DISTRIBUTION OF LOCAL FOOD:

BEST PRACTICES

A pilot project in Alberta's Central Region

Canada

Government of Alberta

Growing Forward
A federal-provincial-territorial initiative

Author

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Executive Summary

The interest in local food has grown in recent years. More and more consumers, large retail chains, schools, universities, and restaurants are interested in purchasing local food products.

Greater accessibility to local food will require a shift in the current distribution system. Distribution is about the movement of products from the producer or processor to the buyer. The existing distribution system has evolved over the years to mainly support and handle the movement of large units of products over great distances. In order to meet the demand for local food, there has been an increase in the movement of smaller units of products. However, the current distribution system is not conducive to the movement of these products.

To address the distribution of local food, this study was designed:

- To identify the motivators, issues, challenges, and current practices in the distribution of Alberta's local food.
- To explore potential solutions to these barriers.
- To identify the interest level among stakeholders for greater collaboration in the distribution of local food into Alberta's marketplace.

The study was conducted as a pilot project, which focused on the Central Region of Alberta. It consisted of three main stakeholder groups that are involved in local food distribution: buyers, logistics companies (i.e., transportation and storage), and producers.

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

- Products are of high quality.
- Products are unique, or have differentiated characteristics (i.e., meet a particular need).
- For economic reasons, such as greater returns to the local economy and to local producers.
- For ethical reasons, such as how product is grown or raised.
- To provide a service/save costs.
- Consumers are asking for "local."

Common issues among stakeholders: In regards to supporting local food distribution, each of the three stakeholder groups has unique challenges. They also share some common issues, which include the following:

Lack of time and resources:

- Buyers find it difficult and time consuming to coordinate a number of small deliveries and deal with the billing process required.
- 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 that is often characteristic of local foods. They need facilities, or smaller companies to facilitate the movement of smaller loads.
- Producers find it too time consuming to produce, market their product, and deliver, among the many other demands on their time; it puts a strain on their limited resources.

- o The gap lies between the producer and buyer in the area of distribution, due to the collaboration and coordination needed to move local food products to the market.

Collaboration:

- o In order for local food to advance, collaboration is needed within and amongst each of the stakeholder groups (i.e., buyers, logistics companies and producers).
- o 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 are coordinating the delivery and pick up of products at a central point, and then delivering these products to retail or restaurants.
  - Some producers are collaborating, 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.
- o For greater collaboration to happen in the future:
  - Producers want more collaborative efforts and distribution systems 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 buyer, or to a number of buyers).
    - Relationships also need to be built, such as with abattoirs; with distributors; and producers need a point of contact for retail stores, since the process of finding the right person can be cumbersome, etc.
  - A centralized distribution center could help each of the stakeholder groups:
    <u>Buyers</u> – to facilitate the delivery of local food to them, 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.

    <u>Logistics companies</u> – would benefit from a centralized location for the pick up of product, eliminating the need to pick up from a farm. Smaller 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) and deliver into smaller communities, or coordinate with other carriers.

    <u>Producers</u> – A central facility could benefit producers by having a common drop off point, where product can be aggregated and distributed for them. The facility would need to be truck friendly for loading and turning around, and could be used as a location to facilitate the staging of larger loads. A central facility could offer a wider range of products and greater volumes for potential buyers. 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 facility such as this could be linked with, and be a part of the farmers' markets and its membership.

Lack of awareness:

- A general lack of awareness exists among all stakeholders; knowing who to contact, such as:
    - Buyers that are interested in purchasing local products.
    - Logistics companies that have the capacity to deliver local products, or fill backhauls.
    - Producers that live in the region; the types of products available, along with volume of supplies; the time period that product is available; prices, etc.
- This lack of information is an opportunity for a web-based application. This could provide information on the various stakeholder groups, to facilitate the matching of buyer, seller, storage and transportation companies.
- This also may be an opportunity for additional stakeholder networking, such as arranged face-to-face meetings, planned events, or a regular meeting place for stakeholders. By meeting periodically, they can discuss needs, services, and share success stories of local food marketing.

Research into other models:

- Research into distribution and storage systems that are more affordable, and which allow local food systems to make better use of current facilities (e.g., storage fees based on amount of product versus a flat fee for full pallets; daily storage rates rather than flat monthly rates, etc.).
- Business and financing – business models and financing options that could assist direct marketers. Many banks are not familiar enough with direct market operations, compared to 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 into regions, where regulations have been adjusted and are based on scale/size to allow 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 (i.e., buyers, logistics companies and producers). There are good examples, from the Central Region and from other parts of Alberta, of what can be achieved within the local food system through collaboration. Case studies on models like these, from other parts of Canada or other countries, could be shared and applied to other Alberta businesses.
- Producers recognize that leadership is needed within industry; it is necessary in order to advance local foods in Alberta's marketplace, in spite of most of the industry being too taxed for time.
- Trust and further collaboration is needed among industry, rather than competition, in order to reach a broader spectrum of markets or to get into larger markets.
- Networking and information sharing can help bring this about. 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 also be able to work together in the promotion of local food, by sharing their success stories and what local food products mean to them.

Government:

- Government may be able 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 of Alberta would assist those 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 the Alberta's Farmers' Markets. They regard these as valuable and profitable market outlets for direct marketers in the province.

DISTRIBUTION OF LOCAL FOOD - BEST PRACTICES - A pilot project in Alberta's Central Region

Background

The interest in local food has grown in recent years. More and more consumers, large retail chains, schools, universities, and restaurants are interested in purchasing local food products. Local food and food security are linked together and becoming a big topic of discussion. There are more interest groups emerging, creating awareness of local food, conducting research, and in some cases coordinating local food delivery systems.

Over the years, Alberta Agriculture and Rural Development (ARD) has worked with industry to further develop farmers' markets, regional cuisine, agri-tourism, farm direct, and food service, among other markets. Now with heightened interest in local food there is even more demand for information and research into these types of market outlets, and to further develop the local food system.

Greater accessibility to local food will require a shift in the current distribution system. Distribution is about the movement of products from the producer or processor to the buyer. The existing distribution system has evolved over the years to mainly support and handle the movement of large units of products over great distances. In order to meet the demand for local food, there has been an increase in the movement of smaller units of products. However, the current distribution system is not conducive to the movement of these products. Other parts of Canada and the USA, not to mention other parts of the world, have looked at ways to collaborate and create new ways to make local food more accessible, with systems that can successfully manage its network of relationships.

The purpose of this study was to identify the challenges of increasing Alberta's local foods in the current food system. In particular, it looked at challenges related to food distribution along the entire value chain, from the producer to the end user, as well as potential solutions to reduce these barriers.

This study consisted of three main stakeholder groups involved in local food distribution:

- buyers
- logistics companies (i.e., transportation and storage)
- producers

The study was done in an exploratory manner, gathering information from each of the stakeholder groups. The goal was to look for themes that were both common among the groups, as well as specific to each group.

The study was conducted as a pilot project, which focused on the Central Region of Alberta; for some of the stakeholder groups, the focus was on the Red Deer area in particular. This regional study will provide a template and knowledge base, which can be applied to other regions of the province.

The Central Region, with Red Deer at its center, was chosen for many reasons. It has more of an equal distribution of rural-to-urban population, compared with those areas situated closer to Edmonton and Calgary, which have a greater urban-to-rural percentage. The Central Region is also far enough from these large urban centers to have its own regional practices. At the same time it is influenced by these centers, since Red Deer is along the Calgary-Edmonton Corridor (i.e., Highway 2), which allows for additional opportunities. It has a rich agricultural land base and a broad base of products to draw on, including fruit, vegetables, cereals, honey, and various types of livestock. There is a good base of both producers and buyers in this area.

Goals and Objectives

The goals of the study were carried out within the context of a pilot project, and focused on the Central Region of Alberta. The primary objectives of the study were:

- To identify the motivators, issues, challenges, and current practices in the distribution of Alberta's local food.
- To explore potential solutions to these barriers, and allow for greater distribution of local foods. In relation to the pilot study area, this could be achieved either through:
    - increased purchases from the Central Region and marketed within the same region, or
    - increased purchases from the Central Region, but marketed to other parts of the province.
- To identify the interest level among stakeholders for greater collaboration in the distribution of local food into Alberta's marketplace.
    - The pilot focused on: smaller producer/processor operations within the Central Region that have product to ship or store, and; transportation or storage companies that could potentially work with producers/processors.

The ultimate goal of this project was to create a better understanding of issues among stakeholder groups, and to facilitate the development of networks.

Another complementary step to this study was to host a forum, where buyers, logistics companies and producers could discuss their mutual interests and challenges in local food distribution, and generate ideas on how to meet the challenges they face. *(See Appendix H for the distribution forum results*.

Boundaries of the Central Region

The region includes the City of Red Deer and surrounding area. It also includes various counties to the north and south, as well as stretching to the western and eastern provincial borders, to make up the Central Region of Alberta.

The region includes the Counties of Clearwater, Ponoka, Lacombe, Red Deer, Mountain View, Kneehill, Stettler, Starland, Paintearth, and the Special Areas 2, 3 and 4, along with the M.D of Acadia.

