

# **The contribution of local sourcing on the economic sustainability of restaurants in the Twente region.**

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## **ABSTRACT,**

It has been noted that the demand for local food has increased over the recent years and local food has become a highly popular item on restaurant menus. This study aimed at getting insights into how local sourcing contributes to the economic sustainability of restaurants in the Twente region. Since most studies in the food sector focused on large-scale manufacturing companies, this study focused on restaurants as they too are a vital part of the food sector. This study was qualitative research and data was collected from interviews of the representatives of certain restaurants in the Twente. The criteria for these restaurants was that they were at least partially employing local sourcing. The findings from each interviewed restaurant were summarized and linked with the literature study to see how local sourcing contributes to the economic sustainability of restaurants in the Twente. Literature identified price and quality of food, better customer satisfaction and supply chain control as the main factors that lead to local sourcing. Better prices and quality led to an improved customer satisfaction and the supply chain control was better as well which indicated that these restaurants did well economically in terms of its sales and profits. In addition to that, these factors were confirmed in the findings of this research as well. Moreover, a positive social impact through supporting local supplying companies and preservation of the environment were also very important factors that led to local sourcing.

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## **Keywords**

purchase, procurement, local food, economic sustainability, local produce, regional produce, restaurants

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## 1. INTRODUCTION

The main objective of this paper is to inquire about the motivations and advantages of local sourcing and its contribution towards economic sustainability. The literature review and interviews with restaurants operating within the Twente region will provide an in-depth analysis of their motivations to source locally and its contribution to economic sustainability. This data will be compared to existing literature and conclusions will be drawn.

Economic sustainability refers to practices that support long-term economic growth without negatively impacting social and environmental aspects of the community (Economic Sustainability, 2019). Societal well-being can be measured in the way the companies reduce their carbon footprint to reduce any adverse impacts on the environment and the creation of jobs and helping local businesses thrive.

The World Bank Enterprise Survey defines local sourcing as buying goods or services of domestic origin. Local sourcing can elevate economic growth while providing opportunities to reduce negative environmental impacts as well. Through local sourcing, companies create linkages with local suppliers upstream in their value chain. These linkages are referred to as backward linkages which directly generate a rise in incomes and employment at suppliers. Moreover, these linkages also aid in the transfer of knowledge and skills which leads to improvement of the supplier processes, products and managerial capabilities; all yielding benefits for both the buying and supplier companies as well as the local economy (DEG, 2018).

According to Birch et al.(2018), the main reasons behind consuming local foods and the type of motivation that underlies these decisions has not had much attention. In his paper, Birch et al.(2018) describes two types of motivation; egoistic motivation and altruistic motivation. The intrinsic qualities such as freshness, taste, safety and quality are linked with egoistic motivations. However, extrinsic qualities such as supporting local producers, preserving agricultural land are linked with altruistic motivations. In short, egoistic motivation leans more towards self-interest and altruistic motivation leans towards greater good.

Other than the increased demand of local food (Roy, Hall, & Ballantine, 2016, 2017, 2019; Kang & Rajagopal, 2014), the food sector deals with perishable goods that would be one of the motivations for restaurants to source locally. Furthermore, factors contributing to the economic sustainability of the company like better supply chain control, increased customer base due to the use of local inputs and more jobs for suppliers can also serve as another motivation for restaurants in the Twente region to source locally.

The idea of local sourcing being a leading factor in improving sustainability has become famous over the recent years (Roy et al., 2020). This research aims at providing a stepping stone to future research behind the main reasons and drivers for restaurants adopting local sourcing since there is a lack of research within the Twente region regarding this topic. This research will also provide an understanding of the motivations

of these restaurants for sourcing locally which could prove useful to other restaurants and suppliers in the same region. The conclusions and interpretations of the motives and drivers for local sourcing could also help suppliers get a better comprehension of how they can get the local restaurants to buy from them. As restaurants are an important part of the economy and often passed in research for manufacturing companies in the food sector, this research focuses on the restaurants in the food sector and how local sourcing contributes to their economic sustainability. The research question that will be answered in this paper is as follows:

### ***How does regional sourcing contribute towards the economic sustainability of restaurants operating in the Twente region?***

In order to answer this research question, there will be some sub questions that would ultimately lead to a conclusive answer for the main research question. These sub questions would explore the perceived economic advantages of local sourcing, practical issues facing these restaurants and their contribution to a positive social impact and preservation of the environment. Existing literature in the form of past published papers focusing on local sourcing and economic sustainability in the food sector will be analyzed. The methodology part comprises research design and data collection which will be done through a qualitative research method by conducting interviews of at least five restaurants in the Twente region that at least partly employ local sourcing. In the subsections of methodology, the theoretical framework relevant for this research, analysis of the results from the interviews will be added followed up with the conclusion and discussion section.

