

Summary of Stakeholder Groups: Buyers, Logistics & Producers

The *Distribution of Local Food – Best Practices* study identified some of the key motivators behind the purchases of local food, as well as identified the challenges and opportunities in the local food market in Alberta. Below is a summary of each of the three stakeholder groups, looking at their unique challenges, the challenges they have in common, along with market opportunities for Alberta's local food. (*Specific details for each stakeholder group can be found in previous sections of the report.*)

Key motivators – Some of the key motivators behind buyers and distribution companies in Alberta wanting to support local food include the following:

- Products are of high quality
- Unique or differentiated products (i.e., those that meet a particular need)
- Economic reasons, such as greater returns to the local economy and to local producers
- Ethical reasons, such as how product is grown or raised, etc.
- Provides a service/saves costs
- Consumers are asking for “local”

Specific needs of each stakeholder group – There are unique needs and realities that each stakeholder group faces in the buying, distribution, or selling process:

Buyers (and the buying process):

- Buyers are looking for unique, top quality products and quality that can be maintained. They want sufficient quantities, those that will last for the life of the menu (i.e., 3-4 months). Price and food safety may be a concern with some buyers. Convenience and delivery are also important, delivery is needed and in a timely manner. It can be cumbersome to deal with many small deliveries and the billing process that goes along with it.
- Buyers that are unsure about purchasing local food, may want to start small in their purchases to allow time for the business relationship to adjust (e.g., purchasing one type of product only, such as meat, potatoes, fruit; aiming for a certain percentage of local food purchases; purchasing over a specified period, such as 2 months). Researching customers' wants also helps to add more certainty about product acceptance by consumers.

Logistics companies (transportation/distribution):

- Smaller companies are generally the most hands-on and have the most flexibility to handle smaller units of product.
- Medium to large companies are looking for ways to fill backhauls, for more efficient use of their trucks.
- Larger companies tend to deal with greater volumes of product, are less connected to the product, and have to haul great distances in tight timelines.

Producers (and the selling process):

- Trust and further collaboration is needed amongst producers, rather than competition, in order to reach a broader spectrum of markets and to get into larger markets.
- Producers need to view the market as being big enough for everyone, discover new opportunities, find solutions to problems, and *tell the story* about local food.

- Producers could use assistance with marketing tools or ways to advertise, such as web pages, or social marketing tools. Before launching into a venture, they want to ensure that they know what the consumer wants and that the market is fairly stable (i.e., market research, testing the market).
- Many producers find it difficult to enter the large retail market due to the scale and volume of product needed, as well as the additional costs required. They lack purchasing and marketing power. They describe the retail market as difficult and not designed for the smaller producer.

Common issues among stakeholders:

Lack of time and resources:

- Buyers may find it too difficult and time consuming to coordinate a number of small deliveries and deal with the billing process that it requires.
- Logistics companies, especially large ones, are dealing with volumes and greater distances to travel, which makes it difficult to work with small units of product. They need facilities or smaller companies to facilitate the movement of smaller loads.
- Producers find it too time consuming to produce, market, and deliver their product, among the many other demands on their time. It puts a strain on their limited resources, especially since they are smaller businesses.
- The gap lies between the producer and buyer, in the collaboration and coordination of moving food products to the market (i.e., distribution).

Collaboration:

- In order for local food to advance, collaboration is needed within and among each of the stakeholder groups (i.e., buyers, logistics companies and producers).
- Currently, a number of collaboration initiatives are already taking place.
 - A team of chefs is looking at developing a “local corporate menu” to be used by a number of hotels.
 - Some smaller to medium-sized logistics companies have been coordinating the delivery and pick up of products to a central point and then delivering these products into retail or restaurants.
 - Some producers are collaborating amongst themselves, using a drop off point for their products, and also delivering them to retail or restaurants. Other producer groups are collaborating by staging the loading of trucks for the export market.
- For greater collaboration to happen in the future
 - Producers require more collaborative efforts and distribution systems to be set in place. Collaboration among producers could be applied to the purchasing of supplies, accessing and buying equipment, marketing and distribution (i.e., delivering larger volumes to a particular restaurant, or to a number of restaurants). Relationships need to be built, such as with abattoirs and distributors, and producers need a point of contact for retail stores since the process of finding the right person can be cumbersome.
 - A centralized distribution center could help each of the stakeholder groups:
 - Buyers – It would facilitate the delivery of local food to them, allow for bulk buying, etc. They are looking for someone with the skills to do the coordination of small deliveries and to simplify the billing and delivery process for them.
 - Logistics companies – Small to medium-sized companies would benefit from a centralized location for pick up of product, eliminating the need to go to the farm. Smaller distribution companies will find it easiest to adapt to this system, making