The northern border of this region includes the towns/cities of: Rocky Mountain House, Ponoka, Donalda, and Consort. The southern boundary of the region includes: Caroline, Cremona, Carstairs, Carbon, Drumheller and Empress. *(See Appendix A.)*

Definition of Local Food and Distribution

The term *local food* can have a very different meaning to different people. Consumers may refer to local food as the 100-mile diet, food from their rural community, from a region within the province, or from the province. A buyer on the other hand, may consider local food as coming from the province, a larger region such as Western Canada, from other parts of Canada, or even from North America. Therefore, the term *local* depends on the perspective of the person, their values, their business, and where they can find the closest supply of that particular type of food, some of which may come from a considerable distance (e.g., certain fruit, fish, etc.). For this project, we referred to *local* food as product coming from the province of Alberta.

Definition of Local: “Food that is produced or processed in Alberta.”

Distribution is about the movement of products from the producer or processor to the buyer. The project focused on the distribution and movement of small units of product within Alberta, where trucking and/or storage were needed to get it to market. The scope of the project included those producers/processors that have product ready to enter markets beyond the Farmers Markets, but may not necessarily be large enough to serve the needs of large retail stores.

Definition of Distribution: “The movement of products from the producer or processor to the buyer.”

Methodology

The information was gathered in an exploratory manner from each stakeholder group, using various methods, such as: focus groups, face-to-face interviews, and/or phone interviews. The process was not meant to be a representative testing of each stakeholder group, but rather an opportunity to explore on a deeper level, assumptions about the distribution challenges of local foods, and also to identify any other challenges that stakeholders were facing. Each method used both a structured and an informal style, to gather specific detail, as well as to encourage participants to share freely, and expand on challenges or possible solutions to the distribution of Alberta’s local foods.

The following outlines the three stakeholder groups, the focus of the distribution project, as well as the steps for collecting information. The results from each of the three groups were not dependant on one another, therefore the interviews for Groups I, II and III did not need to be conducted in that particular order:

Group I – Buyers

- Step 1: Preliminary research was conducted with staff from Alberta Agriculture and Rural Development (ARD), to discuss general issues of key buyer groups – food service, retail, convenience stores and others. These buyer groups include a number of categories within, such as restaurants, institutions, national and specialty retail stores, etc.
- Step 2: Phone interviews or face-to-face interviews were conducted with selected buyers. Ideally, the project would include learning from each of these groups of buyers. However, time and resources limited the scope to interviewing only one category within food service (i.e., restaurants).

Group II – Logistics Companies

- Step 1: Phone interviews were conducted with transportation companies, as well as phone interviews with storage companies.
- Step 2: (Optional) Face-to-face interviews could be conducted with transportation and storage companies as part of the interview process or as a follow-up. *(This step was not part of this project's timeline, but may be part of subsequent projects.)*

Group III – Producers

- Focus groups with producers: Two focus groups were held, with six to eight participants per session.

Reference Tables – See Appendix B

The tables in Appendix B were developed as a reference guide for the interviews and focus group sessions, as needed:

Table 1 – Motivators in Support of Local Food

This list was compiled from consumer research studies and from general information from the media. It is not a comprehensive list but highlights the many reasons that people give for why they choose local food; it groups these reasons into five main themes.

During this pilot study, when participants were asked about what motivates them to buy local food, the question was left open ended. Their responses were then categorized, using this table as a guide.

Table 2 – Alberta Produced Food Categories

This list includes the main food categories and products that are produced or processed in Alberta.

Group I – Survey of Buyers

Out of the three stakeholder groups studied, the *Buyers* were probably the most diverse and broad in scope and scale. As a first attempt to select a group of buyers, the criteria developed were very broad. This was later scaled down to establish a subset of buyers to interview.

Criteria for Buyer Selection for Phone Interviews:

- Buyers that are purchasing or may be interested in purchasing local products.
- May include any of the market channels (foodservice, retail, etc.)
- Central Region *(Appendix A)*:
    - Primarily the Red Deer area within the region.
    - May include buyers outside the region that could benefit from product grown within the region, especially if they have transportation already passing through the area *(or the potential to pass through)* (i.e., Calgary-Edmonton Corridor).
    - Other criteria: size of operation, experience in buying local food, a good model for Alberta, etc.

ARD Staff Meeting to Discuss Buyer Issues

A meeting was held on September 29, 2010 with Alberta Agriculture and Rural Development (ARD) staff, which work with various groups of buyers. They categorized the types of buyers into groups or by marketing channels, such as food service, retail, restaurant chefs, and convenience stores. Within these marketing channels, they identified some of the barriers and issues that buyers face. They also listed solutions, which included activities currently being done or those that could be done, to help address these barriers. This input was used as background information to better understand the buyers' side of the value chain, and as preparation for the buyer interviews. *(See Appendix C.)*

ARD staff agreed that ideally it would be important to interview all buyer groups and learn from each of them. However this scope was too large for the project, since there is a wide variation between buyer groups, such as retail, food service, convenience stores, etc. Therefore, the scope of the study was narrowed to focus on one group.

The buyer group (or market) identified by staff as the best focus for this distribution study was: ***food service,*** and in particular ***restaurants***. In general, the food service market tends to be an easier place for producers to enter, before they attempt to expand into specialty retail or large retail stores. The definition of food service is "food served away from home."

Definition of Food Service: "Food served away from home."

The reasons for choosing restaurants (versus retail) as the key study group were:

- Food service generally provides better returns to the producer.
  (i.e., the markets with greatest to least returns to producers usually start with: restaurants, then specialty retail, then institutions.)
- Food service is a simpler market process, compared to retail.
- The restaurant market is more manageable, since it deals with smaller volumes (i.e., retail demands much larger volumes).
- Many chefs are interested in local food (i.e., having a new menu item, or something unique). It would be easier to develop a business relationship with a chef, compared to other buyers, providing that the chef is a key decision maker. Often independent restaurants are easier than large restaurant chains.

The questions asked in the buyer interviews focused around the following themes:

1. Main types of local food products being purchased and where they are sourcing product.
2. Their motivation for buying or not buying local.
3. Goals (if any) in expanding local food purchases or promotional plans.
4. Challenges in the purchase of Alberta's food products.
5. Potential solutions to these challenges and opportunities for Alberta's products.

Summary of Buyers' Survey

Out of the number of restaurants contacted, 11 businesses participated in the study. Businesses that were most involved with local food purchasing were able to provide significant detail and information regarding challenges, opportunities and their goals for expansion. Those businesses purchasing limited amounts or not purchasing local were still able to provide valuable information to better understand local food purchasing in Alberta and its challenges.

Key to Responses:
In the responses that follow, numbers may appear in parenthesis at the end of the statements. These indicate the number of times the comment was raised *(e.g., (3) responses). Otherwise the statements indicate that at least one participant responded with those words.*

How restaurant buyers define Local Food.

- About half of the participants (5/11) responded with one or more of the following comments:
  - "within 100 miles"
  - "within the city or region"
  - "within Alberta"

Focus of the Study: those currently purchasing any of Alberta's local products

- Out of those businesses that were purchasing (9):
  - Some indicated, "Yes" they were purchasing local (in considerable amounts).
  - Less than half are buying on a limited basis (i.e., potatoes only, fruit only, etc.).
  - A couple businesses were purchasing only meat (undetermined whether this is a major part of their food purchases or on a limited scale).
- Often restaurants that are part of a hotel or restaurant chain will have large national contracts, or vendor agreements with a large food service company committing them to buy a certain percentage (i.e., 80-90% of purchases), while the remainder can be purchased from other companies, which may or may not include local food. Some restaurants are purchasing specific local products to meet a particular need. For example, a restaurant may decide to purchase "local" meats only, if the producer is providing high quality product and/or specialty cuts.
- Some restaurants have local food as their main focus, while only using larger foodservice companies to purchase products not locally provided. Their local purchases vary during the year, depending on fresh or frozen product, and its availability.

Buyers of local food, were asked to provide details, such as how long they had been purchasing, and the locations from which they were sourcing product.

- Some indicated they had only been purchasing within the last 3-5 years. Within this time period, some products such as produce are purchased on a seasonal basis *(i.e., about 8 months)*, while products such as meats are year-round.

- o Central Region:
  - vegetables (beans, carrots, beets, peas, potatoes)
  - herbs
  - berries
  - honey products
  - meats (beef, pork, bison, elk, lamb, turkey, chicken)
- o Outside the region:
  - potatoes
- o Besides buying Alberta product, most of the participants have a major food service distributor as their main provider.

The motivation for either buying or wanting to buy Alberta's local product – since most businesses did not comment, we could not get a full range of perspectives. However, those that did respond indicated their motivations were:

- o Quality of product, including fresher, tastier, or less processed product. Quality was a reoccurring theme, and often in first or second place as a motivator (e.g., "Quality is fantastic!," "Had the quality, quantity and consistency of products they could use for the life of the menu"). (3)
- o Food safety/awareness of how food is raised or grown (a key motivator for one buyer).
- o Economic or ethical reasons, which may include personal goals such as keeping money in the local economy and allowing economic spinoffs*, s*upporting smaller farms, keeping food closer to home, etc.
- o Producers approached them; producers had quality, or the type of product that the restaurant could use.
- o Product uniqueness, meeting a restaurant's specific needs (e.g., Berkshire pork bacon, certain variety of potatoes, etc.).
- o Customers are asking about local foods, for reasons such as supporting local farmers, for taste, freshness, food experience, etc.

