service parts of surrounding states as well. This creates an approximate distribution area range between 5,000 and 180,000 square miles¹¹. This broad geographic range of distribution area impacts how SYSCO operating companies define what constitutes a local purchasing area. According to SYSCO’ corporate level, a best practices standard for identifying local producers involves defining a local area based on physical proximity to these producers. Although this definition varies based on the actual distance between distribution facilities and local suppliers, operating

¹¹ Although I am not sure which operating company has the smallest distribution area, SYSCO Foodservices of Los Angeles services the greater Los Angeles area. Using an approximate value for LA county, this could place a smaller service area around 5,000 square miles. There may, however, be other companies with smaller distribution areas. Alternatively, SYSCO Foodservices of Montana, which has the largest distribution area, encompasses the state of Montana and one-third of the state of Wyoming. The combined total of these geographic areas is approximately 180,000 square miles (<http://en.wikipedia.org/>). Although this range is not entirely accurate, it illustrates the enormous variability of geographic coverage by these operating companies.

companies have been encouraged by their parent company to define a local area as a certain number of miles *within* their distribution area. Only twelve percent of respondents, however, defined a local purchasing area in terms of a specific proximity to their facility (see Table 5.1), citing a certain number of miles or within a few hours drive of their distribution center.

Table 5.1- Local purchasing area definitions. (N=59)

Local definition	Frequency	Percentage
Within the same distribution area	25	42
Within the same state/states	20	34
Within a certain number of miles/hours of their facility	7	12
In the surrounding region	6	10
Within a particular agricultural region	1	2
Total	59	100

Other definitions of a local area also incorporate spatial references, but they tend to be distinguished by politically and historically defined boundaries. Thirty-four percent of respondents said that local meant within the same state in which their facility is located, while ten percent defined this area as a particular region within the United States (e.g., the Pacific Northwest or the Midwest). Such definitions are consistent with other conceptualizations of local as political units, as Hinrichs (2003:43) notes:

American agrarian development has long had a strong subnational state emphasis, which predates globalizing trends in agriculture.... [This definition] avoids the hard questions about exactly which producers engaged in which production practices have produced the food.

Although these definitions of local obscure specific production practices, operating companies may benefit from working with state agencies to promote local food using terms that have important symbolic meaning for SYSCO customers (e.g., “Born in New Mexico,” “Minnesota grown,” or “Alabama-grown”).

Not only can operating companies build on customer recognition of products produced in the same state, by defining a broader local area they may increase the number of potential suppliers of local products. Generally, obtaining adequate volume of product from suppliers presents a significant challenge for distributing local food, as discussed later in the chapter. Defining a larger local area can help these companies to procure local products in necessary volume to meet the needs of their customers. A broader definition of “local,” in this sense, may hold the most utility for these operating companies if considerations of supply and marketing are taken into account. However, SYSCO does not have distribution facilities in every state, which means that companies servicing multiple states may need to define more than one local purchasing area.

Perhaps a more problematic definition of “local” is the one which was mentioned most frequently. Forty-two percent of respondents defined a local purchasing area as equal to their own distribution area. This definition is linked more to corporate structure than any understanding of local food systems. Local areas, in this sense, are defined in relation to the distribution areas of other SYSCO operating companies. Although local food movement actors have difficulty defining “local” in terms of physical proximity, definitions based on corporate sales areas will probably be highly problematic for local food proponents. At a minimum, the variability in the size of distribution areas indicates that this definition is inherently vague and difficult to assess.

Overall, these responses demonstrate that, for many SYSCO operating companies, a local purchasing area is generally quite large and corresponds more with corporate or political boundaries than with a socially constructed sense of place. In many cases, the extended geographic area associated with these definitions more accurately describes regional food systems. While there are some cases that demonstrate a more nuanced understanding of “local” by articulating smaller geographic areas, the majority of responses suggest that operating companies tend to define “local” in ways that meet their business needs. Ultimately, definitions based on corporate structure may be antithetical to “alternative” constructions of local and regional identities.

Local Procurement Activities.

All of the operating companies surveyed currently purchase some food from suppliers within their locally defined areas. Purchasing local food, however, is neither a recent development for these operating companies nor can it be attributed to the Buy Local, Sell Fresh initiative. Fifty-three respondents said that their company purchased food from local suppliers prior to the Buy Local, Sell Fresh initiative. Only three respondents stated that their company did not purchase locally before the Buy Local, Sell Fresh initiative was developed, and three others were not sure if their companies purchased locally prior to this initiative.

Yet the Buy Local, Sell Fresh campaign has had some impact on the procurement practices of many operating companies. Almost half of the respondents indicated that their company has increased the amount of food they purchase from local suppliers as a result of Buy Local, Sell Fresh (see table 5.2). One-third of respondents mentioned that

**Table 5.2- Purchase local food as a result of the Buy Local, Sell Fresh initiative.
(N=59)**

Purchasing changes	Frequency	Percentage
Have increased their purchasing	28	48
Have not increased their purchasing	29	49
Don't know	2	3
Total	59	100

their company had also made changes to make it easier to purchase from local suppliers. Of the twenty-eight companies that reported increasing their purchasing of local food as a result of Buy Local, Sell Fresh, half of them have made such changes as reducing marketing fees for local suppliers or being more flexible on company volume requirements¹². Most respondents who mentioned changes in policy suggested that it is more of a change in attitude for people within these companies, which has increased their focus on local food and improved access for local suppliers.

Number and Types of Suppliers.

The number of local suppliers that these operating companies purchase from varies considerably (see Table 5.3), and is fairly divided between those who purchase from twenty or fewer suppliers and those who purchase from twenty-one or more. Due to a lack of availability of the percent of local suppliers with respect to the total number of suppliers these companies purchase from, or the total number of suppliers in their local purchasing area, this data does little more than support their claims that they procure food locally. To generate a profile of these suppliers, respondents were also asked about the

¹² The respondents who said their company is more flexible in their requirements emphasized that this flexibility does not extend to food safety or insurance requirements.

Table 5.3- Number of local suppliers operating companies purchase from. (N=59)

Number of suppliers	Frequency	Percentage
0-10	13	22
11-20	18	31
21-50	12	20
51-99	6	10
100 or more	7	12
Don't know	3	5
Total	59	100

types of suppliers their company purchases local food from. Categories of different supplier types included: large-scale commercial farms, mid-size family-owned farms, local processors, producer cooperatives, and small-scale hobby-farmers¹³. Although several respondents indicated that these categories were somewhat limiting in terms of the types of businesses they purchase local food from (e.g., brokers, wholesalers, other SYSCO subsidiaries, etc), these categories were intended to reflect purchasing practices related to scale. Thus, the range of options tried to approximate a fair representation of potential suppliers in local food systems.

As Table 5.4 shows, SYSCO operating companies purchase local food from processors more frequently than any other type of supplier. This is not surprising, considering that many foodservice buyers are accustomed to receiving pre-processed food and not raw agricultural products (Vallianatos, Gottlieb, and Haase 2004). Time limitations for foodservice operators to process agricultural products and storage availability are some of the limitations foodservice buyers consider in their purchasing decisions. Importantly, the higher purchasing frequency from local processors indicates

¹³ Terms such as “family-owned” and “hobby” were included in the survey because they are often used by SYSCO Corporation to delineate a hierarchy of producers.

additional separation of the producer from the consumer (and from the SYSCO companies that distribute their product) as more actors are included in these supply chains. It also suggests that supplier type may influence price considerations, which are discussed later, as more intermediaries include mark-ups on local products.

Table 5.4- Frequency of procurement by supplier type. (Percentage; N=59)

Purchase from this Supplier Type	Large-scale, commercial farms	Mid-size, family-owned farms	Local Processors	Producer cooperatives	Small-scale, hobby-farmers
Very frequently	39	24	52	24	5
Sometimes	41	54	44	25	22
Never	13	14	2	27	64
Don't know	7	8	2	24	9
Total	100	100	100	100	100

Large-scale commercial farms and mid-size family-owned farms were mentioned with nearly the same overall frequency as common suppliers of local products, with nearly eighty percent of respondents saying that they purchase from both of these suppliers either very frequently or sometimes. This high frequency of response for commercial farms may be somewhat misleading, as several respondents who answered affirmatively to this question also noted that they probably would not consider these to be “local” from a standpoint of sustainability. Also, this response may be biased by the number of respondents whose companies are located in major agricultural producing states or regions. For example, most respondents who said their company purchases from this type of supplier very frequently are located in or near California and Florida. However, taking these two caveats into account, purchasing local food from large-scale

commercial farms raises questions about whether or not a focus on locality must also incorporate standards for sustainable production practices.

Nearly half of the respondents declared that they purchase local food from producer cooperatives. This category also received the highest response of “don’t know,” suggesting that this type of supplier may not be as clearly identified or understood within these operating companies. This is important, considering that the focus of SYSCO Corporation’s second workshop was aggregating smaller suppliers to help them sell through SYSCO companies. Some operating companies may benefit from learning more about these cooperative marketing arrangements in order to identify additional sources of local food. This may be particularly worthwhile as relatively few operating companies said that they ever purchase locally from small-scale hobby-farmers.

Although respondents were not asked to give reasons why they purchase from particular types of suppliers, the high frequency of response for mid-size family-owned farms may indicate both a need to work with suppliers who can provide them with enough volume, as well as growing support of Ag-in-the-Middle scale producers that is promoted within their corporation. Unfortunately, the data cannot confirm either of these hypotheses, as it may also simply reflect more common types of producers in these operating companies’ local areas. SYSCO’s Buy Local, Sell Fresh and Ag-in-the-Middle Procurement initiatives overlap, and operating companies may increasingly equate local food production with mid-size producers.

Working with Other Agencies.

An additional aspect of the local procurement practices of these operating companies deals with their involvement with other agencies that promote local food.

Sixty-three percent of all respondents replied that their company works with other organizations or agencies that promote local food. Examples include working with state agricultural departments, partnering with organizations to promote local food, or co-sponsoring events or activities that highlight food from their area. Although this data is not overly meaningful, as the extent of this involvement varies from one company to the next, it suggests a potential for many operating companies to build on new or existing partnerships to promote local food.