## 2. LITERATURE REVIEW

During this research, various sources will be used in order to collect and analyze non-numerical data such as scientific articles. First, the most recent editions of the topical journals related to local sourcing, local food chains and its perceived economic advantages will be scanned that are relevant to this research. In order to do that, the researcher will read titles alongside the abstracts of these journals and based on that, the researcher will check the respective papers using a list of keywords. Once the journal scan has been completed and a list of keywords has been generated, papers relevant to this research would be located using the Scopus database and thoroughly studied to get some insights for this research.

In recent years, the demand for local food products has increased as a possible alternative to the long supply-chain production models of the industrialized global food system (Dukeshire, Garbes, Kennedy, Boudreau, & Osborne, 2011). In addition to that, suppliers and price also play an important part in leading towards local sourcing. These will be discussed in detail in the following sections.

### **2.1 Factors that lead to sourcing locally**

#### **2.1.1 The consumers**

According to (Roy et al., 2016, 2019) local food has become a highly popular item on restaurant menus. Restaurants and chefs lie at an important intersection in the food distribution system that allows them to generate greater interest in local foods among their customers as well as the farmers and

distributors they source from (Inwood, Sharp, Moore, & Stinner, 2009, p.179; Contini, Romano, Boncinelli, Scozzafava, & Casini, 2017). Consumers look for safer, fresh, high quality, nutritious, and healthy products. These factors serve as the key drivers when purchasing local food (Lim & Hu, 2016; Tobin, Thomson, & LaBorde, 2012).

It has been noted in several studies that the demand for local foods in restaurants has increased in recent years. (Roy, Hall, & Ballantine, 2016, 2017, 2019; Kang & Rajagopal, 2014). However, Hempel and Hamm (2016) state that the consumers' decision of purchasing local food is not solely dependent on quality. Other factors such as taste, price and appearance play a role as well.

Since consumers are very important stakeholders in any business, it is essential for the restaurants to take into consideration the consumers influence on motivations for sourcing locally.

### 2.1.2 The suppliers

Much of the focus of most of the studies is on the relationship of restaurants and producers instead of the overall system of procurement. This is a significant point, according to Roy, Hall, & Ballantine, 2019, the reality for most restaurants is that due to time constraint, most of the produce restaurants use comes via wholesalers. In addition to that, Hall & Gossling, stated in 2016 that the role of wholesalers in local food systems and restaurants supply chain has not had much attention research wise. However, in contrast to that, wholesaler distributors have been the center of many studies such as Roy et al., 2019 and Schmit & Hadcock, 2012. Reynolds-Allie and Fields (2012) assert that lack of knowledge, inconvenience, uncertainty of what is locally available and costs are the main drivers behind restaurants purchasing locally in Alabama. Furthermore, Givens and Dunning 2019 further reported about local foodservice distributors that play an active role in identifying produce items required by restaurants in North Carolina.

Therefore based on those previous studies, it can be concluded that various drivers for sourcing locally and more specifically using a wholesale distributor depends on the region and the factors and motivations can differ to a large based on the region,

### 2.1.3 Economic sustainability

Roy et al. (2020) describes the benefits of buying locally from wholesale distributors who provide cheaper products. Furthermore, due to less transportation distance, costs are reduced even more.

Local sourcing can elevate economic growth while providing opportunities to reduce negative environmental impacts as well. (DEG. 2018). In terms of economics, sustainability can be achieved through the maintenance of society's well-being over time by allocating resources in a way that helps both the current and future generations (Arrow et al. 2004). The research DEG, 2018 also states that there are various company wise benefits of local sourcing that would ensure long-term economic growth of the companies, like a better supply chain control. Communication becomes a lot easier which is always good in case of any issues. Local sourcing also leads to more reduced transportation costs due to the fact that the goods are not

travelling a longer distance. In addition to that, smaller transport distance results in a shorter lead time (DEG. 2018). The food sector deals with perishable goods, there is less inventory needed which leads to fewer inventory costs as well. Local suppliers are more responsive leading to supply chain flexibility (DEG. 2018) which can be measured as the extent to which the companies can change their orders. Furthermore, restaurants in the Twente region can take advantage of the growing consumer preference for local goods. By offering products produced with local inputs they can reach a broad customer base.