Reasons for NOT buying local from Alberta, only buying specific products, or only buying limited quantities:

- o The most common reason given for not buying is that buyers are not aware of who is out there for suppliers, and the kind of products available, "Producers have not approached them." *(4)*
- o Price of local product is a big consideration. *(4)*
- o *(Related to price)* There are rebates offered by large food service companies for buying in bulk. Some will buy from large retail stores, just because it's cheaper (e.g., dairy).
- o Convenience; they purchase from large companies more out of convenience, if they cannot easily source product locally. (2)
- o *(Related to convenience)* There is some concern about supply or availability of product.
- o Coordination and time required; it is too difficult and too time consuming to coordinate large numbers of small deliveries; they prefer the ease of making all their purchases with one or two suppliers; this relates to billing and delivery. *(2)*
- o There is some concern about food safety *(1)* and quality. *(2)*
- o Required producers to deliver; some producers were not willing to deliver. (*2)*

Goals/Values:

Goals in supporting local and/or implementation plans to further promote local. Some businesses had very specific goals, aiming to purchase a certain percentage. Others were gathering their own consumer feedback or collaborating to develop a plan beyond their immediate restaurant.

- Some estimated their food budget for local product to be as high as 75% of their total annual food purchases, in order to support the local economy; purchasing 100% of their meat locally, and spending between 25% (during the winter months) to 75% (during the growing season) on locally grown produce.
- Some estimated their current local purchases were around 20%, others at 10% or less (i.e., the percentage allowed by corporate head office). Many did not indicate their total local food budget purchases.
- A company not currently purchasing local, but planning to start, is doing some preliminary research by surveying customers to find out their food preferences regarding production systems (e.g., free range, organic foods, etc.).
- Some business plans include instituting a "local "corporate menu, in collaboration with other chefs, over the next few months. Their goal is to purchase 100% of their meats and 90-100% of potatoes. They also stated "they would buy local greenhouse tomatoes for 8-10 months of the year," but need to locate products locally.
- Customers do ask about local foods; more than one business indicated their staff is trained to talk about the benefits of local foods featured on the menu or promote their philosophy.

Logistics:

There is a broad range of local products from Alberta. Some of these can be purchased all year, if they are non-perishable or frozen products, such as legumes, meat, or frozen fruit and vegetables, etc. Fresh produce is available during the growing season. Often deliveries are made 1-2 times per week to these businesses.

- Products listed from the surveys *(please note, this is not a comprehensive list of all products purchased in the region)*:
  - meat products – beef, pork, bison, elk, lamb, turkey, chicken
    - Meat can be available all year.
  - vegetables – beans, carrots, beets, peas, greenhouse crops, potatoes
    - Vegetables available approximately May to October, depending on the type.
    - Greenhouse vegetables have a wider time frame, starting earlier and extending longer into the season.
    - Root vegetables available approximately July to October, but if the producer has adequate storage they could be available all year.
  - fruit – strawberries, raspberries, saskatoons, etc.
    - Fresh fruit is generally ready from June and September, depending on the type.
    - Frozen fruit or vegetables can be available all year.
  - herbs
  - grain/oilseed – breads, etc.
  - legumes – dry beans, split peas, kidney beans (for soups, etc.)
  - honey products

Participants were asked who they bought product from (i.e., individual farms or organizations/co-ops), as well as how they received these products (i.e., picked up or delivered).

- Mostly individual farms or businesses were mentioned as the source of their product.
- Some of these businesses may represent a collaborative group of producers that supply the product.
- In all the examples provided, products were delivered to the restaurant.

Local Food Purchasing - Potential & Issues:

Businesses that were already purchasing Alberta's local products were asked to list their biggest challenges to purchasing and list them in order of importance. (Note, they were asked to list and rank their top-of-mind challenges, rather than a pre-determined list.)

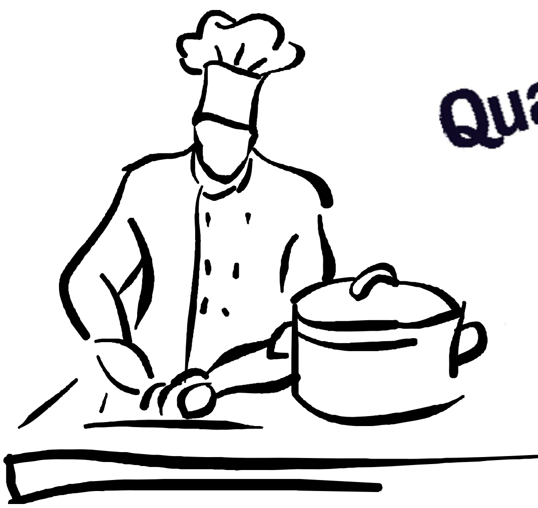
- First – Most important Challenge:
  - price *(2, one comment related to produce)*
  - quality *(related to food inspection and eggs)*
  - quantity *(needs to last the life of the menu)*
  - delivery when required *(1*
- Second – Next in importance:
  - quality *(2, one comment related to produce)*
  - quantity *(a steady supply for the life of a menu, 3-4 months at a time, and consistency of product quantity for duration of the menu) (1)*
  - difficulty in coordinating a large number of small deliveries, since it involves receiving and billing, which is time consuming *(1)*
- Third – Other Comments (not ranked):
  - interested in local, but not knowing where to source products *(4)*, such as vegetables, fruit, and meat, or other food types that might be available. Some would like to see more producers approach them.
  - delivery *(2)* was required to the restaurant
  - the buying process was difficult at times
  - wanting to see a more business-like approach in the promotion of products, pricing and quantities, etc. *(1)*

The following diagram lists the challenges that were top-of-mind to buyers when it comes to the purchase of local food. Their issues included both general and logistical challenges.
The diagram was created by taking the phrases from participants, noting the number of times each comment was stated, the ranking that participants gave (i.e., first, or second), or if the challenges were listed but not ranked (i.e., therefore ranked as third). The ranking was then weighted, and entered into Wordle™ [1].

[1] Feinberg, J. (2009). *Wordle™.*

The result is the word diagram found below on the right-hand side. Phrases that are larger are those that were ranked higher and/or mentioned more often than other phrases. For example: quality, price, quantity and lack of awareness were the top four issues. *(See Appendix E for the explanation on ranking and weighting of phrases.)*

Challenges in Purchasing Alberta's Local Food



Source: Wordle TM

Suggestions on overcoming the gaps or barriers to local food purchases mostly focused on:
a) Knowing where to source product.

- Product sourcing and awareness – There is a lack of awareness by buyers of the producers that live in the area and the products that they have available. This may be an opportunity to set up a website to inform buyers on availability and a means to educate as well**.** Buyers are looking for information such as product description, prices, sizes, etc.
- Variety/uniqueness – One participant expressed a need for "more producers with unique products" (e.g., purple potatoes, Berkshire bacon, etc.).

b) How to better deal with volumes of product.

- Quantity – Restaurants need volume; therefore, either "more producers capable of supplying quantity" are needed or purchases may need to be coordinated from a number of producers in order to get the volume of supply required.

c) Coordination of product delivery, among other suggestions.

- Ease and convenience of delivery – "There is a need for a central distribution club for central area producers." This would help facilitate the movement of supplies to the buyer.
- Knowledge and skills – We "need someone like a major food service company to coordinate bulk buying" *(i.e., a company that has the knowledge and skills needed for the buying, coordination, and distribution process, as well as greater resources compared to most small to medium-sized businesses).*

The impact of purchasing local food on internal business operations often means adjustments in the way business is done, such as in the area of coordination, billing, and delivery. However, this depends on how the business was set up initially. The size of business may also be a factor on how flexible they can be, and how their processes are streamlined.

- One participant found it too expensive and difficult to coordinate delivery on a broad scope of products due to the time involved. Therefore, their local purchases were limited to specific food products and were sourced from one company. For others, billing was also difficult to coordinate.
- One participant was not impacted internally by any changes, since the business was originally set up to source local.
- A couple of the participants mentioned that they needed delivery of products to their restaurant (i.e., unable to pick up products).

The satisfaction of restaurateurs and chefs in their purchases of Alberta local foods is very high for some; others are working though challenges, but are still interested in sourcing local. The ease of purchasing varies with product type.

- Some of the businesses purchasing local were very satisfied with the quality, quantity and even price. Others had challenges with delivery or needed more information on products available, quantities, pricing, etc. They would buy more products if they knew what was available.
- The easiest product to purchase was meat, since this product can be frozen and is available year round. Root type or storage vegetables, such as potatoes were also one of the easier products to purchase.
- Fresh vegetables are more seasonal and more perishable. However, buyers said they can work around this.