Perspectives on Food System Actors

To understand these food system networks requires an understanding of the relationships between actors in these networks. Because local food systems are often characterized by direct markets, this information can provide valuable insight into potential benefits and challenges for other actors involved in these local food chains from the perspective of SYSCO operating companies. Although SYSCO's suppliers and customers were not included in the scope of this research, respondents were asked questions that pertained to these other actors to assess their perspectives on these relationships. Along with how SYSCO operating companies understand their own position within these networks, this helps to create a framework for assessing SYSCO's role in local food systems. The following sections present the perspectives of SYSCO representatives within these operating companies on other actors in these food chains, as well as their perspectives on their own roles in local food systems.

Suppliers

Interest from local suppliers.

Based on the frequency with which local suppliers contact SYSCO companies, there appears to be growing interest from local suppliers to have SYSCO operating companies distribute their food products. Although only fifteen percent of the respondents indicated that local suppliers contact their companies very often, forty-eight said that local suppliers occasionally contact their companies hoping to initiate a business relationship. While some suppliers may not be able to meet the business needs of these operating companies, the respondents articulated a number of important benefits from selling to SYSCO.

Operating company perceptions of benefits to suppliers.

Respondents were asked what they thought was the biggest benefit to local suppliers when selling their products through SYSCO. In most cases they provided more than one response to this question before being asked about other benefits¹⁴. As a result, all responses were combined and open-coded, and the frequencies of these responses are presented in Table 5.5. In general, these are benefits that any supplier could potentially obtain by selling through SYSCO, whether they are local or not, but there are some that pertain exclusively to local suppliers. One respondent said that local suppliers benefit when selling through SYSCO because SYSCO companies are “the best at what we do.” These benefits are primarily economic, and they more accurately depict the potential benefits associated with the value chains in regional food systems, in terms of

¹⁴ This also occurred when asked about the biggest benefits to customers, as well as the biggest challenge for SYSCO when working with local suppliers. Responses to these others questions have been coded in the same way.

maximizing value for partners, than they do the benefits stemming from direct local markets. Some respondents also perceived non-economic benefits, which resemble notions of trust between partners in regional food systems.

Table 5.5- Operating company perception of potential benefits for suppliers from selling local products through SYSCO (N=59)

Benefit	Frequency	Percentage
Greater access to foodservice markets	39	66
Economic benefits	23	39
Increased marketing support	19	32
Consistency	13	22
Greater product exposure	8	14
Convenience or ease of logistics	5	9
Increased knowledge or experience	3	5
Able to sell more fresh product	2	3
Total	---	---

Percentages do not add to 100 because more than one response was given by the majority of respondents.

The most common benefit mentioned by two-thirds of the respondents is that local suppliers can gain access to additional markets within their company’s broad distribution area. Respondents indicated that selling through SYSCO “opens doors” for suppliers who want greater access to foodservice markets. Selling to SYSCO generates “instant credibility” for selling to foodservice and to other distributors as well. Although this access to more distributors and customers may be beneficial for many suppliers who can produce sufficient quantities to sell into these new markets, this further demonstrates how scale is a critical factor in defining these mediated local food chains. Importantly, this indicates considerable potential for larger producers to sell more volume closer to home instead of selling their products nationally or internationally through commodity

markets. Two respondents also added that local suppliers may benefit by selling through SYSCO because it gives them an opportunity to sell fresh product instead of selling frozen or processed products to distant markets.

Respondents also noted that local suppliers can gain a number of direct economic benefits by selling through SYSCO. This includes increasing revenue through additional sales, and generally helping their businesses to grow. Economic benefits were often linked to improved efficiency and increasing sales volume which generate economies of scale when selling through SYSCO. Respondents mentioned that selling more volume with fewer deliveries can help local suppliers reduce their costs. Gaining economic benefits through economies of scale is an important aspect of the value chains associated with regional food systems.

Marketing support is another potential benefit for suppliers. Nearly one-third of the respondents said that SYSCO's larger sales force, which could include hundreds of salespeople at each operating company, is an important benefit for local suppliers. This introduces an additional efficiency for local suppliers who can take advantage of SYSCO's existing marketing resources. This can lead to greater product exposure and brand recognition for local suppliers, which were also mentioned as benefits by some of the respondents.

Thirty-seven percent of respondents said that suppliers benefit from the consistency associated with doing business with a "solid corporation" like SYSCO. While some of these respondents mentioned that SYSCO's "reliable supply chain" can generate a consistent demand for their products, the majority of responses emphasized the importance of regular and timely payments. Comments such as "SYSCO pays its bills"

and that suppliers “get paid on time” reflect a potential stability and predictability that suppliers may achieve by selling through SYSCO companies. This was often mentioned in contrast to direct marketing to foodservice, as these respondents perceived that suppliers may not receive regular or timely payments when selling direct to these markets. This response indicates an embedded notion of trust within value chains associated with regional food systems, in that trust is not based on relationships but rather on the predictability and stability of procedures among strategic partners (Stevenson and Pirog forthcoming). Yet stability in these markets is not necessarily related to contractual agreements because local suppliers are not required to enter into contracts to sell through SYSCO¹⁵.

Local suppliers who sell through SYSCO may also benefit from the convenience and logistical ease of doing business with these operating companies. Much like customers may benefit from the “one stop shop” that SYSCO offers (which is discussed later), suppliers may benefit from the convenience of a “one stop drop” by making fewer deliveries, generating fewer invoices, and generally having SYSCO “make it easier for them” to conduct business. In comparison with direct marketing, one respondent said, “Local suppliers don’t have to sell direct,” referring to a greater inconvenience through these marketing approaches compared to doing business with SYSCO.

Three respondents mentioned that local suppliers can acquire additional knowledge or experience necessary for selling to foodservice. One respondent said that working with SYSCO can “instill discipline” in how suppliers sell their product. Another

¹⁵ All SYSCO suppliers are required to carry product liability insurance and sign a hold harmless agreement to sell to SYSCO. Respondents did not, however, associate these requirements with formal contractual agreements between themselves and their suppliers. The business association between SYSCO operating companies and suppliers may be ended at any time by either party.

mentioned that SYSCO's focus on quality assurance can help to educate local suppliers on food safety and handling requirements in the foodservice industry. Although these were isolated responses, they are particularly salient in comparison with embedded aspects of trust in direct markets. In direct local markets, trust in the quality and safety of food stems from face-to-face interactions between producers and consumers (Renting, Marsden, and Banks 2003). In these indirect markets where SYSCO operating companies act as intermediaries, this notion of trust is replaced by strict quality assurance standards imposed by SYSCO Corporation. Although these few responses are suggestive, quality assurance is very important in SYSCO's perception of the benefits to its *customers* when buying local food from SYSCO. As such, this topic will be discussed in the subsequent section on the customers in these food chains.

In relation to suppliers, SYSCO primarily sees itself in a supportive economic role, creating opportunities for local suppliers who can take advantage of SYSCO's resources and customer base to market a greater volume of product to more customers. While there is some evidence of trust in the relationship between SYSCO and its suppliers, this trust is based on stability and predictability within the network and not on personal connections. Overall, scale is an important issue in assessing SYSCO's role in supporting local producers because these operating companies generally distribute large volumes of food regionally. From the perspective of SYSCO, it seems that suppliers are more likely to sell through these operating companies if their businesses operate more efficiently on a larger "regional" level than they could on a smaller "local" scale. Within these mediated supply chains, the concepts of "local" and "regional" are often conflated, as "local" is applied in relation to supply chains that operate at a regional level. While

the blurry distinction between these alternative food networks nearly reduces this discussion to semantics, it is important to point out that “local” may be more important for its “caché” value in marketing (as one respondent noted) than it is for defining a proximate purchasing area. The potential implications of this marketing strategy for the local food movement will be addressed in the concluding chapter.

Customers

Customer demand for local food.

Demand from SYSCO’s commercial and noncommercial customers for local food varies considerably from one operating company to the next. As Table 5.6 illustrates, fifty-six percent of respondents said that the demand for local food from their customers was either strong or moderate. Thirty-seven percent indicated a slight demand for local

Table 5.6- Perception of customer demand for local food. (N=59)

Level of Demand	Frequency	Percentage
Strong demand	8	14
Moderate demand	25	42
Slight demand	22	37
No demand	4	7
Total	59	100

products, while only four respondents remarked that there was no demand for local food by customers in their servicing area. Demand for local food appears higher in local, independent restaurants, with nearly half of the operating companies saying that there is a stronger demand from these commercial businesses (see Table 5.7). Although the majority of respondents were not more specific in their responses, six mentioned that high-end restaurants seemed to look for these products more often. Other types of

restaurants mentioned less frequently include “mom and pop” establishments, retail delis, and ethnic restaurants.

Table 5.7- Perception of demand by customer type. (N=55)

Customer Demand	Frequency	Percentage
Stronger demand from commercial customers	27	49
Stronger demand from noncommercial customers	10	18
Demand does not vary by customer type¹⁶	17	31
Don't know	1	2
Total	55	100

Respondents who said there was no demand for local food (N=4) were not asked to respond to this question.

Eighteen-percent reported that non-commercial businesses account for most of the demand for local products. SYSCO companies service these types of customers either directly or through its Business and Industry accounts (such as Sodexo or Aramark). Schools, colleges, universities, and health care were all mentioned with nearly the same frequency by these respondents. Although this data suggests that restaurants are more likely to seek out local foods than noncommercial institutions, public institutions generally have to adhere to state regulations, such as bidding requirements, which may explain a lower frequency of responses from this sector. Customer demand across SYSCO’s five sales regions in the U.S. is fairly even, and this research could not identify a significant difference in customer demand based on geographic location.

¹⁶ Five of the respondents mentioned both a commercial and noncommercial operator in response to this question. Because I am not sure if respondents who said “no particular type” meant both types of customers demand these products (or neither type does), I have included these five responses in the “no particular type” category.

Satisfying demand for local products.

Respondents indicated that, while there is some demand for local products, their companies are not always successful at meeting this demand. For the majority of operating companies, customers will request local products that they may not be able to provide. Three-quarters of the respondents (N=55) indicate that their company is not always able to meet their customers' requests for local food¹⁷. Overall, though, operating companies rate their success at satisfying customer demand for local food fairly high, with ninety-five percent saying they are very or somewhat successful at satisfying their customers' requests for local food (see Table 5.8).

Table 5.8- Perceived level of success at satisfying customers' requests for local food. (N=55)

Level of Success	Frequency	Percentage
Very successful	14	25
Somewhat successful	38	69
Not successful	1	2
Don't know	2	4
Total	55	100

Respondents provided a number of reasons for why they felt there is varying success at meeting customer demand. In a positive sense, the most frequent response mentioned by fourteen people is that SYSCO always works to meet the needs of its customers. One respondent said their company will “bend over backwards” to give the customers what they want. Ten other respondents said that growing support from within their company for local food has been a critical part of their success. Other less frequently mentioned reasons for successfully meeting demand include recognizing that

¹⁷ Respondents who said there was no demand for local food (N=4) were not asked to respond to this question.

local food can be a marketing tool, building on knowledge and experience as they work with more local suppliers, and working with other agencies that promote local food.