deliveries to specific restaurants or other markets. Depending on the size of the facility and volume of products available, larger distribution companies may also be open to working with a centre such as this, since they are often looking to fill backhauls. Some companies already do smaller deliveries through a network of depots; some have the capacity to download into smaller loads (vans or trucks) to deliver into smaller communities, or coordinate with other carriers.

Producers – A central facility could benefit producers by having a common drop off point where product can be aggregated and distributed for them. It would need to be truck friendly for loading and turning around, and could be used as a location to facilitate the staging of large loads. A central facility could offer a wider range of products and greater volumes. This would better position producers to enter other markets (i.e., additional restaurants, specialty retail, institutions or larger retail stores). One suggestion was that a central facility could be linked with the farmers' markets and its membership.

A general lack of awareness of other stakeholders:

- This exists among all stakeholders, they often do not know who to contact, such as:
 - Buyers that are interested in purchasing local products
 - Logistics companies that have the capacity to deliver local products, or to fill backhauls
 - Producers that are in the region, the types of products available, volume of supplies, the time period that product is available, prices, etc.
- This lack of information is also an opportunity for a web-based directory, which can provide more information on the various stakeholder groups and facilitate the matching of buyer, seller, storage and transportation companies.
- This also may be an opportunity for additional stakeholder networking, to become more familiar with each others' business practices. This could include one-on-one meetings, planned events, or regular meeting places for stakeholder groups. By meeting periodically, they can discuss needs, services, and share success stories regarding local food marketing.

Research into other models:

- Research into distribution and storage systems that are more affordable and which allow local food systems to better make use of current facilities (e.g., storage fees based on the amount of product versus full pallet loads, or offering daily rates rather than monthly flat rates).
- Business models and financing options could assist direct marketers. Many banks are not familiar enough with direct market operations, compared with larger commodity farm operations, in spite of the relatively small loan requests being made.
- Further research into the retail systems in other jurisdictions and the role that producers and retail buyers play in the advancement of local food products could provide insight to Alberta's producers.
- Research regions where regulations have been adapted and are based on scale/size allowing the local food system to thrive (e.g., particular states within the United States).

Implications for Alberta:

Industry:

- Industry has already started the collaboration process (producers, buyers, and logistics companies). There are good models from the Central Region, and other parts of Alberta, of what can be achieved in the local food system. Research or case studies on these models, and those from other parts of Canada or other countries, could benefit Alberta businesses since the models could be adapted to fit other business scenarios.
- Producers recognize that leadership is needed within industry; it is necessary in order to advance local foods in Alberta's market place, in spite of most producers and other stakeholders being too taxed for time.
- Networking and information sharing can help grow the local market. There is much that can be learned from each stakeholder group in regards to what works and what doesn't in local food purchasing and distribution (i.e., buyers, producers, logistics company experiences). The Distribution Forum was one venue where stakeholder groups such as these shared their experiences. Buyers and producers may be able to work together in the promotion of local food, by sharing success stories and what local food products mean to them.

Government:

- Government may be able to further facilitate local food expansion by supporting industry initiatives, conducting research, and through further sharing of information.
- Logistics models and distribution fact sheets are a means of sharing information.
- Developing a database of carriers and storage facilities in Alberta, would narrow the information gap among stakeholders.
- Facilitation of groups of producers in the Central, or other regions in Alberta, could benefit businesses that are ready to develop a distribution strategy.
- Engaging buyers, other than restaurants, and exploring their interest level in local food; identifying those interested in the collaboration and development of a distribution system.
- Producers appreciate and look forward to continued government support of Alberta's approved Farmers' Markets. They regard these as valuable and profitable market outlets for direct marketers.

Local Food Distribution Forum

A distribution forum was held on January 24, 2011 in Red Deer. This forum was designed to bring all sectors together to learn from each other, to meet as businesses, discuss issues around the distribution of local food in Alberta, and determine the next steps. *(See Appendix H for the agenda and a summary of the table discussions.)*