## 3. METHODOLOGY

### 3.1 Expectancy Theory

Expectancy theory is a useful way of framing buyers' motivations and behaviours. Expectancy theory argues that the strength of our tendency to act a certain way depends on the strength of our expectation of a given outcome and its attractiveness Robbins et al. 2014, p. 112). In this paper, the main investigation would be the motivation that led the restaurants to adopt local sourcing and its attractiveness, advantages and contribution to their economic sustainability. For instance, for the restaurants to source locally, they have to analyze the supply market to make sure that resources needed to run a successful business are available in abundance locally. There are basically three relationships discussed in the expectancy theory however the one relevant in this research is the **performance-reward relationship**. The performance in this case being the implementation of local sourcing which would result in rewards like better performance in economic sustainability in terms of cost-saving, increase in the number of customers as explained in the first section, ultimately higher profits and societal benefits such as reduced environmental impact.

Hence, the expectancy theory would help identify the driving factors for restaurants in the Twente region of local sourcing and its contributions to the economic sustainability which this paper aims to find.

### 3.2 Data collection

The qualitative research will be kicked off by starting the desk research about the methods used by restaurants that employed local sourcing. This involves the literature research done in section 2. This would be followed by qualitative case study research through a series of interviews. As part of the exploratory nature of this research, semi structured interviews would be conducted in order to get detailed information that will be gathered. This would provide an opportunity to delve into and expand the interviewee's responses with respect to motivations, knowledge, beliefs (Saunders, Lewis, & Thornhill, 2016) regarding local sourcing and how it contributes to the economic sustainability of the restaurants. The interviews are the main source of data collection (Cooper, Schindler, 2013, p.157). There are articles such as (A. Alsaawi, 2014) that will help in designing and preparing the interviews. The aim will be to contact at least five restaurants within the Twente region. The sample will comprise small to medium scale restaurants as they too are a vital part of the local food sector. These restaurants must employ local sourcing at least partially and the

respondents must be responsible for procurement and buying for the respective restaurants.

The interviews will cover the topics of local sourcing and economic sustainability. In addition to that, there would be sub-questions that would aim to get the maximum information from the respondents (interview questions can be found in Appendix B). In addition to that, there will be questions regarding motivation factors for sourcing locally and how in the respondent's point of view, they contributed to the economic sustainability of those restaurants. Once the data has been collected, it will be analyzed case by case and then all cases will be compared. This will be followed up by drawing conclusions and comparing this research to the other researches included in this paper as references. Expectancy theory will be used to determine whether or not the expectations of the restaurants when sourcing locally paid off. This will be done by looking into factors like price, quality and customer satisfaction. Expectancy theory will come in handy in determining the rewards of sourcing locally for these restaurants and using this analysis, the main research question will be answered.

### 3.3 Validity & Limitations

The validity of research might be limited to the region and sector within which this research takes place and hence it would not be relevant to other sectors or regions. Furthermore, one of the limitations of this research design could be the extent of difficulty in finding interview partners for this research as the main aim is to find restaurants that use B2B sourcing/industrial buying. However, as mentioned in section 2.1.2, the role of wholesale distributors have become significant over the years. Several studies have argued that restaurants use local foods to differentiate their menu and increase returns (Alfnes & Sharma, 2010; Sharma, Moon, & Strohbehn, 2014). However, the focus in much of the literature is on the relationship between restaurants and producers, rather than their overall system of procurement. Another limitation could be the limited knowledge and comprehension of the topic of this research by restaurant representatives and therefore leading to limited information analyzed in the later stages of the research.

## 4. ANALYSIS & RESULTS

### 4.1 Restaurant Introduction

The names of the restaurants can not be disclosed due to confidentiality.