Respondents also reflected on some of the challenges associated with supplying their customers with local products. Six people said that supplying local products does not fit well with SYSCO’s business needs and requirements. Six others noted that there is not enough demand or support for local food in their area to generate much success. Other obstacles mentioned are availability of local products, competitive pricing, and building relationships with local suppliers. Despite these challenges, it appears that growing support for local food from within SYSCO operating companies may help them to build on their experiences and meet customer demand for local food when it exists. While SYSCO’s mission to satisfy the needs of its customers suggests that its local procurement activities are simply “business-as-usual,” the *process* of satisfying this demand may influence the attitudes of the people within these companies and lead to stronger support of the goals of food system localization.

Importance of price for customers.

Although respondents noted fairly high levels of demand for local products within its “traditional” customer base, one-third said that their customers are not willing to pay more for local food than they would for conventionally sourced products (see Table 5.9).

Table 5.9- Perceived willingness by customers to pay more for local food. (N=59)

Willing to Pay More	Frequency	Percentage
Yes	21	36
No	20	34
Don’t know	2	3
Sometimes/Depends	16	27
Total	59	100

Twenty-seven percent responded that a customer’s willingness to pay more depends on whether these products are competitively priced, or are of higher quality. A few mentioned that only high-end restaurants are willing to pay more because they can pass these costs on to their customers. Alternatively, other respondents suggested that customers should not have to pay more as local food often costs their customers less owing to lower freight costs.

Perceived benefits to customers.

Respondents were asked to give their perspectives on the benefits their customers receive from purchasing local food from SYSCO, as opposed to purchasing these products directly from suppliers (see Table 5.10). As with benefits to suppliers, many of these responses are similar to benefits that

Table 5.10- Benefits to SYSCO customers when buying local products through SYSCO instead of buying direct from local suppliers. (N=59)

	Frequency	Percentage
Convenience	37	63
Quality assurance	21	36
Service	7	12
Consistency	5	9
Total	---	---

Percentages do not add to 100 because more than one response was given by the majority of respondents.

customers may already receive by having SYSCO as a supplier. However, these perceived benefits are important for understanding how SYSCO defines its role in these food chains in relation to its customers.

Convenience was the most frequent response mentioned by respondents, with two-thirds saying this is a benefit to their customers when purchasing local food from SYSCO. The “one stop shop” that SYSCO can offer reduces invoicing and frequency of

deliveries, streamlines the ordering process, and allows customers to receive more products on one truck. Several respondents mentioned that this convenience reduces the time it would take customers to deal with multiple local suppliers or to go to farmers' markets, and can simultaneously help them to lower their costs. The convenience of having SYSCO deliver all of their local products can also allow customers to receive a greater variety of local foods in a single delivery. Although these conveniences seem to exclude embeddedness in the sense of social connectivity, it may reduce costs in these value chains and maximize value for the end user. In addition, for foodservice buyers who simply cannot purchase local products direct from suppliers because it is not convenient or too costly, SYSCO may provide them with a resource for including more local items on their menus.

The second most frequent response reported by one-third of the respondents is that customers benefit from SYSCO's quality assurance standards. References to "better storage and handling" and SYSCO's "insurance requirements" were common responses in this category. As mentioned with reference to suppliers, this identification of a potential lack of food safety for customers who purchase directly from local suppliers contradicts consumer perceptions of higher food quality that results from face-to-face relationships. Although insurance requirements may just be part of the "cost of doing business with foodservice," many operating companies strongly believe that they are *protecting* customers from local food that does not meet SYSCO's quality assurance standards. This reflects a significant difference between the embedded quality of *trust* in direct markets and the quality assurance *standards* of the foodservice industry.

This assessment, however, fails to acknowledge the responsibility of operating companies to follow their corporate policies, and of foodservice buyers who must consider the safety of their patrons and the liability of their establishments. Budget constraints in institutional foodservice operations, in particular, often guide administrative decisions to purchase locally. These noncommercial operations often rely on foodservice distributors to provide them with food that is “processed or pre-prepared” in order to “decrease labor costs and in-house food handling of product as a means of ensuring safety (Strohbehn and Gregoire 2005:3). While food safety in these supply chains is not attributed to trust that evolves from face-to-face interactions, quality assurance standards may be an integral part of food value chains associated with regional food systems. Often, in regional food supply chains, intermediaries may be responsible for maintaining product quality and assurance, further denoting the importance of scale in defining SYSCO’s overall role in connecting local suppliers and consumers (Renting, Marsden, and Banks 2003). In this sense, partners trust *in* these standards to enhance stability and increase value within these supply chains. Overall, this distinction between quality assurance and embedded notions of trust highlights a fundamental difference between local and regional food systems. The broader implication of this for the local food movement is that an increase in the scale of food system localization is driven by motivations other than food safety, because quality assurance standards are intended to replace the need for consumers to question the safety of their food.

The service that SYSCO provides to customers was considered an additional benefit for customers to purchase local food from these operating companies. Some respondents do not believe direct marketing to foodservice will be a viable option for

suppliers, who may not have the resources to provide foodservice buyers with high levels of service that they can get from larger distributors. Twelve percent of the respondents mentioned that SYSCO brings “more value” to its customers by providing them with better marketing support to help them sell local products to consumers. One respondent said “farmers can’t provide the same services,” which emphasizes additional challenges for local suppliers to sell direct to foodservice. This perspective reflects SYSCO’s mission to help customers succeed and supports the idea of building higher levels of performance within the value chains associated with regional food systems (Stevenson and Pirog forthcoming).

In addition to service, some respondents also mentioned that SYSCO’s customers benefit from the consistency their companies provide, which includes delivering a consistent product and maintaining a reliable supply chain. Foodservice buyers depend on a reliable and consistent supply of food to meet the needs of their patrons, and may be concerned about the ability of local suppliers to meet these needs (Strohbehn and Gregoire 2005; Strohbehn and Gregoire 2003). Foodservice buyers can rely on SYSCO or other large distributors to give them substitutes for local products if they are not available. Most SYSCO operating companies also noted that reliability is an occasional challenge for working with local suppliers. Operating company perspectives that they deliver greater reliability and consistency to its customers is also consistent with characteristics of trust associated with food value chains.

In general, these perspectives on the benefits to foodservice from getting local products through SYSCO suggest considerable disparity between how these markets operate compared with direct markets. Trust based on face-to-face relationships, a key

aspect of social embeddedness that characterize many direct marketing approaches in food system localization, is notably absent in these mediated markets. The perspectives of SYSCO operating companies on their own role in local food systems relative to their customers exchanges the uncertainty and inconvenience associated with direct marketing for a stable and convenient supply chain. While this is a departure from some of the defining qualities of local food systems, this reflects the characteristics of value chains associated with regional food systems.

SYSCO Operating Companies

In addition to understanding the perspective of SYSCO operating companies on their role in local food systems relative to suppliers and consumers, this research assesses the importance of these supply chains for the companies themselves, as well as the benefits and challenges associated with procuring and distributing local food. These perspectives shed light on the motivations behind SYSCO's involvement in local food systems. Socially embedded aspects of these markets, if present, may also be more readily identifiable by considering the viewpoints of these operating companies, since face-to-face interaction typically occurs only between SYSCO's employees and other actors in these networks.

Importance of purchasing locally.

Respondents were asked how important it is for their company to purchase food from local suppliers, and to explain the reason for their response. Fifty-seven of the fifty-nine respondents indicated that it is very or somewhat important to purchase food from local suppliers (see Table 5.11). As mentioned earlier, the majority of these companies

Table 5.11- Degree of importance for purchasing from local suppliers. (N=59)

Degree of Importance	Frequency	Percentage
Very important	25	43
Somewhat important	32	54
Not important	2	3
Total	59	100

were purchasing from local suppliers prior to Buy Local, Sell Fresh, so it is difficult to say if this level of importance corresponds with the development of this initiative.

However, it does indicate that the majority of SYSCO operating companies place a certain degree of value on working with suppliers to distribute more local food.

There are several reasons given to qualify their responses, which reflect both positive associations of procuring local food (see Table 5.12) as well as potential

Table 5.12- Reasons why purchasing locally is important for operating companies. Positive aspects (N=59)

Stated Reason	Frequency	Percentage
Meets customer needs/demand	23	39
Provides reciprocal economic benefits	21	36
Support local suppliers/businesses	10	17
Creates a positive image for their company	6	10
Creates efficiencies/logistical advantages	5	9
Benefits their community	3	5
Gain personal satisfaction	2	3
Higher product quality	2	3
Reduces energy/transportation requirements	1	2
Increases revenue for their company	1	2
Total	---	---

Percentages do not add to 100 because more than one response was given by the majority of respondents.

constraints. In a positive connotation, the most frequent response is that procuring local food helps them to better meet the needs of their customers and satisfy demand. This is unsurprising considering SYSCO's corporate mission, as it reflects a key instrumental motive for operating companies to purchase from any supplier. This supports finding in the previous section that links the success of these companies for meeting the demand for local products with overall corporate goals. This motive for operating companies to purchase more local food both demonstrates a growing demand for local products by foodservice operators and confirms corporate assumptions that operating companies will buy local food if they have customers who want it.

Another reason mentioned for purchasing locally is that it supports the economies in which these companies are located. Respondents said that keeping more money in the hands of people within the local economy means that people will eat out more often; this ultimately increases revenue for SYSCO. Some respondents also said that local suppliers are often their customers as well, and these reciprocal economic benefits support all actors in these supply chains. Although this idea of reciprocity reflects an element of social embeddedness in terms of mutually supporting relationships, it also indicates a certain degree of self-interest for these companies since their own economic gain is also a consideration. This supports Hinrichs' (2000) observations that social embeddedness and instrumentalism are often interrelated.

Seventeen-percent of respondents said that purchasing locally supports local farmers and businesses. Although this is similar to the previous benefit in that it implies a degree of reciprocity, this benefit relates more closely to regard as it has been described in the literature (see Sage 2003). This benefit is not a reciprocal benefit, because the

context of this response is to show support for people and businesses in their local economy, without mention of economic benefits that could return to their companies. Although this response was not mentioned frequently, operating companies may identify some socially embedded characteristics within these indirect markets.