Highlights from the Buyer Survey and Opportunities

- Some restaurant chains have a team of executive chefs developing a "local menu," along with menu promotion. Their goal is to purchase a large percentage of their product from local sources in the coming months.
- Restaurants are looking for something other than average, such as specialty items (i.e., certain variety of potatoes, certain cuts of meat, etc.).
- Quality is very important.
- Quantity for the entire life of the menu (i.e., 3-4 months) is also of prime importance, as well as consistency of product quality during this time.
- Motivators for purchasing local include, consumers' preference, ethical reasons, product uniqueness, products that meet a particular need, how a product is grown/raised, etc.
- Price and convenience are an issue for some restaurants. This is something to be worked out between buyers and producers/suppliers. Is there value for the extra costs?
- Producers and buyers will want to discuss potential concerns in advance, such as food safety, etc., so that they don't become an issue at a later date.
- There is a lack of awareness of producers in the region, product that is available, and details around the product, such as description, quantity, size, price, etc.
  - This may be an opportunity for a web-based directory to locate products available in the region.
  - Building relationships, hosting open-houses, having demonstrations, or showcasing products are some promotional efforts that could create awareness of the products available. *(See Appendix C* for *solutions to barriers.)*
- Coordination, convenience in delivery and time – It can be difficult to coordinate a number of small deliveries, which involves receiving and billing. Being a solutions provider in the buying process may help bridge the gap.
  - This may be an opportunity for consolidation by a number of producers. They may be able to provide a variety of products to one or many restaurants in a region.
  - A central distribution facility is another option for the Central Region to facilitate the movement of supply to buyers. This requires someone skilled in the area of coordinating bulk buying and distribution.
  - A simplified billing process is something to be worked out between buyers and suppliers.
- Start small/learn as you go:
  - Some restaurants are comfortable with purchasing large amounts, while others are purchasing on a limited basis, such as meat or fruit only.
  - If there is uncertainty about the purchase of local product, it is best to keep the process as simple as possible (e.g., one type of product, one specialty item, or a certain percentage of the budget), allowing time to adapt to this process and building the relationship between the buyer and supplier. Expansion can follow.
  - Preliminary research on product demand can reduce some of the guess work (i.e., consumer feedback).

  - Buying of local food is relatively new for some businesses. Some businesses have only been purchasing local within the last 3-5 years. There is a lot to be learned from others who have already started the process, through networking and sharing information.
- *See Appendix C for other barriers and solutions to purchasing local.*

Group II – Survey of Logistics Companies

To carry out the study on logistics companies, a list of carriers (transportation companies) and storage facilities which handle food products was developed. The list was compiled from information provided by federal and provincial governments, and from private businesses. Although not comprehensive, the list would include the majority of logistics companies conducting business within the Central Region of Alberta.

Companies were interviewed by phone to determine the types of products they handled, identify regular transportation routes, determine their interest and motivation in local food distribution, as well as the challenges and opportunities in dealing with local food distribution and storage.

Criteria for Logistics Company Selection for Phone Interviews:

- Transportation/storage of food products that may be frozen, chilled, or dry goods (ambient or room temperature).
- Companies that operate in Alberta.
  - initially focus on the Central Region (Red Deer area) *(See Appendix A)*
  - may include companies outside the region, which are travelling through or have the potential to pass through the region (i.e., Calgary-Edmonton Corridor)

The questions asked in the interview focused around these themes:

1. Main food and beverage products being transported/ handled by their business.
2. Explanation of how food is handled within this region (i.e., transportation routes, frequency of delivery, etc.).
3. Motivators and barriers to the distribution/storage of Alberta's local food products.
4. Potential solutions to these challenges and opportunities for Alberta's products

Summary of Logistics Survey: Company profiles

Information was collected from 15 different companies, all of which had a transportation component, as well as a few larger companies having storage capability. In general most companies expressed an interest in the transport of local food whether they were large, medium or small companies.

From the interviews, three different types of companies emerged. Rather than grouping them according to size, they were categorized by function according to the main purpose of their business and by their interaction with local food system. This means a mixture of small, medium, or large companies could exist within each of the three categories.

Type A: Distance & Volume/Delivery Specific

- **Size/Scale** – These are generally very large companies, although not limited to this size.
    - They are often doing longer hauls; some have geographic regions within Alberta or travel regularly between Edmonton and Calgary; some travel throughout Western Canada; others travel across the provinces to Eastern Canada, or into the United States, and possibly Mexico. Some companies may deal with intermodal shipping as well (i.e., containers on truck and rail…).
    - Contracts are generally larger – dealing with large volumes, and delivering to large food companies or to large retail chains.
    - The exceptions to this may be smaller companies that are set up for special deliveries *(i.e., a delivery company that takes product to the airport, a company that only transports alcoholic beverages)*.

- **Purpose** – They mainly *haul loads* only, and do not *load* trucks or coordinate the delivery of supplies. Often the truck drivers do not know the origin of the product or the content. The process may involve them dropping off a trailer, which is then loaded and sealed by the customer, and then returning to pick up the trailer. They may make frequent trips to their final destination daily or several times a week (within or outside Alberta).

- **Product type** – They are often able to carry a broad range of products in their trailers: frozen, fresh/chilled, or dry goods, and may be able to set various temperatures within the same trailer. They also could be very specific to carrying food or beverage products (i.e., grain only, alcoholic beverages only, meat only, etc.). Some companies have sophisticated systems that can monitor and record the environment around the food and beverage products for quality control purposes. For example, they can monitor the temperature of each trailer on the road at any point in time, such as when the truck pulls into a site, the time when the seal on the trailer is broken, and how long the doors have been open.

- **Connection to Local** – Since this group mainly focuses on covering great distances, volume, or specialized in what they haul, they often have little to no connection with the local food supplier.

- **Concerns/ Opportunities** – They are still open to the concept of *local food distribution for smaller volumes of products.* They can put together loads that are compatible; as one company stated, "they can make it work" (i.e., different temperature requirements for different products).
    - Time is also a factor, as well as returning with empty trucks. They are looking to fill backhauls, to make more efficient use of the trucks on the road.
    - Something to discuss with each individual company is their flexibility on how they can effectively deal with smaller quantities.
    - Some have space for additional freight on their routes.
    - Some companies will do smaller deliveries through a network of depots.

Type B: Collaborative/Complex (highly structured)

- **Size/Scale** – These may include large to medium-sized companies. Like Type A, they are generally dealing with volume and therefore, are dealing with complexity in coordination and delivery.
    - They may travel across the provinces or within Alberta, but there is a link that is closer to home (within Alberta).
    - They may make many trips per week to larger cities and less frequent but regular trips to smaller centers.
    - May include retail delivery as well.

- **Purpose** – They are generally looking to provide a service to local businesses or are coordinating with smaller businesses. They are generally well established and have the flexibility to breakdown the load into smaller trucks or vans that deliver into smaller centers. They may even have terminals to facilitate this process.

- **Product type** – They may be able to carry frozen, fresh/chilled or dry goods. The amount of temperature controls in the trailers will vary company to company.

- **Connection to Local** – They may be producer/processor owned (e.g., cooperative), or a separate trucking company, etc.
    - The companies tend to be more *hands-on* with local, than Type A companies. Some may purchase direct from the producer and they often try to access local product in season as much as possible.
    - They may have specific goals to support local, such as staff dedicated to sourcing from Alberta suppliers or a formalized Task Force to implement the buying of local product.

- **Concerns/Opportunities** – Since they are travelling a distance, empty loads are also a concern. They are looking to better coordinate backhauls and would like to see more coordinated pickup points; some use other transportation companies on a backhaul basis.

Other Comments:

- Some companies do not have typical runs each week, "wherever the client requests, they will go."
- Terminal locations for some companies are Calgary, Red Deer, and Edmonton. Deliveries to a number of smaller towns can be arranged from these terminals.

Type C: Collaborative/Hands-on-Deck

- **Size/Scale** – These are generally small to medium-sized businesses (although not exclusively).
    - Some deliver into large urban centers (Edmonton or Calgary); others may deal with smaller centers or they may travel to a particular region within the province.
    - Some serve a particular market type (e.g., high end restaurants).

- **Purpose** – Their primary focus is mostly to increase local foods in the marketplace. This group would be the most directly involved with the suppliers, which may include coordinating or providing a service to smaller businesses.

- **Product type** – Some companies may transport a wide variety of products, such as frozen, fresh/chilled, or dry; while others may concentrate on one or two of these types depending on the size of the company and equipment they own. They purchase locally/seasonally whenever possible.

- **Connection to Local** – Companies coordinate directly with producers. They may pick up at the farm or may coordinate with a number of producers, and have a central pickup point. Other companies may have producers deliver to them.