Sr. no	Restaurants	Restaurant size	Interviewee Designation
1	A	Small	Owner
2	B	Part of large franchise	Owner
3	C	Part of medium franchise	Manager
4	D	Small	Owner
5	E	Medium	Head Chef

Table 1: Introduction of restaurants and people interviewed

### 4.2 Findings from restaurant A

According to the owner of Restaurant A, the restaurant utilizes local sourcing for upto 80% of its food products which has only increased since its inception 2 years ago. The global pandemic was one of the reasons for increasing local sourcing but it has paid off for the restaurant economically. The restaurant sources mainly from wholesalers but it also has some independent suppliers as well. Local sourcing leads them to buy cheaper products due to shorter travel distances and their bulk orders. Moreover, the products bought locally are fresher and better quality as well which serves well for the reputation of the restaurant. The owner noted that customers are becoming more aware and they play an important role in their local sourcing motivation. Customer satisfaction has seen a rise ever since the restaurant has increased its local sourcing since customers like the fact that a certain food product was made using local ingredients. The supplier relations are also very good but since the restaurant is still growing there was not much information regarding supply chain control. However, the owner mentioned that the local supply chain is well connected which makes the local products more accessible for the restaurant. Hence, combining all these factors; cheaper price, better quality, increased customer satisfaction and good supplier relations helps the economic sustainability of the restaurants.

In addition to that, according to the owner, local sourcing has created a positive social impact as it helps keep the small local suppliers in business. The restaurant aims to increase its local sourcing in order to reduce the carbon emissions and preserve the environment. The only practical issue restaurant A faced was a language barrier. Since the owner was a foreigner, he had to have a member of staff in case one of the suppliers did not speak English.

### 4.3 Findings from restaurant B

Upto 30% of products bought for restaurant B come from a local supplier due to the fact that this restaurant is part of a large chain with the headquarters in a different region than Twente. This means that most of the decisions regarding where to procure certain products are fixed by the headquarters. However the headquarters set a reasonable price for the franchise owners to procure certain products hence the products are cheaper which is economically beneficial for the restaurant. In addition to that, the quality of vegetables procured locally is also high which bodes well for the owner and the restaurant. The customer satisfaction was not that big a factor as the owner persisted that the quality has always been high and the customers have always given them good reviews. The control on the supply chain is higher for the locally sourced products in comparison to global ones. The amount and price of orders can be changed by the owner at any time which indicates a stronger control of the supply chain. Putting these factors together, local sourcing does have a positive impact on the economic sustainability of restaurant B but a major role in it is played by the head office of the franchise. The transport costs coming from an international source are cheaper due to bulk buying but local sources have an advantage of having more supply trips to the restaurant and that saves the owner's time and speeds up the daily operations. The owner always keeps an eye out and if they

can buy a cheaper alternative for the same quality, they go for that due to the fact that cheaper price and higher quality of the products is what they aim for.

Preservation of the environment was not a motivating factor for sourcing locally. Plus, the owner does not aim to increase its local sourcing as current operations are already profitable. However, its local sourcing has created a positive impact because other than buying vegetables from a designated supplying company in the Netherlands, the owner looks to buy some vegetables from a small-scale local supplier and that helps the local supplier's business. The practical issues faced by the owner are mostly shortage of products but that is due to technical issues at the owner's end and these issues are solved through contacting the local supplying company for more products.

#### **4.4 Findings from restaurant C**

Restaurant C has been employing sourcing locally since the last 3 years. Most of the products bought come from a local source. Local sourcing helps restaurant C in getting products with a cheaper price and it is more convenient for them in terms of time saving since the suppliers are not that far away from the location of their restaurant. Hence, they save money as well as time in the delivery of products. Moreover, the products are more fresh and of better quality. Since this company is German, they have to source the majority of their products from there but to create a more positive social impact, the manager buys brownies from a local business in a small town in Oldenzaal to help promote his business. This as a result has helped in improving customer satisfaction due to the fact that customers enjoy the fact that the brownies come from a small town and yet are so good in quality. This restaurant also has a better control of the supply chain of suppliers in the Netherlands due to the fact that they have to place orders a week in advance for the German suppliers. It is easier to change orders for the local suppliers and they also have a better relationship with local suppliers in terms of more interaction and no language barrier. All these factors help the restaurant's economic sustainability improve.

The restaurant had no plans of increasing its local sourcing but after the discussion in the interview session, the manager did consider this a factor to keep in mind for the future. Being environmentally friendly was not the main cause behind that because they do not consider that an important factor for sourcing locally.