Six respondents (10%) reported that it is important to purchase from local suppliers because it creates a positive image for their company within the community public image. One respondent called this the “halo effect,” as purchasing locally enhances perception that these operating companies are part of the community. Another respondent similarly noted that it is “good press” for SYSCO businesses to market local products. These responses begin to indicate that there may be additional overlap between regard for others in their community and instrumental benefits attributed to building a positive image. Although the frequency of this response for this question does not adequately support this assessment, public recognition generated the most frequent response when asked about the benefits to SYSCO companies from distributing local food. This is discussed in more detail later in the section on company benefits.

Although benefits to the community were mentioned by only three respondents as a reason why it is important to purchase locally, ten respondents later mentioned community with respect to the benefits their company receive from distributing local food (see Table 5.17). One person said that it is “important to give back to the community,” further emphasizing notions of regard within these markets. However, because supporting their community was often mentioned in the context of building public recognition, this notion of regard is also difficult to disassociate from instrumental motives for purchasing from local suppliers.

Other responses are notable for the low frequency with which they were mentioned, such as personal satisfaction, product quality, environmental benefits, and direct economic benefits. Although SYSCO's local food initiatives emphasize the importance of procuring products that have an interesting story, only two respondents mentioned that people at their company enjoy working with local suppliers because "there are many fun stories to tell." Product quality attributes, such as freshness, were also mentioned infrequently as important reasons for these companies to purchase from local suppliers, although freshness and quality are often pivotal reasons for consumers to seek out local food (Hedges and Sykes 2003; Torjusen et al. 2001). Environmental benefits related to transportation were only mentioned by one person, suggesting that reducing "food miles" is a low priority for the vast majority of these businesses.

Importantly, only one respondent mentioned that purchasing from local suppliers is important because SYSCO can increase its revenue by selling these products. This highlights the fact that, while these companies receive a fair price for these products, local food probably does not generate a great deal of revenue for them because it is still a fairly small percentage of their overall sales. Since local food may never become a large part of these companies' business income, as indicated by the interview with Craig Watson, this research shows that operating companies are likely to emphasize reasons other than revenue for why local procurement is important to them.

In general, SYSCO operating companies place a great deal of instrumental value on purchasing local food. While responses indicated some degree of embeddedness within these mediated markets, often these aspects of regard and mutual support are valued *because* they promote the self-interest of these companies. As there appear to be

minimal economic benefits for these companies to distribute local food, instrumental values generally serve to define SYSCO's role as a distributor for local suppliers.

However, more analysis of the benefits and challenges for these companies to distribute local food is needed to evaluate this claim.

In addition to reasons why operating companies feel it is important to purchase from local suppliers, a few reasons given for why purchasing local food is not more important for these companies. This includes a lack of demand for local products, difficulty fitting local procurement into their company's business operations, limited availability, and lack of support from within their companies. Although these were infrequent responses, they may reflect additional challenges operating companies may face when trying to source food locally, which are presented in the next section.

Challenges for operating companies to purchase locally.

SYSCO operating companies face challenges in procuring local food, constraining their ability to move products from local suppliers to foodservice operators. Respondents were provided with a list of potential challenges that they might experience when purchasing from local suppliers, and they were asked to respond to how frequently their company experiences each of these challenges (see Table 5.13). In addition, respondents were asked an open-ended question to elicit the biggest challenge for their company when working with local suppliers. Again, there were often multiple responses given in answer to this question, and all responses have been open-coded. Finally, they were asked to provide their perspective on how confident they were that local suppliers can meet their company's business requirements.

Table 5.13 illustrates the various challenges that operating companies across the country experience when working with local suppliers. Major challenges from these closed-form responses, identified by a minimum response rate of seventy-five percent for

Table 5.13- Perception of respondents experiencing specific challenges when purchasing from local suppliers. (Percentage; N=59)

Challenge	Very often	Sometimes	Never	Don't know	Total
Seasonal constraints	35	46	17	2	100
Adequate insurance	22	44	34	0	100
Proper packaging	18	63	17	2	100
Adequate volume	17	64	17	2	100
Adequate demand	12	66	22	0	100
Having a value-added or differentiated product	12	47	29	12	100
Communication	10	41	42	7	100
Food safety and handling	9	52	32	7	100
Reasonable pricing	5	76	17	2	100
Reliability	4	76	20	0	100
Storage	3	32	59	4	98*
Transportation	2	46	52	0	100

*One person indicated no response to this question.

those who experience a challenge either very frequently or sometimes, include: seasonal constraints, proper packaging, adequate volume, adequate demand, reasonable pricing, and reliability. Notably, this survey did not distinguish between ongoing challenges and those experienced prior to initiating a relationship with local suppliers. Although the question was phrased to elicit responses to ongoing challenges, and this was clarified if there was any confusion, this unexpected difficulty potentially influenced the results. For

example, two-thirds of respondents mentioned that it is challenging for local suppliers to meet their company's insurance requirements, but these requirements must be in place for any supplier to sell through their company. Thus, several respondents said that this is very challenging initially, but they no longer experience it as an ongoing challenge once they initiate a relationship. While this influence must be taken into account, the analysis proceeds from the assumption that respondents were generally answering these questions based on an overall perception of how these challenges affect their business when purchasing local food. These closed-form responses support an analysis of the open-ended responses to major challenges for their business (see Table 5.14).

Table 5.14- Biggest Challenges for Working with Local Suppliers (N=59)

Challenge	Frequency	Percentage
Marketing/generating demand	15	25
Educating suppliers about SYSCO's business needs/ requirements	11	19
Insurance/quality assurance	10	17
Volume	7	12
Seasonality	5	9
Building relationships/ trust	5	9
Competition	5	9
Competitive pricing	4	7
Building support within the company	4	7
Consistent quality	3	5
Lack of ingenuity/ investment	2	3
Packaging	2	3
Communication	1	2
Government regulations	1	2
Reliability	1	2
Transportation	1	2
Total	---	---

Percentages do not add to 100 because more than one response was given by the majority of respondents.

From the open-ended question on biggest challenge for their company to working with local suppliers, the most frequent response is a lack of marketing support by these suppliers (25%). Respondents said this marketing support, such as investment in advertising, is necessary to help build customer demand for local products. Although more than half of these companies perceived a strong or moderate demand for local products, seventy-eight percent said they experience inadequate demand as a frequent or occasional challenge. Despite SYSCO's vast marketing resources, this data suggests a supportive but passive role for SYSCO in promoting local food, as many operating companies are primarily responding to customer demand that is generated, in part, by the local suppliers themselves.

Another major challenge mentioned by eleven operating companies (19%) is educating local suppliers about SYSCO's business needs and requirements. One respondent referred to this as "SYSCO-metizing" local suppliers, which involves "helping them understand the pathway to our customers." This response summarizes many of the individual challenges that respondents mentioned, as it encompasses aspects such as volume, insurance, and product safety. Proper packaging, in particular, is one requirement that these companies appear to have difficulty getting local suppliers to understand, as nineteen percent said they experience this very frequently and sixty-three percent said they occasionally experience this challenge. Other respondents noted that suppliers do not understand the marketing and sales aspect of selling to foodservice. "SYSCO-metizing" local suppliers involves educating them on the needs of SYSCO's customers, and showing them how to help SYSCO better meet those needs.

Quality assurance and insurance requirements were also mentioned as an obstacle to working with local suppliers. Two-thirds of the respondents said that they experience this challenge very frequently or sometimes, and seventeen-percent told me that this is the biggest challenge for their company. As mentioned previously, this question must be interpreted broadly, as insurance requirements are a minimum requirement for doing business with SYSCO. Food safety and insurance continue to be obstacles for operating companies to work with local suppliers, reflecting the importance SYSCO places on quality assurance standards when delivering products to their customers.

Volume of product was mentioned as a major challenge for twelve percent of these companies. Eighty-one percent of the respondents indicated that very often or sometimes local suppliers may not be able to provide their companies with the volume they need to service their customers. The clear need for high volumes of product to meet the needs of foodservice buyers highlights the scale at which these markets operate. In addition to needing more volume, respondents reported that receiving a consistent supply is a challenge for them. While only five people said that seasonal constraints are the biggest challenge when working with local suppliers, in response to the open-ended question, thirty-six percent reported that seasonal constraints represent a very frequent challenge. Overall, eighty-one percent of respondents experience seasonality as a challenge for their business when purchasing locally at least some of the time.

Five people mentioned competition as a significant challenge for purchasing from local suppliers. This potential challenge was not provided as an option in the closed-form questions, so it is unknown if this is a challenge for other companies. Competition primarily emerges when other distributors carry the same product, making it difficult to

maintain a reasonable profit margin in those instances. In addition, a few respondents said that they may experience competition from the same supplier whose product they carry, as suppliers may try to sell direct to SYSCO’s customers in order to receive a higher margin on their products. Some operating companies have ended business relationships with local suppliers because of these actions. Half of the operating companies said they do not allow local suppliers to know which customers their products are sold to, and fifty-four percent do not allow suppliers to know the price of their product when it is sold. While these restrictions may help to reduce competition and maintain SYSCO’s profit margins, they also limit transparency and information exchange which are considered important characteristics of successful value chains (Stevenson and Pirog forthcoming).

Reasonable pricing constitutes a major challenge for five respondents, according to the open-ended question, and eighty-one percent said they experience this challenge very or somewhat frequently. Although the vast majority of companies indicated that they receive a fair price for the products they sell, it may be difficult for them to initiate relationships with local suppliers who cannot supply them with competitively priced products. Only thirty-six percent of these respondents said without qualification that their companies are willing pay more for local products (see Table 5.15). Thirty-five percent said that willingness to pay more depends on other factors, and their company

Table 5.15- Operating companies’ willingness to pay more for local food. (N=59)

Willing to pay more	Frequency	Percentage
Yes	21	36
No	17	29
Depends/sometimes	21	35
Total	59	100

would only pay more if there is not a significant difference in price, if the product is of significantly higher quality, or if their customers are willing to pay more. Twenty-nine percent, however, emphasized that their company would not pay more for local product. Thus, the profit margins for many local suppliers will not be as high what they could obtain through direct marketing.