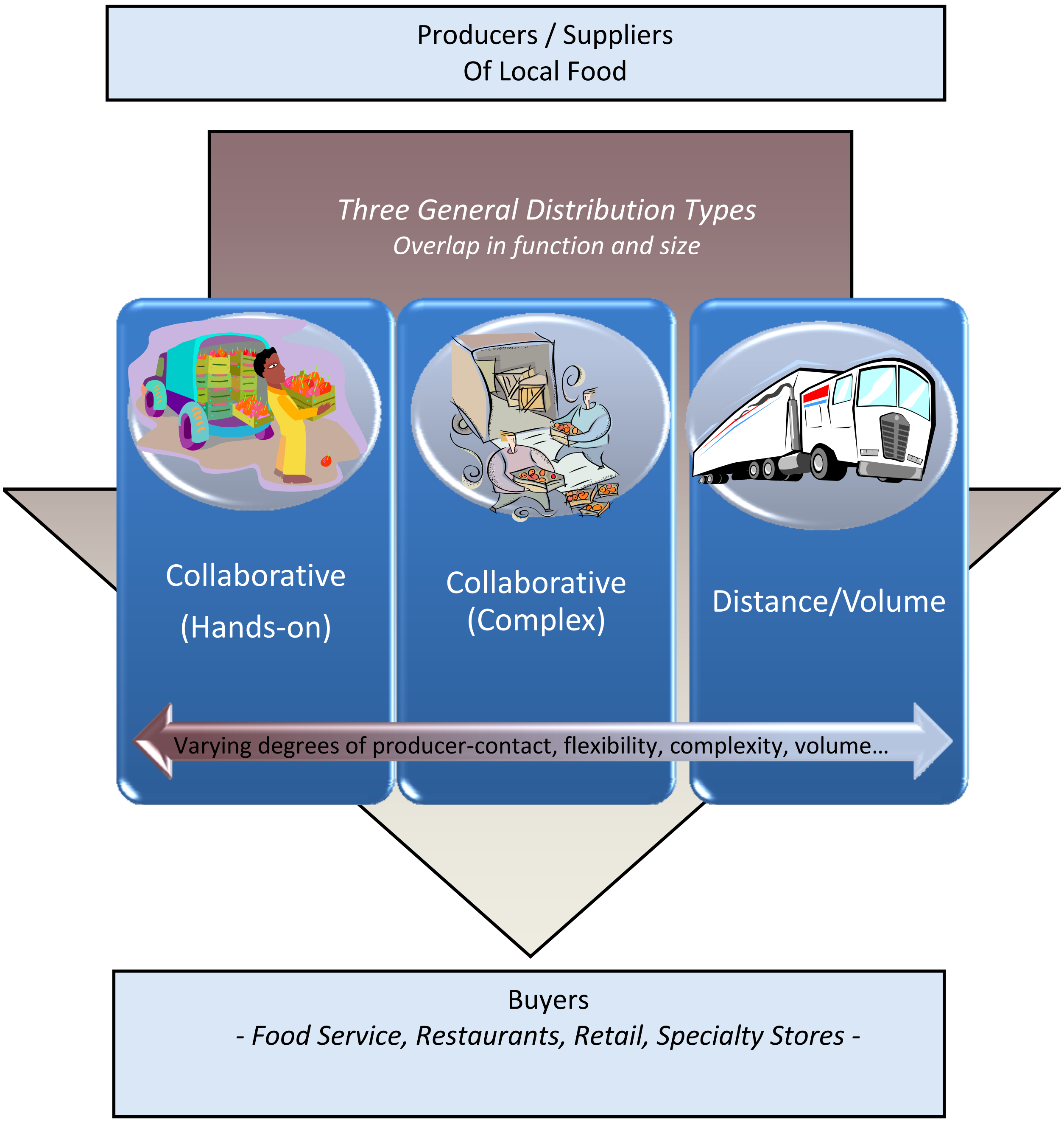
- **Concerns/Opportunities** – They often comment that there are not enough local products available. They see great potential for other businesses offering the same service (i.e., coordination of distribution and expansion of local food purchases).

Highlights from Logistics Survey

Through the survey process, it was apparent that the logistics industry is quite competitive; some of these companies had amalgamated with smaller trucking companies on the list. There were general comments about how costly it is to run a truck and that they are looking for ways to become more cost efficient.

- Larger companies are often dealing with volume and the larger urban centers, such as Edmonton and Calgary. Some of them have their own vans or trucks that take smaller loads into smaller communities, while others require coordination with smaller trucking companies to run between their warehouses and smaller communities. *(Type A/B companies)*
- Smaller companies appear to have more flexibility than larger ones in dealing with local products, although it would still require coordination with producers. *(Type C companies)*
- Alberta was referred to as a "consuming province." Trucks were dispatched from the East (Ontario) with full loads and returning with only partial loads back. The sales or account managers are looking for loads to fill the trailers on their backhauls. The cost of a load going east was substantially lower. *(Type A companies)*
- Edmonton and Calgary are the main warehousing/distribution centers. *(Type A/B companies)*
- Airdrie is now becoming known as the warehousing and distribution centre *(i.e., on the outskirts of Calgary). (Type A companies)*
- Trucking companies are offering incentives to ship product out of province, since they are going out with empty loads. Like to see more coordination with backhauls. *(Type A/B companies)*
- Generally there is more interest in local product from small to medium-sized companies. Larger companies are also interested, but require greater volumes and coordination. Many large companies are too busy to deal with local purchasing and have a tight schedule they need to follow (i.e., to cover large distances).
- Some companies are not connected to the product at all; are only set-up to haul product. *(Type A companies)*

- o There is a trade-off between the service that can be provided and flexibility:
  - Smaller companies may be the most flexible and accommodating, but may have limitations in the scope of product they can handle due to equipment or resources (trucks, refrigeration, staff, etc.).
  - Larger companies tend to have the trailers with sophisticated temperature controls, but they also need volume and more coordination to be able to pick up product.
  - Mid-sized companies fall somewhere in between, with more efficient resources (equipment, staff), but require coordination to fit their system.



Group III – Producer Focus Groups

Focus Group Sessions

The Central Region of Alberta has a large number of *producers*. It would be difficult to interview the majority of them; therefore, to get a broad perspective from a number of different farm operations, focus groups was the method used to gather information. The advantage of a focus group setting is that it creates an environment for individuals to share and build on each others' ideas, to identify commonalities and differences between farm operations, and potentially create some new connections among the group's participants.

Criteria for Producer Selection for Focus Groups:

- Businesses within the Central Region. *(See Appendix A)*
- They must have a product in the market and be able to quickly scale-up production.
- It would include businesses exploring the retail, restaurant/chefs, or foodservice market. Although they are dealing with relatively small quantities, further trucking or storage is needed beyond the growers' usual responsibilities (e.g., businesses that may be selling at the farmers' markets and/or through on-farm sales and are ready to move into other markets that require expanded distribution/logistics [trucking and storage]).
- Includes all of the commodities or value-added products (i.e., protein, grain, horticultural crops, honey, etc.).

Two focus group sessions were held in Red Deer on November 10, 2010 to identify the main challenges producers are facing in distributing their products in the Alberta market. Eleven participants, representing nine farming enterprises, took part in these sessions, which included producers of fruit, vegetables, greenhouse crops, beef, bison, elk, pork, lamb and chicken, as well as grain millers, and honey producers.

The questions asked of participants in the focus groups, focused around these themes:

1. Market types in which they currently sell.
2. Potential for expansion of local food products into other local markets.
3. Challenges to local food expansion (i.e., general challenges and those related to logistics).
4. Solutions to these challenges (i.e., general challenges and those related to logistics)
5. Industry strengths (i.e., organizational, networks, etc.)

Summary of Producer Focus Groups

(The responses below indicate that at least one business responded with these words.)

1. ***Please describe the types of markets you are in. At which locations are these markets? Currently, how are you getting your product to market?***

- **Farm Direct sales** – Farms located within the Central Region
  - consumers/buyers come to farm

- **Farmers' Markets** – In nearby communities in the Central Region, as well as urban centers (Calgary, Edmonton)
  - use own trucks, coolers or freezers (reefers).
  - rent the trucks out to the business partners (co-op) to do deliveries.
  - hire trucks (reefers)

- **Restaurants –** Red Deer, Banff, Jasper, other locations
  - use own trucks for delivery.
  - hire a transport (carrier) company.
  - some chefs pre-order and pick up at the Farmers' Markets.
  - some buyers pick up from the farm

- **Home delivery/direct to end user (businesses)**
  - use own vehicles, own freezer trucks
  - some producers have their customers pre-order, and then take products to a central delivery point in an urban center, such as Edmonton, Calgary, and Red Deer; this is a planned delivery schedule within a specific time period (i.e., monthly, every 8 weeks, etc.)
  - if the customer wants delivery to the door, then the producer will charge an extra fee for this service

- **Retail –** includes local grocery, specialty retail, etc.
  - largely dealing with stores in Edmonton, Calgary, and Central Alberta
  - use own vehicles, reefers, or Farmers' Market trailer
  - deliver to a federal processing plant; then it moves directly from the processing plant to the retailer's storage facility, then to the retail store through *their system*

- **Convenience stores**
  - use own trucks for delivery

- **Export market** – United States, European Union, Japan, etc.
  - have on-farm pick up
  - deliver to a carrier (trucks)
  - fill a 20-foot Sea-Can (container)

2. Are you considering either expanding your business or entering a new market, where you know there is an assured demand for your product?

- **Strong demand –** The majority of the producers stated that demand was strong and greater than supply; it was difficult to keep up with their current customers (i.e., vegetables, flour, honey, various kinds of meat products). Examples of comments: they were "growing so quickly" and it was hard to keep up with their current demand and facilities, "a good opportunity to expand exponentially … sales are growing," and "they advertised and had a huge response … so they stopped" since they could not provide to more customers.