#### **4.5 Findings from restaurant D**

Restaurant D has been sourcing all its products locally since the start. Customer satisfaction was not much of a factor initially as it was the owner and his wife's personal goal to source all their products locally for their restaurant. However, upon interactions with customers, the owner discovered that the customers enjoy the fact that their food products use local ingredients. This led to the customers further recommending it to other people and hence increasing the customer base as well as their satisfaction. It was also noted by the owner that buying local products was expensive for them but the products they served as a result of using local ingredients made the restaurant D stand out and the price was paid back by the extent of customer liking and higher

sales. Hence, there was not much cost saving in terms of price for buying local products but it did pay off in terms of sale and increased customer satisfaction. The quality of products sourced locally was high as well as the owner himself procures stuff for the restaurant from independent suppliers. The relationship with the suppliers is very personal as the owner looks for suppliers that have their own farms and the owner picks up the ingredients himself. This way, the owner has a stronger control of the supply chain as the amount of order can be changed by the owner as well. All these factors have led for the restaurant to grow and local sourcing has positively impacted its economic sustainability.

Since restaurant D sources its products from independent suppliers, mostly farmers, the owner is helping the owners of the farmers who work hard on the product. Through the sale of such products, customers get aware of farmers who produced and supplied the ingredients. Therefore, through local sourcing restaurant D has created a positive social impact by advertising the farmers to their customers. Furthermore, most of the supplying farms do not use pesticides and due to shorter distances there is less transportation as well which also helps in preserving the environment. Since the owner has to travel to the farms in order to buy products, accessibility sometimes becomes an issue. In addition to that, some products are seasonal and not available throughout the year which becomes problematic when you are completely sourcing locally. However, the owner believes that customers find that fine as well as they keep the customers informed and do not mislead them regarding a certain product. The restaurant also keeps changing its menus to include products that can be made using ingredients available in a certain season.

#### **4.6 Findings from restaurant E**

Restaurant E is a rather new restaurant with only a few months of operations so far. This restaurant sources most of its products from the Netherlands and the rest of the products come from an international source. Despite sourcing locally, this restaurant does not save costs through buying locally. According to the head chef, most of the cost saving takes place the way they manage and work the products bought from a local source everyday. In addition to that, the quality of products bought locally is better and the products are more fresh as well. Customer satisfaction was not one of the leading factors in local sourcing but the quality of the food is always high and since the start of operations, the customer response has been positive and the number of customers has increased as well. The relationship with the local suppliers is good as well even though most orders are placed online but in case of any problem, calls or physical meetings are also possible. The supply chain control is high as well as they usually have three delivery days for the orders but the head chef can change that at any time based on his needs. Hence, due to all these factors the economic sustainability through local sourcing is improving slowly but surely.

Being environmentally friendly was one of leading factors for sourcing locally as the distance from suppliers to buyers is short hence there is lesser emissions from transport. For restaurant E, much like all aforementioned restaurants, local sourcing has also led to a positive social impact as the local suppliers stay in

business and jobs are created locally as well. The only issue faced by this restaurant is finding the right ingredient required to make a certain food from the menu and at times it is not part of products supplied by their suppliers. In that case, they look for other local suppliers that are selling the required products. Since the interviewee was the head chef, he could not give a lot of his time but he did manage to provide most of what was needed through the interview.

#### 4.7 Comparing Cases

All restaurant owners and managers stressed on the fact that locally sourced products were more fresh and hence better in terms of quality. Quality of products was the leading factor for these restaurants to source locally and the owners expected a positive response from their customers. Hence, the performance-reward relationship here was very positive as the expectations of the owners and managers were rewarded through better quality products and ultimately a positive customer response.

High quality products are always beneficial for any business. It leads to an improved customer satisfaction and an increase in the customer base. Therefore, restaurants A, C and D saw an increase in their customer base and satisfaction due to their use of local sourcing. For restaurants B and E however, their customer satisfaction was always high due to which they did not consider customer satisfaction as one of the motivating factors for sourcing locally. Restaurants A, C and D, upon interaction with the customers, discovered the liking customers had of local products and through that, those restaurants became more famous amongst their existing as well as new customers due to local sourcing.