Five respondents said that building relationships and establishing trust with local suppliers is a major challenge for their company, according to the open-ended question. This is an important challenge with respect to social embeddedness in these markets. Apparently, it can be difficult to get local suppliers to trust SYSCO with their business because doing so relinquishes some degree of control over the transaction compared to direct marketing. Respondents also said that building relationships is difficult both because they have trouble identifying local suppliers that make sense for their company and because many local suppliers do not want to give up direct marketing. One respondent explained that, “Local suppliers don’t want to sell through us because they don’t want to give up the social aspects of selling direct.” These “social aspects” include face-to-face interaction with the customers, which this respondent felt is important for many suppliers who are accustomed to selling direct. From these responses, however, this research cannot assess how this challenge is perceived by other operating companies because it was not included in the closed-form question.

Building support within the company for local procurement was another major challenge mentioned by four respondents in the open-ended question. This includes generating support within their company, as well as increasing demand by their customers. Learning about these products and educating their customers may be very

time consuming, and it can be difficult to build support within their sales teams for products that are sold in such small volume.

Respondents mentioned other major obstacles to purchasing from local suppliers. This includes product consistency, a lack of ingenuity or investment on the part of suppliers, government regulations, communication, transportation, and reliability. Although these challenges were not mentioned as frequently as others, they further demonstrate the potential range of obstacles that operating companies may experience when purchasing from local suppliers.

Operating companies’ confidence in local suppliers.

In addition to identifying challenges for their companies to work with local suppliers, respondents were asked to give their perspectives on how confident they are that local suppliers can meet SYSCO’s purchasing requirements (see table 5.16)¹⁸. While seventeen percent indicated that they are very confident in the ability of local suppliers to

Table 5.16- Confidence in local suppliers to meet company purchasing requirements. (N=59)

Level of confidence	Frequency	Percentage
Very confident	10	17
Somewhat confident	40	68
Not confident	7	12
Don’t know	2	3
Total	59	100

meet their company requirements, another sixty-eight percent of the respondents said they were only somewhat confident. Twelve percent said they are not confident local

¹⁸ This question followed the identification of potential challenges for their company. Although these “requirements” were not defined in the question, respondents seemed to understand this as an aggregation of all company requirements (i.e., sufficient volume, packaging, handling, insurance, etc.). The intent of this question was to seek their general perspective on the ability of local suppliers to meet SYSCO’s requirements, and not to have them consider particular requirements.

suppliers can meet their requirements. It is not known what their specific reasons are for these responses, yet this suggests that the challenges previously mentioned continue to influence how operating companies reflect on the reliability of these supply chains.

Benefits to operating companies from distributing local food.

Although respondents previously alluded to a number of potential benefits in response to the question of how important local procurement is to their company, they were also asked directly to identify important benefits that their operating companies gain from distributing local food (see table 5.17). As with all qualitative data presented from this survey, these responses represent the perspectives of the people at these operating

Table 5.17- Benefits to the operating companies from distributing local food. (N=59)

Benefit	Frequency	Percentage
Promotes a positive image for the company	25	42
Strengthens relationships with customers	20	34
Direct economic benefits for the company	19	32
Improved efficiency/ logistics	16	27
Reciprocal economic benefits	13	22
Community benefits	10	17
Marketing benefits	9	15
Product attributes	8	14
Supports local businesses/ producers	6	10
Closer relationships with suppliers	2	3
Distinguishes their company from competitors	2	3
Personal satisfaction	2	3
Total	---	---

Percentages do not add to 100 because more than one response was given by the majority of respondents.

companies. Other people within these companies may have mentioned additional benefits as well, or excluded some of those presented here. However, this does allow for some degree of analysis, since it is assumed that the survey participants generally understand the overall motivations for why their companies purchase from local suppliers.

Generating a positive image for their company is the benefit mentioned most frequently by the respondents. Forty-two percent said that image is an important benefit for their company, serving to change or enhance public perception of SYSCO. In explaining their reasoning, respondents used phrases such as “the big blue cube,” “two ton gorilla,” and “faceless corporation” to illustrate negative perceptions of their company. By marketing the fact that their companies distribute locally-produced food, respondents believe that this enhances public relations and creates a more positive image of their company within their communities. Respondents see this as an important benefit for their own operating company, and not necessarily for the corporation as a whole. In fact, this response suggests that operating companies try to separate themselves from a “distant, Houston-based corporation,” and they emphasize the importance for their companies to be seen as “good citizens” that are “part of the community.”

As mentioned earlier in this chapter, the majority of these businesses have been operating in their communities long before they became part of SYSCO Corporation. In reality, these companies are *local* businesses, in that they operate almost entirely independent of their parent company. This desire to enhance their image within their communities is an attempt to align the public perception of their companies with the

reality of how they operate. However, this benefit demonstrates that many of these operating companies are interested in the “caché” value of local food, and by marketing that they purchase from local suppliers they can enhance their standing within their communities. This further indicates that instrumental motivations for these companies to distribute local food are very significant in these corporate-mediated foodservice markets.

Another benefit frequently mentioned by respondents is that distributing local food strengthens their business relationship with their customers by satisfying customer demand for local products. Other respondents also said that “niche” products build new relationships with particular customer segments. Enhancing their relationships with customers highlights another instrumental motive for distributing local food, and it reflects SYSCO’s central business goal.

Direct economic benefits were also mentioned frequently as a benefit for these operating companies. This includes both increasing revenue and lowering costs associated with freight. Although many respondents mentioned these economic benefits, some said that it has not led to a significant increase in profit. Instead of reflecting high levels of marketness in these transactions, where revenue would be an important aspect, this higher frequency of response is probably due to the fact that *any* additional sales may generate profit for these companies and increase their share of the foodservice market. Economic benefits were mentioned infrequently in association with the importance these companies place on distributing local food, and this benefit was often mentioned after several other responses were given. In general, direct economic benefits do not appear to be important considerations for why operating companies distribute local food, nor do they seem to provide significant economic benefits compared to SYSCO’s overall sales.

In addition to lowering costs, distributing local food may generate logistical benefits for some operating companies. This was mainly attributed to a greater convenience for these companies to have a closer food supply. Several respondents said that they can often get a product to a customer faster by sourcing it locally than through their traditional supply chain. Operating companies reported that they also gain inventory advantages by procuring local food, because they can turn over their inventory faster and reduce the amount that they have to keep in stock. This creates less shrink (spoilage) for operating companies and local suppliers which reduces their overall costs. Increasing efficiency in the supply chain and maximizing value for the end customer are important considerations for these value chains.

Twenty-two percent of the respondents mentioned that reciprocal economic benefits are important for their companies. This includes responses such as “supporting the local economy” and “keeping the local populace employed,” signaling that revenue is returned to SYSCO for contributing to their local economies. As mentioned earlier, this suggests that mutually supporting relationships are embedded in these markets, and it demonstrates that reciprocity is valued more for its instrumental worth than it is for “civic” aspects.

Related to economic reciprocity are responses that distributing local food “supports the local community.” Regard for other members of their community draws on the socially embedded characteristics of these market exchanges. Seventeen percent of respondents indicated this as a benefit for their company, and it is distinct from responses that purchasing locally creates the *image* that the operating companies support the local community. Ten percent also mentioned regard for individuals within these

communities, and responded that purchasing locally “support local producers.” While these responses may denote instances where social embeddedness and instrumentalism are mutually exclusive within these indirect markets, the overlap between regard and self-interest in other responses tempers this evaluation.

Nine respondents indicated that being able to market local products is an important benefit for their company. Generally, respondents said that it is easier to market local products to customers because local brand recognition already exists. Local food also represents new marketing opportunities for SYSCO companies that can supply “niche” products to its customers. Some of these respondents noted that they can also instruct their customers on how to market the “caché” value of local products in order to increase their margins on these products. Interestingly, one respondent, when asked if their company experiences the challenge of obtaining differentiated products from suppliers, said “the fact that it’s local makes it a differentiated product.” While this suggests some operating companies may appropriate the term “local” for use as a marketing tool, without respect to production practices or values, the relatively few responses for this benefit do not support this assessment for the rest of these companies.

Other infrequent responses as to the benefits for their companies include having closer relationships with suppliers, personal satisfaction, and being able to distinguish themselves from their competitors. One respondent said that working with local suppliers adds a “personal touch,” as these suppliers are more likely to answer the phone if SYSCO calls. Other respondents said that it “feels good” to purchase from local suppliers, and “it is the right thing to do if it makes sense” for their companies. Finally, two respondents said that they want their customers to “think of SYSCO first” when

looking for local products, instead of seeking them out through competing distributors. While these responses are infrequent, they suggest social connectivity between some operating companies and local suppliers.

Personal connection.

To directly assess the importance of social connectivity between the operating companies and local suppliers, respondents were asked to give their perspectives on how important it is to maintain personal connections with local suppliers. Maintaining personal connections with local suppliers is considered very or somewhat important for all but one operating company (see Table 5.18)¹⁹. Although these responses do not provide a great deal of depth for understanding why maintaining these relationships would be important for operating companies, they suggest varying degrees of social connectivity and embeddedness within these networks.

Table 5.18- Importance of maintaining personal connections with local suppliers. (N=59)

Level of importance	Frequency	Percentage
Very important	40	68
Somewhat important	18	30
Not important	1	2
Total	59	100

Future procurement of local food.

All of the respondents in the survey said they anticipate that their companies will purchase more or about the same amount of local food in the future (see Table 5.19).

More than half of these companies believe that their procurement of local food will

¹⁹ Due to time limitations, open-ended follow-up questions were removed from several of the survey questions, including this question related to the importance of maintaining personal relationships. In hindsight, respondents should have been asked to qualify this response to provide additional insight into the social connectivity within these relationships. The reason why these respondents think it is important to maintain these relationships could be an important consideration for future research.

Table 5.19- Anticipated future purchasing of local food. (N=59)

Future purchasing	Frequency	Percentage
Will purchase more	33	56
Will purchase about the same	21	36
Will purchase less	0	0
Don't know	5	8
Total	59	100

increase in the future. Importantly, this anticipated growth in local procurement by their companies may be influenced by the Buy Local, Sell Fresh initiative, as there is some indication that companies who said they have increased their purchasing of local food because of this initiative are more optimistic about the future prospects of purchasing locally. Table 5.20 shows, thirty-nine percent of respondents who said that they have increased their purchasing because of Buy Local, Sell Fresh anticipate purchasing more local products in the future, compared to fifteen percent who reported no increase in local

Table 5.20- Potential influence of Buy Local, Sell Fresh on future purchasing.