- **General comments regarding entering or expanding into new markets**
  - **identify your customer –** Know which customer you want to serve, and where you want your farm to be in the future (i.e., want to sell locally and close to home, or to restaurants, or export, etc.). It makes a difference when making decisions.
  - **test demand –** Before producers assume they have a new buyer or a new market, they need to test it to ensure it is secure enough to launch into. Is it a *real demand*, or an *expressed demand?* Producers will go to a lot of trouble getting labour in place and incur other expenses "but if it's not sold, it's garbage … therefore we need markets." "There is *a disconnect* in the local food market…. Lots say they want *local* but will not pay the cost."
  - **awareness of consumer needs –** Consumer preferences vary. Producers mentioned some of the factors that consumers are considering when purchasing products: convenience, value, cheaper, want to connect with a producer or a farm, etc. While some consumers choose the cheapest product, others will go out of their way to buy something more expensive, but of value to them.
  - **awareness of regulations –** Several were listed such as, Hazard Analysis Critical Control Point (HACCP), the Alberta HACCP Advantage (AHA), and the Canadian Food Inspection Agency (CFIA).

3. a) What are some of the biggest challenges or barriers you face getting into these markets (i.e., challenges with expansion, in general)?

- **Growth management –** Many stated that growth is a challenge. As demand is growing and they are getting bigger, they have their own management issues within their facilities (buildings, storage, etc.), management of relationships, as well as other implications due to expansion, such as "it would not take long to max our processor out." Since these are smaller businesses, it is a big decision to decide whether or not they should expand or just make sure they can maintain the client base that they have.
- **Time constraints, in relation to the market channel**
  - **on-farm sales –** People coming to the farm means that time is involved. Some farms enjoy people coming to the farm, while others find it can interfere with the work and they can't afford the loss of time.
  - **staff to do marketing –** To expand into new or additional markets means that more time is needed. "If we had someone on the road full time *(for marketing)* then we could do a lot more" (i.e., whether it is convenience stores, restaurants, etc.).
  - **preparation time for specific markets –** Producers need to build in time for coordination and product preparation. Buyers and customers also need to be aware of

this lead time that is needed by producers. For example, in the home delivery market the grower may need to start preparing a week prior to the delivery date.
  - **small business limitations –** Producers want to make sure they can maintain their current customers and the quality of the product. There are regulation requirements, distances to travel in Alberta, as well as time needed for marketing and distribution, etc., "Being a small company, how can you do it all?"
  - **need more of a work/life balance –** Some stated that they wished they "did not have to work every weekend and every holiday." Being part of a grower group helps, since they can share the workload. They also can share the labour (i.e., workers from Mexico).

- **Volume, viability, and knowing your customer**
  - **volume of sales to restaurants, transportation costs –** Some found that there wasn't enough volume to sell into restaurants to be a viable market and still be able to pay their bills, unless the volume of sales was greater. It also takes more of their time to deal with this market. "The demand is there *(for local)*; restaurants are asking for it … but hard to do it because of no time to run around." Producers face this dilemma: If they sell into retail, then the returns are lower, although they would sell more volume, "but, if we work with a chef, they are more open … but they don't buy enough." One producer commented that an indirect benefit of working with a chef was that they "direct more traffic *(business)"* to the farm.
  - **convenience and value –** There has to be value for the producer (i.e., returns) and value to the consumer. For example, if transportation to the city is required to drop off product, then the returns must be worth the producer's time and the consumer must be happy with the price they are paying.

- **Labour –** Finding labour can be a challenge since a lot of Canadian workers "did not want to do field work.… not willing to do *(this type of)* physical work" compared to offshore labour.

- **Scale/large retail market**
  - **lack of purchasing power –** Larger businesses "do not want to deal with small producers.…" Producers found that they are expected to buy large amounts of supplies; "way too many bags" for their packaging needs.
  - **differentiation, limited resources (retail) –** "You are competing with other products on the market.… How can you differentiate your product?... [N]o money to wine and dine people ….*"* (i.e., compared with larger businesses).
  - **cost is a related issue –** "Not one *(grower)* is large enough to be a reasonable cost, and compete with the US,..."or other countries (e.g., competition from California).
  - **packaging –** Expansion into retail may mean more packaging costs.

- **Appropriate pricing** – Some producers set their price too low. In some cases, this meant they went out of business, and at the same time it compromised pricing for other growers.

- **Financing**
  - **loans –** Producers expressed difficulty in getting a relatively small loan for a direct market operation, while it would be much easier to get a loan for something large or more common. "[T]o get a loan for a freezer or buy a truck to sell our own meat, typical lenders will not give support to direct marketers … even if the business is reputable, and

has good *(credit)* rating … but not so with a chicken barn." They commented that banks generally do not want to deal with small accounts, unless there is collaboration.

- **business assets, not fully valued as collateral –** "You build it *(equipment)* or buy it, but no one else will buy it so it's worth nothing, yet it costs you *(the producer)*."

- **Entering Farm Direct Sales –** Considered as the most difficult by some. Facilities and infrastructure is very expensive; "need a nice place or customers will not come back."

- **Equipment –** Comments ranged from, "being difficult to find equipment for expansion" to being more costly in Alberta compared to other parts of Canada or other countries. As a result, producers may decide to build their own equipment.

- **Lack of value chains –** "No economical chains to get product to market if distance is a problem."

- **Education and promotion costs –** Buyers may require training on how to use certain products; may need to experiment or trial the product before they commit to buying. This means more time on the road for the producer and a donation of product.

- **Technology –** Use of computers for marketing (i.e., web pages). "Technology is challenging *(for some growers)* because they are not good at it," or do not have the time to get to know the technology.

- **Paperwork**
  - **for accessing funds –** "Smaller companies do not have the resources…" compared to large companies that can afford to have staff or hire a consultant. (Note: It was pointed out that Alberta Agriculture and Rural Development (ARD) can assist producers with this application process.)

- **Meat processing issues –** Several challenges were raised, which are interrelated.
  - **loss of infrastructure *(local abattoirs and meat cutters)* and increased distance –** Some producers stated that *after supply,* the next challenge is *abattoirs* (i.e., the lack of abattoirs, especially federally-approved plants, and the minimum number of head required for slaughter). "We must discuss the past 'gutting of the local market'. Is there a way to put *local* into a different category? We've lost half of the local abattoirs; every town had one or two abattoirs and two to three meat cutters…. Either 'you get big or get out'…. We can't have a local rural meat system without a local processing system *(e.g., drive 300-350 km to get meat killed or processed)*. Need a shift in direction, in capacity, if we want a local food system."
  - **scale, aging, cost of transportation –** Federal plants are dealing with livestock in large numbers and could slaughter up to 300 per hour and may do a double shift at the plant. Once the animal is slaughtered, it is cut into primal cuts, then bagged and chilled overnight. It then has to be shipped to a freezer/storage unit. *(Personal communication, provincial specialist, Dec 21, 2010).*
  - **the "system" –** Makes Alberta products costly to get to market. "It's hard to find someone to do small numbers *(i.e., head-of-livestock for slaughter)*. Provincially it's relatively easy, but a federal processor is much harder." Some federal plants require a minimum slaughter of 50-head which is too much for a small producer (versus a

provincial plant, which may only require eight-head). "Federal plants do not age the meat, therefore it must be then shipped into the federal storage system *(and hung for 21 days or more to age)*, and later shipped to a federal processor. It may have to go to yet another processor that will cut steaks, since some plants only do boxed packaging and will not do cuts." In some cases the meat had to be shipped to BC. "There isn't one plant that does it all, and the process is very costly and time consuming." "The cost is impossible. The consumer will not absorb that." This makes it more difficult to compete with imports (of meat, etc.), "the stores can't afford it from Alberta."

- **federal vs provincial regulations –** Federal regulations will be more stringent than provincial regulations; there may be additional requirements made by an individual facility as well. *(Personal communication, CFIA and provincial specialist, Dec 21, 2010).* Producers stated, "There is a huge difference between the federal and provincial regulatory system." They also described the interface between federal and provincial plants as "hard" and "way too much work."
- **paperwork for regulations –** "The paperwork for a local small facility is onerous and it's time consuming … trying to bring it up to federal standards." "Regulations are suffocating the local market." "The local market needs different regulations … needs local processing." (i.e., especially with meat products.)

3. b) What are some of the biggest challenges or barriers you face in the area of logistics (i.e., transportation /or storage)?

- **Delivery to restaurants –** It is a challenge to get there without product going bad. To hire a delivery company has its challenges; "they charge way more than what it is worth." They found that Greyhound was also too expensive. "It makes sense …" to have chefs purchase at the Farmers' Market, since the producer "can bring extra product to the market …." for them. "Restaurants may take only eight bags of spinach … not worth it to deal directly with the restaurant, but if they have chefs come for more products *(to the farm or to the Farmers' Market*) then it makes sense …."

- **Distance and costs –** Alberta is vast and therefore more difficult to get to a larger population base. "The distribution system is not developed for small producers *(compared to California)*." "There's a distance, to get to a market of one million consumers …."

- **Distance and market options –** Due to location, some market channels are not feasible to certain farm operations, and they will need to look at other marketing and logistical arrangements to get their product to market. For example, Farmers' Markets may not be an option to a producer if the farm is not closely situated to a large population. "There are no (*value*) chains close by … others cannot necessarily follow the same path *(as them)*, since it's too costly… abattoirs are closing up."