In terms of price, restaurants A, B and C got cheaper products through local sourcing. Restaurant A and C sourced mostly from wholesalers and independent suppliers while restaurant B had to source their products from one big company. Hence, their expectation of getting cheaper products was fulfilled and they were rewarded with greater profit margin. In comparison for restaurants D and E, they discovered local sources more expensive, however they still found it worth buying due to higher sales because of better quality and customer preferences for local products.

Restaurants B, C, D and E had a stronger supply chain control with the local suppliers. They could change the quantity and frequency of their orders, delivery times or contact them any time in case of any problem. This as a result eased their daily operations to a greater extent. Restaurant A is a small restaurant and for them, having a stronger supply chain control was not a priority and they were happy with their operations as it was.

A positive social impact was created by all the interviewed restaurants due to their local sourcing. They helped the local businesses grow and created jobs at the suppliers. In addition to that, for restaurants A, D and E preservation of the environment was a very important factor. Due to that, they sourced locally to reduce CO<sub>2</sub> emissions due to smaller transport distances. Restaurants B and C order most of their products from a global source hence for them being environmentally friendly is not as important a factor as it is for the remaining three restaurants.

Hence, the expectancy theory can be related in most of these cases as the expectations of the owners were rewarded in terms of cheaper and fresh products, better customer satisfaction and an improved supply chain control. Especially in the case of restaurant A and D. For restaurant A, the increase in their extent of local sourcing was largely influenced by the global pandemic but it still paid off for them through cheaper and fresh products. For restaurant D, increased customer satisfaction was a major factor as the reward of increased sales and greater reputation was more than they anticipated.

## 5. DISCUSSION & CONCLUSION

The aim of this research was to get deeper insights into local sourcing and how it contributes to the economic sustainability of restaurants operating in the Twente region.

It seems that local sourcing has contributed to the economic sustainability of restaurants in the Twente region. This involved factors like the effect of local sourcing on prices, quality, customer satisfaction, supply chain control and social and environmental impact. Most of the restaurants were able to save costs when buying products from a local source whereas in others cases it was more expensive. For restaurants who save costs, it helps them have a greater profit margin and hence leads to an improved economic growth. The quality of the products bought locally was better and the products were more fresh and they did not have to be stored for a longer period due to the higher frequency of deliveries. In addition to that, customer satisfaction was another major factor for most of the restaurants. A few restaurants had a more intimate relationship with their customers through which they discovered that customers liked the items on the menu that came from a local source. These customers also recommended those restaurants to other customers and due to that, there was an increase in the customer base which means a higher sale leading to profits. For supply chain control, almost every interviewed restaurant reiterated having a stronger control of the local supply chain in comparison to global. These restaurant owners could change their orders, the delivery dates any time they liked without any problem. In addition to that, in case of any problem they could always contact the local suppliers and meet them to solve any predicament that came their way. In comparison, it was harder to change order as there was a minimum order amount and a deadline to order food products from outside the Netherlands. Moreover, all the interviewed restaurants insisted on the positive social impact local sourcing had created. By buying from a local supplier, these restaurants did not only help the supplier's business but created more jobs as a result too. The environmental factor was not considered to that extent for some restaurants and for other restaurants, that was as important a factor as price.

Using existing data through literature search and more data collected through interviews, the research question ***How does regional sourcing contribute towards the economic sustainability of restaurants operating in the Twente region?*** was answered. Local sourcing has impacted the economic sustainability of restaurants in the Twente region positively. It was in the form of cheaper and fresher products, increased customer satisfaction and better supply chain control which

supports the findings of (DED, 2018). Since most of the interviewed restaurants sourced from a wholesaler, this also falls in line with the findings of (Roy et al., 2016, 2019, 2020) who stressed on the increased popularity of local items on restaurant menus and buying locally from wholesale distributors who provide cheaper products. Furthermore, this study also supports the research of Birch et al.(2018) regarding the two types of motivations linking them to the motivations of managers and owners when it comes to sourcing locally. All interviewed restaurants had both the egoistic motivation in terms of quality and freshness and altruistic motivation in terms of supporting local producers in mind when sourcing locally. In addition to that, this study also supports the research of (Lim & Hu, 2016; Tobin, Thomson, & LaBorde, 2012) that state freshness, quality, nutritious, and healthy as factors that serve as the key drivers when purchasing local food. Restaurants A, D and E used wholesalers for their products whereas B and C used an independent supplier. Hence the findings of this research compliments the findings of Roy et al., 2019 and Schmit & Hancock, 2012 that explain how wholesalers have been the center of many studies which contrast with the findings of Hall & Gossling, 2016 that explained how the role of wholesalers in local food systems and restaurant supply chain has not had much attention.