(Percentage; N=59)

Increased purchasing because of Buy Local, Sell Fresh	Anticipated future purchasing			Total
	More	About the same	Don't know	
Did increase	39	5	3	47
Did not increase	15	29	5	49
Don't know	2	2	0	4
Total	56	36	8	100

$\chi^2(4, N=59) = 16.32, p \leq .01$

purchasing because of the initiative. Alternatively, twenty-nine percent who did not increase their purchasing because of the initiative said that their local procurement would probably be the same in the future, while just five percent of those who had already

increased their purchasing thought it would remain the same. Although ninety-two percent of these broadline companies may continue to purchase local food in the future, with more than half of them potentially increasing their involvement in local food systems, this data suggests that SYSCO's corporate initiatives to increase local procurement *will not* change the procurement practices of twenty-nine percent of its operating companies.

Conclusion

Operating companies' perspectives on local procurement and their current activities introduce considerable complexity into these indirect markets that connect foodservice operators and local suppliers. Increase in geographic scale is a defining characteristic of these indirect local markets, and operating companies generally define these "local" purchasing areas as within their own state, region, or distribution area. These conceptions of "local" are contrary to best practices developed by the corporation and potentially problematic for local food proponents. While all SYSCO operating companies currently purchase food from suppliers in these local areas, SYSCO's local procurement initiatives seems to have had only moderate impacts on the decisions of these operating companies to distribute local food. The number of local suppliers varies considerably between operating companies, yet the extent to which these suppliers represent a significant proportion of all suppliers in their local area is not known. While operating companies purchase from many types of local suppliers, the most common type of suppliers are local processors who can supply SYSCO companies with products that are often easier for their foodservice customers to use.

Respondents mentioned several benefits that local suppliers and customers might gain as partners in these supply chains. In general, the benefits for suppliers involve taking advantage of SYSCO's resources to help them sell higher volumes to more customers. Most of the respondents reported a moderate demand for local food by their customers, and this demand appears fairly divided between commercial and noncommercial customer types. Although respondents said that the main benefit to customers for purchasing local food through SYSCO is the convenience their company offers, it is difficult to assess whether customers are willing to pay more for local food. Quality assurance and food safety were also considered important benefits for SYSCO's customers.

Respondents said that the most important reason for them to purchase from local suppliers is that it responds to the needs of their customers. The most frequently mentioned benefit for these companies to distribute local food, however, is that it generates a positive image for their company. A number of challenges were also mentioned by the respondents, with a lack of marketing support by local suppliers receiving the most frequent response. Respondents stated a need to "SYSCO-metize" local suppliers, which summarizes many of the challenges operating companies face when purchasing locally. Despite these challenges, purchasing from local suppliers is generally considered an important business practice, and most operating companies expect to procure local food in the future. Overall, SYSCO's Buy Local, Sell Fresh initiative appears to legitimate and support company decisions to respond to customer demand for local food when it "makes sense."

CHAPTER 6

CONCLUSION

Moving Boxes Closer to Home

Increasing demand for local food by foodservice establishments has created new opportunities and challenges for the local food movement. While there is considerable potential for local suppliers to generate additional revenue and sell more product volume closer to home, the business needs of foodservice establishments may not be compatible with direct marketing approaches that have thus far fueled the growth of the movement. While there are exceptions, both commercial and noncommercial foodservice establishments typically rely on foodservice distributors to provide them with the vast majority of their food. To respond to the needs of foodservice establishments, and to increase the markets available to local suppliers, indirect marketing approaches that link producers and consumers through *intermediaries* are increasingly advanced within food system localization.

The dominance of SYSCO Corporation as an intermediary for foodservice markets, as well as its recent interest in sustaining the production of “niche” products that some of its customers are demanding, have stimulated a dialogue between food system localization actors and this national corporation. This dialogue has led to new activities and initiatives, such as Buy Local, Sell Fresh, which highlights the entry of national corporations into the local food movement. Factors such as scale, social embeddedness, marketness, and instrumentalism appear as interrelated variables that influence these markets and the relationships between network actors. These factors present new

opportunities and challenges for the local food movement as corporate actors become more involved in food system localization.

As a business, the basic function of SYSCO Corporation in the foodservice industry is to “move boxes” between suppliers and foodservice operators (Hassanein et al. forthcoming; Watson 2006). Although SYSCO operating companies experience a variety of challenges when moving boxes closer to home, it is not apparent from this research that connecting local suppliers with customers represents a significant shift in the business practices of many operating companies. As Watson states, “It is not a question of capacity” for operating companies to distribute local food, but more a “question of demand” for local products by its customers. The majority of these companies perceive that local suppliers can benefit by having SYSCO move their boxes, as these suppliers may increase their revenue and lower their costs by selling greater product volume to more customers. This research demonstrates, however, that moving boxes through corporate-mediated food supply chains differs considerably from direct marketing, and it represents significant change for the local food movement which is not adequately discussed in the food system literature.

Increasing the Scale of Local Food Systems.

Direct marketing, as a defining feature of the local food movement, both embodies the values and goals of food system localization in resistance to the dominant global food system, and it serves as the vessel through which food system actors transmit these goals into practice. Despite growing awareness that marketness and instrumentalism influence direct market transactions, food system localization continues to emphasize the value of social embeddedness within direct food markets (Hinrichs

2000). Social embeddedness builds upon trust, face-to-face interaction, and reciprocity as a means of reducing the “economic and social ‘distancing’” of the global food system (Kloppenborg, Hendrickson, and Stevenson 1996:37; Sage 2003).

Direct markets also create important economic benefits for producers by allowing them to eliminate intermediaries and receive higher margins on their products (Integrity Systems Cooperative 1997), and they help to mitigate environmental concerns by reducing greenhouse gas emissions attributed to “food miles”(Pirog et al. 2001). Additionally, these direct markets respond to food safety concerns associated with industrial agriculture, creating social spaces for consumers who want to know where their food comes from. While “local” does not inherently incorporate sustainable or organic production, Hinrichs (2003:35) points out that “[p]ursuing local direct market opportunities would seem to encourage attention to environmental management practices by farmers who anticipate surveillance by concerned consumers.” Paradoxically, the benefits of direct marketing which fostered the growth of the local food movement may be absent or marginalized in corporate-mediated foodservice markets: the same markets which local suppliers have gained additional access to by building on the success of direct marketing.

The expansion of food system localization coincides with theoretical dismissals of the local/global dichotomy. Instead of this binary opposition, a multiplicity of food systems, or “foodsheds,” are nested within an overall global food economy (Hinrichs 2003; Kloppenborg, Hendrickson, and Stevenson 1996). While definitions of physical proximity are difficult for food system actors to articulate, it is still critical to incorporate notions of proximity into food system analysis. This acknowledges the values within the

local food movement as oppositional to the global food system, while recognizing that local food systems are “socially, economically, ethically, and physically embedded in particular places” with boundaries that are difficult to define (Kloppenborg, Hendrickson, and Stevenson 1996:38). The emergence of regional food systems analysis addresses these nested relationships, and seeks to identify boundaries and standards for these extended local supply chains that can reflect the values of direct marketing while responding to the business needs of network actors.

Importantly, the goal of this research was to describe SYSCO’s role in *local* food systems, yet the data indicates that most operating companies reflect on “local” procurement on a *regional* level. Throughout each survey, the working definition of “local” in terms of proximity was based on how the respondents identified a local purchasing area. This research shows that very few operating companies have definitions of a local area based on specific proximity to their facility, as the majority specified broad procurement areas that incorporate entire states or their company distribution areas. This is difficult to assess because of the difficulties mentioned above for defining local boundaries, yet definitions of “local” as corporate purchasing areas will likely be rejected within the local food movement as a clear misunderstanding of the values associated with proximity. Specific constructs of “local” as “within the same state” are generally consistent with how “local” is defined within the local food movement, because they are based both on culturally constructed ideas of “place” as well as specific geographic boundaries. Interestingly, while a few respondents in the survey said that “the customers know what is available locally,” none of the respondents in the survey indicated that a

“local” area is defined by their customers. This begins to suggest that an emerging role for SYSCO in “local” food systems may be to establish a definition for its customers.

While operating companies’ definitions of a “local” purchasing area as large geographic areas are not necessarily problematic in defining SYSCO’s role in local food systems, since definitions based on proximity are typically subjective and imprecise, the potential reasons why they define large purchasing areas reflect an overlap of physical and economic scale when purchasing from local suppliers. Product volume is a critical aspect in these mediated markets, and these companies may benefit from defining larger purchasing areas by including more suppliers in their definition who can supply them with local food. Again, SYSCO operating companies perceive that a primary benefit for suppliers to sell through their company is selling more volume of product. These companies anticipate that suppliers who desire to sell through SYSCO would operate more efficiently on a larger scale, compared to marketing their products direct to customers. Operating companies also perceive volume to be a challenge when purchasing locally, suggesting that they could reduce this challenge by sourcing products over a larger “local” area. These companies also tend to purchase “local” food more from mid- to large-scale producers and processors, further indicating a need to obtain a greater volume of product. Buying more volume may also help these companies respond to pricing challenges, as this was also mentioned as an occasional difficulty by the majority of respondents. In general, SYSCO operating companies probably rely on economies of scale to manage their food costs and receive adequate margins on the food they sell to customers. By defining large purchasing areas, this suggests that they can source more volume of product closer to home and meet their business needs.

Social Embeddedness.

Compared to direct markets, this research identified several instances of social embeddedness that were mentioned very infrequently. Some operating companies benefit from greater social connectivity between their company and local suppliers, and some note the importance of trust in maintaining relationships with local suppliers. While the vast majority of operating companies feel it is important to maintain personal connections with local suppliers, the specific reasons for this are not known. Perhaps the most identifiable aspect of social embeddedness in this study is regard for local producers. Yet, while this response is mentioned frequently, it is often qualified by the instrumental motive of reciprocal economic benefits. This research demonstrates that, with the exception of a few operating companies, these corporate-mediated markets retain few attributes of the social embeddedness of direct markets. In the majority of cases, social embeddedness is not clearly identifiable in their motives or in the characteristics of the relationships between SYSCO operating companies and local producers, suggesting greater separation between direct and corporate-mediated markets.

Interestingly, in some cases embeddedness was identified as detrimental to these markets. Social connectivity is an aspect of direct marketing that is perceived by operating companies as inefficient and inconvenient, and it is preferable to maintain minimal face-to-face interaction between actors because it is time-consuming. Trust, as established through face-to-face relationships in direct markets, is generally considered “unsafe” because local suppliers may not be following proper handling and storage procedures. While food safety is a growing concern for consumers in general, many consumers turn to local suppliers because trust ensues from knowing where their food

comes from and who is producing it. While SYSCO's quality standards for food demonstrate the basic requirements of the foodservice industry, consumers who reject the notion that corporate food safety standards will keep them safe may have a difficult time accepting that these same standards supercede trust between producers and consumers.