- **Large retail system**
  - **difficult entry –** Producers found it difficult to enter this market. A producer's view of this market, "It's labour, scale and mechanization … the distribution *(system),* through grocery, is locked in."
  - **year-round –** "The present distribution system only works *(for product that is)* all year round" and is not set up for smaller suppliers with seasonal product available.

  - **large-scale system –** "Chain stores have a system that is unfriendly to local, small producers." "If they *(buyers)* do not buy *(from local producers)* in the summer, they won't in the winter" (i.e., product is fresh in the summer versus stored product in the winter month). As a result, some producers have chosen to sell products to smaller grocery outlets, such as the local Co-op store, etc. Another perspective is that retailers may prefer to buy from the same source all year.
  - **relationships and practices –** Some farm operations spent large amounts of money and were promised promotion of their product. In the end, the deal was rejected and they did not get refunded.
  - **costs**– In general, producers found the large retail market costly, compared to the returns they made. For example, "they have three levels of margin," it was too costly to go through several other companies in order to get product into the store, and they were going broke in the process. There was a larger margin selling direct to consumer.

- **Carriers (transportation companies)**
  - **backhauls –** Participants recognized there are many companies out there; an opportunity to piggyback (i.e., backhauls where trucks are not full), but have difficulty finding those opportunities.
  - **costly –** according to some producers, hiring carriers (transport companies) can be very expensive.
  - **relationships and practices –** At the same time, there was skepticism due to bad experiences, shady practices (i.e., boxes missing, product going bad), or companies that would not get back to the producer in a timely manner.

- **Freezer storage/distribution**
  - **storage capacity and rules –** Some stated that storage is a big issue. Most producers start with a chest freezer, and grow from there; they cannot enter federal storage if their product is provincially inspected. "They lose inspection status if they mix provincial and federally inspected product, therefore would need a separate facility" for each.
  - **fee structure –** "…product may be in one day of the month, but charged the whole month… and based on a whole pallet *(even if only a few boxes)."*
  - **fresh versus frozen –** For the most part, the producers in the focus groups discussed frozen or non-perishable product, but recognized there are even greater challenges in dealing with fresh product.

4. a) What solutions are needed to overcome these challenges or barriers to expansion (in general)?

- **Quebec 's retail model** – This was an example cited, where producers are considered to have "more control of the retail system," and retail is strongly encouraged to purchase Quebec's local product.

- **Contacts in the system, networks**
  - Need a list of buyers who want to buy local.

- **Creating a win-win for all stakeholders** – Retail "asks for *local* product, but this creates a problem for producers….It's the whole system or none." Some suggested dealing with local rural stores.

- **Equipment –** Some producers build their own equipment; may need to create partnerships, or have greater contact with businesses in other parts of Canada or the USA, to custom build equipment for Alberta's producers. Some producers do offshore purchasing.

- **Marketing/branding**
  - **marketers needed –** "Hard to produce and market it too … *(as well as distribute).*"
  - **create consumer demand –** without it the market cannot grow.
  - **branding –** for Alberta products; producers like the branding programs in Ontario and Quebec.

- **Technology (for marketing) –** Use the technology available to better engage the consumer. There is a need for someone to help growers design/maintain web pages, interact with the public or help market the business in other ways (e.g., Facebook, blogs, other forms of social media). A helpful toolkit is needed, such as "an info packet as to how to affordably advertise on Google …."

- **Government's role**
  - **information transfer –** Producers would like to see government specialists travel more (within Canada and abroad) and bring back information to producers, in a variety of areas (e.g., technology, marketing of local food, etc.).
  - **educational role –** Informing the public (e.g., benefits of grass-fed beef, awareness of media messages regarding local food, etc.).
  - **continued support for effective markets (i.e., Farmers' Markets) –** Producers consider Farmers' Markets as being good for Alberta producers, and recognized the value of Alberta Agriculture and Rural Development (ARD) supporting this market. They suggested that certain Farmers' Markets could be built up (i.e., through advertising, management, etc.). Some locations do not have a huge population base to draw from, or may be located further from the city, compared to popular markets such as "Millarville (SW of Calgary) where they can get 2,000-3,000 people per day…. In rural areas, it's hard to advertise the market to get more people out."
  - **one-on-one mentoring –** Producers have benefited in the past from someone observing their operation and providing tips; "want fresh eyes looking at their business." Successful examples included: Jane Eckert visiting Alberta farms and programs in other provinces where agriculture staff gathered various ideas and shared this information with producers.
  - **rules simplified –** Producers are concerned that they could be "regulated out of business," while greater demands are placed on them, such as extra paperwork, time demands, etc., when their resources are already limited,

- **Industry's role**
  - **leadership –** In order to develop a local food system, "someone has to lead it ... and all are too busy…. Need to get 'bang for your buck!'…. There are very few growers to work on this."
  - **trust/networking/collaboration –** Producers need to work together, but first they need to trust one another. They need to realize that "the market is big enough for all of us" and by meeting with each other they can discover new opportunities, find solutions to problems, prevent others from making unnecessary mistakes and collaborate towards a

bigger goal (or market). "The main ingredient is passion, not knowledge …." Knowledge can be learned and shared but it still has to be applied differently for the next producer. Knowing one's own strengths and weaknesses are important, as well as finding a way to fill the gaps. As producers, they need to "not see each other as competitors, but as 'more people, to tell the story' …." about local food.

- **bridging the gap –** Each participant is doing their part towards building a local food system for Alberta. The question is, "how do you bridge the gap of getting a small producer to the next stage?"

4. b) What solutions are needed to overcome logistical challenges or barriers (i.e., transportation and/or storage)?

- **Funding and programs –** Opinions varied widely among the focus group participants.
    - "We need funding for infrastructure to help us set up a new distribution system …."
    - Some producers would like to see programs to subsidize employees, since "they have to sell so much to hire full-time staff."
    - Others prefer not to go to government as they view the money often going to big business, or that it is a cumbersome process, or they may feel restricted by the parameters laid out, compared to what they want to do with their business.

- **Distance, economies of scale –** In order for the local food system to work, there needs to be some way to manage the challenges of distance and scale for smaller producers.
    - **Value chains, especially in more remote areas –** "We have to develop the *whole value chain* here …." learn from mistakes, trial and error, from other locations where it's already developed (e.g., California). Co-packing is also something to consider, as it is part of the value chain. Create a value chain, so that buyers only need to deal with one person. Examples include:
        - UK model - where producers are growing 3,000-4,000 acres of potatoes, but they have one contact person for buyers.
        - Bison producers – marketing for 40 farms. A certain amount is charged per pound on rail.

      "People have to believe in their product and know their skill sets…. but need to understand their limitations. Someone needs to take it up the chain… [T]he rest need to focus on production. A value chain works on trust."
    - **need a point of contact, to sell at a particular store –** "It's very time consuming to find the right person to talk to." (e.g., bison producers, honey industry, and UK model all have a contact person for their business dealings.)
    - **collaboration versus competition –** "Maybe associations could ban together…could sell various products," (e.g., vegetables, flour, meat, honey) rather than one type of product.
    - **common drop off points –** This included, "to *stage* or *share* truckloads" for a greater volume of supply and sales. "A truck going to 10 farms is too much. Need *central* gathering *spots…. g*rowers in a coop, stage *(coordinate)* truck loading…. The truck goes to one farm and other farmers meet there." They were able to stage several B-Trains to go to USA this way. If a central drop off point is created then it needs to be "truck friendly," a good loading dock, where they can turn trucks around.

- **Informal and formal business structures**
  - **collaboration –** Arrangements where there is collaboration and sourcing from many producers to fill a market and not *necessarily having a formal* cooperative structure *(various Alberta* examples).
  - **formal co-operative –** Where producers can buy bulk packaging supplies, containers, etc. By working together the industry can better compete with economics of scale.
  - **commissions –** "Set up a commission for horticulture, beef, etc. and create a distribution center to deal with all products *(e.g., veggies, meat, etc.)*."

- **Sharing knowledge/experience/mentorship –** "So many producers out there are lost … because they don't know how to move forward." This again builds on the theme of trust and collaboration and the need to not view other producers as competitors.

- **Relationship with abattoir** – Developing a relationship with an abattoir is essential.

- **Set up a distribution centre for volume sales –** Vendors at a particular market *(e.g., as a separate business or as part of a farmers' market membership)* could pay a membership towards a separate facility, such as a distribution centre. This facility would allow producers to bring extra product; it would have a wide variety of products in order to meet buyers' needs. "This way, if producers get an interested buyer that needs volume, they can go to this facility to get what they need….Someone needs to oversee this (from a 50,000 ft view). Membership is needed. Standards are needed too. If after a week, product is not sold, it is discounted. It acts as a distribution center, a centralized drop off, so buyers do not have to go to a number of farms."

5. As part of the solution, are there industry networks, or organizational structures currently in place, which can further advance the local food market (i.e., what are the strengths of the industry)?

- **Trade shows, fairs** – Create opportunities for further networking and contacts, to link producers to equipment dealers, and potential business opportunities.