The table below is an indication of the factors that were identified in the literature review in the previous sections including DEG, 2018 and Arrow et al. 2004 and through the interviews. These factors proved beneficial for restaurants and were considered as one of the motivating factors for sourcing locally and how it contributed to the economic sustainability of these restaurants. The boxes filled with **white** indicate that factor as vital in improving the economic sustainability through local sourcing and the boxes filled with **black** were either not beneficial or not taken into account as a way of improving the economic sustainability through local sourcing.

Restaurants	Price	Quality	Customer Satisfaction	Supply Chain Control	Positive Social Impact	Environmentally Friendly
A						
B						
C						
D						
E						

Table 2: Factors that proved beneficial or were not taken into account when sourcing locally

### 5.1 Further Research

This research allows further research into local sourcing and how it can prove beneficial for the society, environment and the economic growth of companies as well as the region. This further research into local sourcing within the food sector could

lead to new and useful data that can be helpful in coming up with new insights for local restaurants that want to source locally as well as local suppliers as to how they can become more preferable over a global supplier.

### 5.2 Limitations of this research

The first and the foremost limitation of this research was the difficulty of finding interview partners. This is a busy time of the year with summer looming and lockdown measures easing, most of the restaurants are too busy to respond to any requests and those that do, decline the request. In addition to that, the validity of this research is limited as it is only relevant to the food sector in the region of Twente and it is not relevant to other regions as every region has its own reasons to source locally (Reynolds-Allie, Fields, 2012). Hence, motivation factors would not be relevant for a different region. Restaurant E could not provide a lot of his time due to his work so it was hard getting detailed answers from him. Lack of knowledge and understanding of the topic was another limitation of this study as it took time to explain to some of the managers about the actual purpose of this research and what local sourcing and its implications are. Lastly, language was another barrier faced by the researcher as oftentimes managers' answer to a certain question was not that high in quality due to the inability of finding the correct word for that in English language.

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## 8. APPENDICES

### Appendix A: Interview schedule and length

Restaurants	Date of Interview	Length of interview in minutes (approx.)
A	10-06-21	40
B	02-06-21	30
C	01-06-21	30
D	28-05-21	55
E	10-06-21	20

### Appendix B: Interview guide incl. questions. The transcripts are not included due to confidentiality.

#### Local sourcing & Economic sustainability:

To what extent does your company source locally? (Fully or partly) (if the answer is partly) Why does the restaurant/canteen not source entirely locally?

What motivates you to source locally?



- Social impact: Was “positive social impact” one of the factors for sourcing locally? If yes, then could you shed some light as to how sourcing locally generated a positive social impact? How significant was the impact of this factor?
- Environmental impact: Was being more environmentally friendly a factor in the decision to source locally? How did you achieve environmental sustainability? How significant was the impact of this factor? Has sourcing locally created a positive environmental impact?
- Customer satisfaction: Did customers play a factor in the decision to source locally? How significant was the impact of this factor? To what extent has customer satisfaction increased due to sourcing locally?
- Supply Chain control: When you started local sourcing. Did you think your supply chain control would improve? Has it improved? If yes, in what ways?
- Suppliers: Does local sourcing help in having a better relationship with the suppliers?
  - o Could you please tell us where you are sourcing from? Are you sourcing from wholesalers or independent suppliers?
- Economic impact: Does local sourcing help you in saving costs? If yes, then where exactly in your operations do you save costs?
  - o What are other economic advantages in your experience, other than costs, of sourcing locally?

#### **Closing questions:**

What practical issues did you face when implementing local sourcing?

- How did you address these issues?

At the end of the line, has sourcing locally paid off for your company?

- In what ways?
- Why? Why not?
- Is there anything you would have liked to do differently?
- (if they do not fully source locally) Are you planning on increasing the amount of food locally sourced?
- (if the answer is yes) How are you planning on increasing the number of ingredients sourced locally?

What advice would you give to other restaurants that want to start sourcing locally?

- Please elaborate on the positives, negatives, advantages and the barriers

#### **Appendix C: Interview transcripts - left out due to confidentiality**