In general, the social embeddedness of direct markets is incompatible with corporate-mediated markets to foodservice. This analysis of embeddedness in these markets, however, indicates that scale may contribute to how operating companies perceive their role in "local" food systems, both in terms of the benefits to their companies from distributing local food and in the context of their business relationships with other network actors. Within the value chains literature (Stevenson and Pirog forthcoming) there is indication that socially embedded characteristics of direct markets are being redefined to make them appropriate in the context of regional food systems. In this sense, there are several similarities between these corporate-mediated markets and value chains in regional food systems.

Trust in value chains is not measured by trust in personal relationships, as in direct markets, but rather it is based in ideas of "fairness, stability, and predictability" within food chain networks. While these characteristics are not identical to the concept of social embeddedness *per se*, they indicate the growing need to create new definitions that respond to the growth of the local food movement. SYSCO operating companies identified several aspects of trust as it is defined in this regional context, perceiving that the reliability and stability their corporation brings to these food chains increases value and promotes trust between partners. Operating companies indicated that local suppliers benefit from a reliable food chain with predictable payment and delivery methods, while

customers gain the reliability of SYSCO's quality assurance mechanisms and its capacity to provide them with substitute products when local is not available. Some operating companies note that trust in agreements are important for building and maintaining relationships between their companies and local suppliers, and it can enhance value throughout the food chains. Operating companies note other measures of stability, such as confidence in the ability of suppliers to meet their requirements, which illustrates their own perceptions of stability in these markets.

Another typical characteristic of direct marketing that is redefined for use in regional food systems is regard, and this is measured by the commitment of partners to "the welfare of all participants" (Stevenson and Pirog forthcoming). SYSCO operating companies certainly promote the welfare of their customers, and the perceived benefits to suppliers suggest that these companies also "want farmers to succeed." SYSCO's commitment to local suppliers is limited, however, by a lack of contractual purchasing agreements and fluctuations of customer demand. While the majority of SYSCO broadline operating companies believe it is important to purchase from local suppliers, this importance is influenced by instrumental motives to promote a positive image of their company and increase revenue.

While social connectivity, in terms of face-to-face connections, detracts from the efficiency of these markets, there is evidence that many SYSCO operating companies want to support their communities and be seen as a "local" business. While this, again, derives more from instrumental motives, it also highlights the importance of aligning public perception with the reality that SYSCO subsidiaries act at a local level. A defining characteristic of these corporate-mediated markets is their capacity to enhance public

image for SYSCO companies, which may be the most important benefit that large corporations receive in these supply chains. While public recognition is often employed to indicate negative or false motivations for why corporations support social welfare initiatives, in the case of SYSCO operating companies this benefit appears critical for establishing their place within their communities and generating social connectivity.

Instrumentalism.

This research identified several instrumental motives for SYSCO operating companies to distribute local food. In addition to promoting a positive public image, SYSCO operating companies believe that purchasing local food can help them to better serve the needs of their customers. In terms of meeting their customers' needs, SYSCO's role in "local" food systems appears to be "business-as-usual," as it is not appreciably different from the overall mission of the company. SYSCO operating companies have limited involvement in building demand for local food, and many cite the need for local suppliers to build customer support for local products. Purchasing locally also supports SYSCO's business relationship with its customers, denoting another instrumental motive that stems from SYSCO corporate mission.

Reciprocal economic benefits are also instrumental motives for operating companies to purchase from local suppliers. As mentioned, this often overlaps with notions of regard for local suppliers, as operating companies mention "supporting local economies" to return more money to their companies. Qualities that may reflect embedded aspects of direct markets, such as reciprocity, are often valued for their instrumental worth. Regard, in the sense of supporting local communities and producers, is important for instrumental reasons such as building a positive image of their company.

Overall, SYSCO operating companies appear to be primarily motivated to purchase food from local suppliers because of the instrumental benefits their companies receive from this market exchange.

Marketness.

Marketness, as measured by an importance on price, is difficult to assess from the perspective of SYSCO operating companies. Price is an important consideration for these companies when purchasing from local suppliers, and higher prices may limit customer demand for local food in these markets. Yet operating companies do not place high importance on economic returns to their company from distributing local food, as it reflects a fairly small percentage of their total business. Marketness in these corporate-mediated food systems seems to highlight SYSCO's position as an *intermediary* in these markets. In this sense, considerations of price are high between producers and foodservice buyers, but these considerations are low for operating companies because they depend on customer willingness to pay differential costs if they exist. Questions of marketness in regional food systems may be better assessed by examining overall value in these food chains rather than price considerations at single points along the value chain. This may introduce additional complexity and variability into an analysis of SYSCO's overall role in these food systems, as individual value chains are investigated as mutually exclusive networks.

The Role of SYSCO Corporation in “Local” Food Systems

This research has identified variability between SYSCO operating companies in their procurement of local food. Although this variability suggests a greater need for analysis of discrete networks that include the perspectives of all network actors, the overall role of SYSCO Corporation in “local” food systems appears to be fairly limited because there is often a conflation of “local” and “regional.” This conflation influences both the procurement activities of SYSCO operating companies and their perspectives on the values associated with “local” food. It is likely that this conflation occurs because SYSCO Corporation places a strong emphasis on their Ag-in-the-Middle procurement initiative while seeking to capture the “niche” markets for local products through the Buy Local, Sell Fresh initiative. This research proceeds on the basis that “local” and “regional” food systems are distinct and operate under similar but unique principles; yet the growth of the local food movement has increased the importance of differentiating between these two food systems to address issues of scale while retaining core values of the movement.

SYSCO operating companies rely on the conceptual meaning that “local” has for its customers. In this way, “local” is more of a marketing tool than it is a description of SYSCO’s procurement activities. It is important to remember that Buy Local, Sell Fresh has focused on the procurement of produce, and if this particular agricultural product had been emphasized in the survey the overall results may have been different. However, “local” food may include a variety of agricultural products, and this research sought operating companies’ perspectives on “local” procurement of a broader range of agricultural products to generate a holistic description of their goals and practices relative

to the local food movement. For some operating companies, “local” is a term which can be marketed as a quality that differentiates these products. In reality, though, SYSCO operating companies generally procure “regional” food to meet their needs for higher volume, and they market these products as “local” because of the symbolic meaning this term has for customers. A challenge for the local food movement as it continues to grow in scale will be to create similar symbolic meanings for consumers of “regional” foods within mass markets, as this appropriately distinguishes between these corporate-mediated and direct marketing approaches.

Future Prospects.

The Buy Local, Sell Fresh initiative is still in its early phase of development. Although a few operating companies have made ambitious attempts to develop procurement programs modeled on this initiative, it may be too soon to estimate its future potential. Aside from brief glimpses into SYSCO’s current activities related to Buy Local, Sell Fresh, little is known about how other operating companies have specifically responded to this initiative. Additional research which explores the procurement practices of operating companies in greater detail will provide additional depth to the analysis presented in this thesis research. An examination of the perspectives of all actors in these food chains will generate a more complete description of the role of particular operating companies in discrete food systems. This research indicates, however, the likelihood that SYSCO companies will continue to fulfill their mission to respond to the needs of its customers. As demand for local products continues to grow, SYSCO operating companies may seek to procure more local food modeled on the Buy Local, Sell Fresh initiative. Because SYSCO Corporation will always need to purchase

food from large agri-businesses to meet its customers' needs, local food procurement will eventually level off at a fairly small percentage of SYSCO's overall business (Watson 2007). Local procurement of food by large corporations presents exciting opportunities and complex challenges for the local food movement, and there is a growing need to reflect on the goals and scope of food system localization as SYSCO Corporation continues to move more boxes closer to home.

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APPENDIX A

Interview Guide for Use in In-Depth Interviews

Background

1) To begin, would you tell me your **position** here at SYSCO and what your major **responsibilities** are?

Probe: And **how long** have you held this position?

2) Please give me a brief **overview of SYSCO**, like its history, its scope of operations, that kind of thing.

3) So, I understand that SYSCO added Agricultural Sustainability to your position in 2004. **Why was it important** for SYSCO to become involved in agricultural sustainability?

Probe: Profit (meeting demand)?

Corporate responsibility?

Follow up: **What does agricultural sustainability mean to SYSCO?**

4) And **how was the decision** to become involved in agricultural sustainability received within the corporation?

Buy Local, Sell Fresh

5) I'd like to know more about some of the initiatives SYSCO has implemented to support locally produced food. First I have some questions about Buy local, Sell Fresh. Would you **tell me a little about this initiative**? What are the main goals of this program?

6) What is the role of SYSCO Corporation in **working with its subsidiaries** to purchase local food and implement Buy Local, Sell Fresh?

Probe: What has SYSCO **done to encourage its subsidiaries** to purchase more local food?

7) Can you give me some **examples** of how Buy Local, Sell Fresh has been **implemented** so far?

Probe: Has there been any **resistance from subsidiary companies** to working with local vendors?

8) How would you **evaluate the success** or progress of this initiative so far? What is working well?

Probe: Do you have any **specific ways** you measure progress for Buy Local, Sell Fresh?

9) What do you think are the **benefits to SYSCO** from distributing local food?

Probe: Any other benefits?

10) Has SYSCO developed any particular guidelines for determining which vendors are considered to be local? What is **SYSCO's idea of a "local" area** from which to procure food?

11) Have you worked with **other organizations** or agencies to help identify local vendors?

Probe: Examples?

12) What kinds of **challenges or obstacles** has SYSCO encountered while trying to work with local vendors?

13) SYSCO has several **different types of distributors**, such as broadline, freshpoint, specialty meats, etc. Of these, is there any particular type that might be able to carry more local products?

Probe: Why?

14) In terms of **outreach**, what has been done to promote this initiative to local vendors who might be interested in selling through SYSCO?

15) Does SYSCO offer **contracts** to local vendors?

Probe: If so, do these contracts differ from those that SYSCO might have with other types of producers?

Ag of the Middle

16) I want to turn to SYSCO's Ag of the Middle initiative now. How did SYSCO first become **involved in the AOTM** and why?

17) Compared to Buy Local, Sell Fresh, what do you think is the **potential for the Ag of the Middle** initiative to support local food systems?

18) Before SYSCO's interest in Ag of the Middle, **was SYSCO purchasing food** from this segment of agricultural producers?

Probe: Has this **increased** significantly in the last few years?

19) The need for "highly differentiated products" is often mentioned as a key to reviving the Ag of the Middle? What has SYSCO done to **help mid-scale producers add value** to their products in order to meet this need?

Probes: Examples?

Does SYSCO **invest in local agricultural** businesses?

20) Although these initiatives have only been in place a few years, what kind of **impact** do you think SYSCO has had on local food systems?

21) What kind of **competition** do you think SYSCO will encounter as these initiatives grow?

Probe: Other large distributors?
Local vendors? Direct markets?

22) At this point, what do you think could be done to **improve SYSCO's capacity** to distribute more local food?

Probe: Changes for the company?
Changes for vendors?

23) What **recommendations do you have for local vendors** who are interested in having SYSCO distribute their products?

24) Do you think SYSCO will **continue to purchase from local vendors** in the future?

25) As I mentioned, I will be trying to speak with SYSCO subsidiaries to learn more about their involvement in local food systems. Is there **anything that you would like to learn** from this research, or any questions you would like me to ask them?

APPENDIX B

Telephone Survey Instrument

Background

First of all, I'd like to learn a little about you and your business.

1) Could you please tell me how long you have been with (business name)
_____? (AND POSITION IF NOT KNOWN).

2) How long has your company been a part of SYSCO Corporation?

3) Was your company in business before it became part of SYSCO?

IF YES: How long was your company in business before that?

4) What is the geographic area that your company serves?

5) Compared to other SYSCO companies, in terms of revenue would you say that your company is:

- A. larger than most (1)
- B. smaller than most (2)
- C. about average (3)

Support for Local food

Thank you. Now, as I mentioned, the focus of my research is on SYSCO's role in local food systems. I'd like to ask you some questions regarding your company's interest in local food.

6) First of all, if your company is already purchasing or were to purchase food from local suppliers, how would you define this local area?

(Give some examples if unclear:

- within a certain number of miles
- within a particular county or state

- within your company's servicing area
- other?)

7) How important do you think it is for _____ (business name) to purchase food from local suppliers? Would you say it is:

- A. Very important (1)
- B. Somewhat important (2)
- C. Not important (3)
- D. Or don't know (7)

Probe: Why is that?

Thanks. Now, I'm already somewhat familiar with SYSCO's Buy Local, Sell Fresh initiative. I'd like to know if this initiative has impacted your business.

- 8) Before the Buy Local, Sell Fresh initiative, would you say your company:
- A. did purchase some food locally. (1)
 - B. did not purchase some food locally. (2)
 - C. or would you say you don't know? (7)

- 9) And does your company currently purchase locally produced food or agricultural products?
- A. Yes (5)
 - B. No (**If NO, go to Page 12**) (6)
 - C. Don't know (**If Don't know, got to Page 12**) (7)

10) Has your company increased its purchasing of local food as a result of the Buy Local, Sell Fresh initiative? Would you say you:

- A. Have increased your purchasing (5)
- B. Have not increased your purchasing (6)
- C. Or you don't know (7)

11) Can you estimate how many local suppliers your company currently purchases food products from?

12) Is your company currently involved in any other program that promotes local food?

- A. Yes (5)

- B. No (6)
- C. Or don't know (7)

13) Does your company currently work with other organizations or agencies that promote local food?

- A. Yes (5)
- B. No (6)
- C. Or don't know (7)

14) Has your company changed any of its policies to make it easier for local suppliers to sell through you? Would you say you:

- A. Have changed some policies. (Probe: Can you give me an example of this?) (5)
- B. Have not changed any policies (6)
- C. Or don't know (7)

15) How often would you say that you are contacted by local suppliers who are interested in having your company distribute their products? Would you say you are contacted:

- A. Very often (1)
- B. Sometimes (2)
- C. Never (3)
- D. Or don't know (7)

16) How often would you say your company *seeks out* local suppliers? Do you seek out local suppliers:

- A. Very often (1)
- B. Sometimes (2)
- C. Never (3)
- D. Or don't know (7)

17) Compared to the amount of local food your company currently purchases, in the future do you anticipate that your company will purchase:

- A. More local food (1)
- B. Less local food (2)
- C. About as much as it does now (3)
- D. Don't know (7)

Consumer demand/relationship

Thank you. Now, the next few questions relate to your customers and their demand for local products.

18) When you think about the customers that your company services, in terms of a demand for local food, would you say there is:

- A. A strong demand (1)
- B. A moderate demand (2)
- C. A slight demand (3)
- D. No demand (4)
- E. Don't know (7)

IF NO DEMAND OR DON'T KNOW, SKIP TO QUESTION #22

IF PERSON INDICATES A SLIGHT DEMAND OR MORE, ASK:

19) Your company probably sells to a variety of different customers, like schools, restaurants, etc. Would you say that there is more of a demand for local food from any particular type of customer?

Probe: What type is that?

20) How successful do you think your company has been at satisfying your customers' requests for local food? Would you say you have been:

- A. Very successful (1)
- B. Somewhat successful (2)
- C. Not successful (3)
- D. Or Don't know (7)

(Probe: What would you say is the main reason for this success/ lack of success?)

21) How often would you say that your customers request local products that you are unable to provide? Does this happen:

- A. Very often (1)
- B. Sometimes (2)
- C. Never (3)
- D. Or you don't know (7)

22) Are your customers willing to pay more for local food than they would for similar items that are not produced locally?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

23) Do you think your company receives a fair price for the local products you sell to your customers?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

24) OK. This question is open to response. What do you think is the biggest advantage for your *customers* when purchasing local food from your company compared to purchasing directly from local suppliers?

Relationship with Local Vendors

Thank you. This next set of questions relates to your company's business relationship with local suppliers.

First, I'm going to read through a list of different types of suppliers, and I would like you to tell me how frequently your company purchases local food from them.

READ VENDOR TYPE- Would you say you purchase local food from this type of supplier:

Type of supplier	Very frequently (1)	Sometimes (2)	Never (3)	Don't know (7)	No response (9)
(25) Large-scale, commercial farms					
(26) Mid-sized, family-owned farms					
(27) Local processors					
(28) Producer cooperatives					
(29) Small-scale, hobby farmers					

30) In general, how do local products typically get to your company's warehouse?
Would you say that:

- A. The supplier delivers the products to you (1)
- B. Your company picks them up from the supplier's location (2)
- C. Both ways are typical (3)
- D. Don't know (7)

31) In terms of price, is *your company* willing to pay more for local food than it would for conventionally sourced items?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

32) Are local suppliers required to sign a contract to sell through your company?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

33) Are local suppliers permitted to know which of your customers their products are being sold to?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

34) Are local suppliers permitted to know the price of their product when your company sells it?

- A. Yes (5)
- B. No (6)
- C. Don't know (7)

35) How important would you say it is to your business to establish and maintain personal connections with local suppliers? (face to face interaction)

- A. Very important (1)
- B. Somewhat important (2)
- C. Not important (3)
- D. Don't know (7)

36) What is the job title of the person or people who maintain contact with local suppliers?

37) This question is open to response. What do you think is the biggest benefit to *local suppliers* from selling their products through SYSCO?

Probe: Any other benefits? (marketing, profit, efficiency)

Challenges

Now I'm going to go through a list of potential challenges that your company might experience when purchasing from *local suppliers*, and I would like you to tell me how frequently your company experiences these challenges.

(READ CHALLENGE)- Would you say you experience this as a challenge when purchasing from local suppliers:

	Very frequently (1)	Sometimes (2)	Never (3)	Don't know (7)	No answer (9)
38) Proper packaging					
39) Adequate volume					
40) Adequate insurance					
41) Communication					
42) Food safety and handling					
43) Storage					
44) Transportation or pick-up					
45) Adequate demand					
46) Seasonal constraints					
47) Having a differentiated or value-added product					
48) Reasonable pricing					
49) Reliability					

(COMMENTS)

50) Thank you. My next question is: How *confident* are you that local suppliers can meet your company's purchasing requirements? Would you say you are:

- A. Very confident (1)
- B. Somewhat confident (2)
- C. Not confident (3)
- D. Don't know (7)

51) This question is open to response. What would you say is the *biggest* challenge for *your* business from working with local suppliers?

Benefits

OK. Now that we've touched on some of the potential challenges for your business when purchasing local food, I'd like to ask you about some of the potential benefits.

52) What would you say is the biggest benefit to _____(business name) from distributing local food?

Probe: Are there any other benefits for your business?

- Enhanced reputation?
- Profit?
- Supporting local economies?
- Supporting local suppliers?

Questions if NO or DON'T KNOW response to #9

53) How often would you say that you are contacted by local suppliers who are interested in having your company distribute their products? Would you say you are contacted:

- A. Very often (1)
- B. Sometimes (2)
- C. Never (3)
- D. Don't know (7)

54) How often would you say your company seeks out local suppliers? Do you seek out local suppliers:

- A. Very often (1)
- B. Sometimes (2)
- C. Never (3)
- D. Don't know (7)

Consumer demand/relationship

55) When you think about the customers that your company services, in terms of a demand for local food, would you say there is:

- A. A strong demand (1)
- B. A moderate demand (2)
- C. A slight demand (3)
- D. No demand (4)
- E. Don't know (7)

Challenges

Now I'm going to go through a list of potential challenges that your company might experience when purchasing from local suppliers, and I would like you to tell me if these would be very challenging, moderately challenging, or not challenging for your business, or if you don't know.

	Very challenging (1)	Moderately challenging (2)	Not challenging (3)	Don't know (7)	No answer (8)
56) Proper packaging					
57) Adequate volume					
58) Adequate insurance					
59) Communication					
60) Food safety and handling					
61) Storage					
62) Transportation or pick-up					
63) Adequate demand					
64) Seasonal constraints					
65) Having a differentiated or value-added product					
66) Reasonable pricing					
67) Reliability					

68) What would you say would be the biggest challenge for your business from working with local suppliers?

Benefits

69) If your company were to purchase food locally, what do you think would be the biggest benefit to _____ (business name) from distributing local food?

Probe: Would there any other benefits?

- Enhanced reputation?
- Profit?
- Supporting local economies?
- Supporting local suppliers?

70) Do you think your company will purchase locally produced food and agricultural products in the future?

71) What do you think is the main thing that needs to happen for your company to purchase local food?