- **Commissions/check-off system –** This has allowed some industry groups to fund various research projects and advance as an organization.

- **Farmers' Markets –** "Could work with what we have…. These markets work well!" Alberta producers see this market outlet as being profitable, "It's the best in Canada…. It's a good place to trial a product" (i.e., at a smaller market) to find out if they want to pursue this venture. It "acts as an incubator, and it has a good profit center …." Some see it as the "most consistent market type and best profit center," while others see direct-farm sales as even more profitable. Some suggested linking a distribution center with the farmers' market. *(See example mentioned above, "Set up a distribution centre for volume sales.)*

Highlights from Producer Focus Groups

Producers are currently selling into a variety of markets: Farmers' Markets, on-farm sales, restaurants, home delivery, retail, convenience stores, export, etc. Demand for local food is very strong. At the same time, market research and testing the market is wise to do to ensure that the commitment is there and that it will be a sustainable market in the long term, before making a major shift in operations. Some of the key challenges and opportunities are summarized below:

- Time constraints and small business limitations were a common theme, which includes staffing, distance to travel in Alberta, marketing, resources, etc.
- Growth management can be a challenge, given a producer's or processor's current facilities and capabilities. It also impacts their time, management of relationships, labour, and work/life balance.
- Retail is a challenge for many producers due to the scale and volume of product needed, costs involved, competition with other products, and the lack of purchasing and marketing power. (Some producers made reference to a Quebec model where retail is strongly encouraged to buy local and producers have more control over the retail system. This may be something to research further.)
- In general, financing for direct marketers that are selling into niche or relatively new markets is difficult, since these types of businesses are not well understood by most financial institutions (i.e., financial institutions are more familiar with conventional and large-scale agriculture).
- Education/marketing is needed for buyers. Buyers may require products on a trial period or need training on how to use these products, which means extra costs to the producer.
- Technology can be a useful marketing tool to engage the consumer. Producers could use assistance in designing and maintaining web pages and general marketing. A toolkit on "how to affordably advertise on Google" would be beneficial.
- Marketing/branding is needed to help create consumer demand. At the same time, producers find it hard to find the time or resources to do the kind of marketing they would like.
- Meat products present some challenges, which include the lack of infrastructure and additional costs required to transport to the appropriate facilities for slaughter, aging, etc. Scale can also be an issue if the slaughter minimum is too high for smaller farm operations.
- Storage facilities may not be ideally set up for small to medium-sized producers. Fee structures are generally set up for larger volumes (i.e., charged for a full pallet, whether or not it is full; charged a full monthly fee, even if the facility is used one day in a month).
- Other models could offer innovative ideas on local food systems. Research into models from other parts of the world and information sharing may uncover new systems being developed for local markets that ensure high food safety standards.
- Restaurant chefs are looking for local product. The challenge is that volumes may not be great enough for this market to be feasible and to warrant the cost of delivery and time involved. If the farm is not situated close to a larger population then distance is an additional concern. If producers can collaborate and sell into several restaurants, or coordinate larger orders, then this market could become more viable.
- There is a general lack of awareness of buyers who want to buy local food. To sell at a particular store, producers also need a point of contact, since finding the right person can be a challenge.
- Working more closely with carriers (trucking companies) is an area that could be developed, to further expand the distribution of local food. There is a lack of awareness of carriers those that will work with smaller producers, those that are affordable and reliable, and/or those that wish to coordinate backhauls.

- Collaboration may be needed in obtaining equipment, purchasing supplies, marketing and distribution of food. This may be informally or formally structured (i.e., cooperative, partnership, commission, etc.).
- Distribution can be achieved through greater collaboration using common drop off points. These drop off points are a place to stage deliveries/truck loading, with facilities that have good loading docks and space for trucks to turn. Some suggested that this could be linked to memberships with the farmer's markets.
- Industry can play a role in leadership, creating networks, aiming for collaboration versus competition, and a greater sharing of knowledge.
- Government can play a role in information transfer, education, support, mentoring, and simplification of policy or regulatory hurdles. Additional funding of programs for local food market development may be helpful.
- Alberta Agriculture and Rural Development should celebrate and continue to support the farmers' market program with committed staff, as well as staff to assist in the facilitation of small business development, through mentoring, sharing other successful models, etc.

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.

<u>Producers</u> – 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:

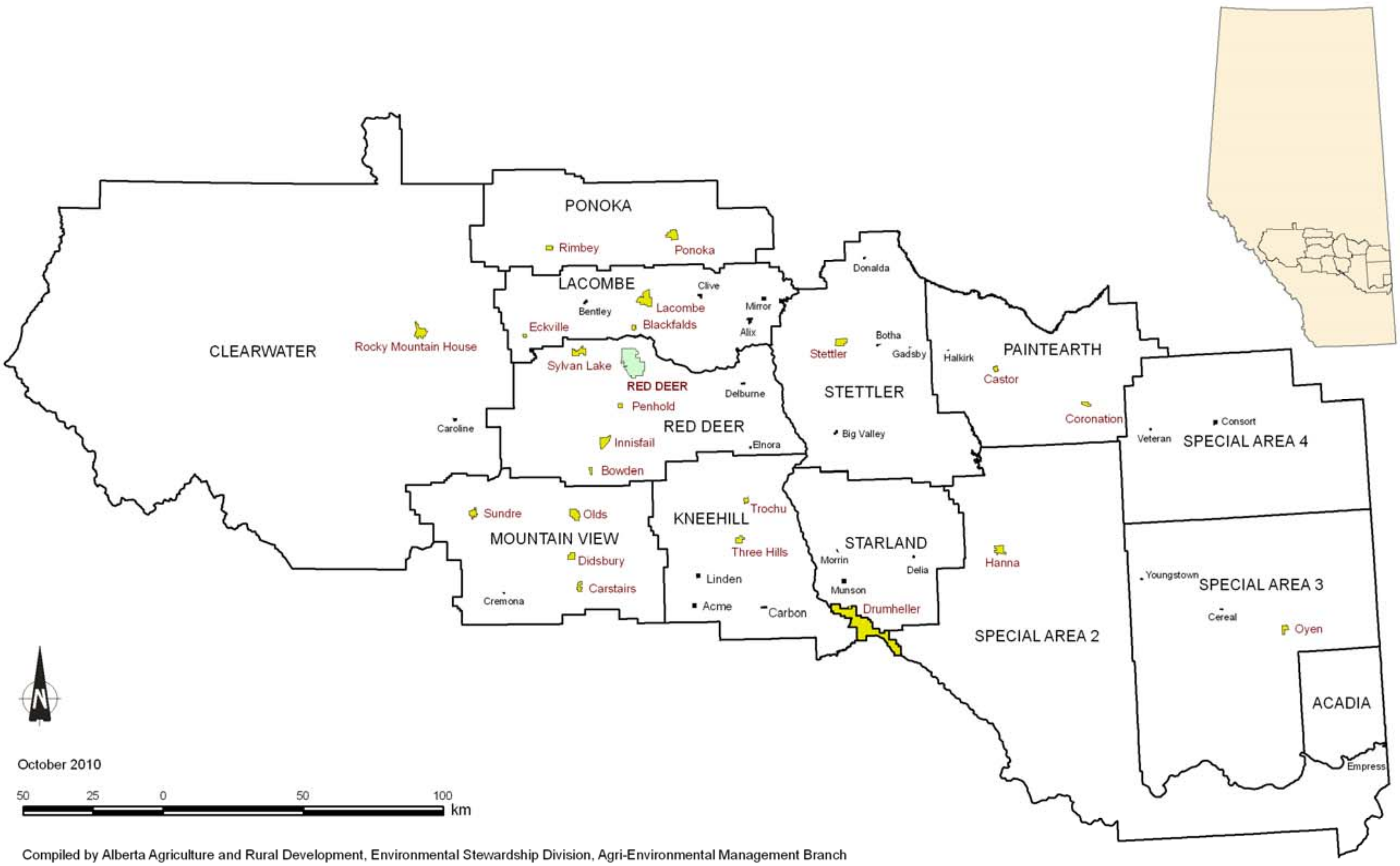
- Government may be able to further facilitate local food expansion by supporting industry initiatives, conducting research, and through further sharing of information.
- Logistics models and distribution fact sheets are a means of sharing information.
- Developing a database of carriers and storage 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.)*

List of Appendices

Appendix A – Selected Municipalities from Agricultural Central Region of Alberta



Appendix B – Reference Tables

Table 1 – Motivators in Support of Local Food

Used as a reference only.
Circle all letters which apply. Mark "i" for initial reasons and "s" for secondary reasons.
(Optional: May want to rank from 1 to 5, with 1 being the "most important" and 5 being the "least important".)

Quality	**Environmental concerns**	**Economic/ Ethical benefits**
a) __Fresher, tastier b) __Leaner, healthier c) __Possible allergic reactions, GMO, etc. d) __More diversity of products e) __Less processed, more whole food f) Other	a) __Less food miles b) __CO2 emissions c) __Sustainability d) __Biodiversity vs Monoculture e) __Less fossil fuel dependent f) __Organic g) __Reduced pollution problems from runoff into water h) __Less pesticides/herbicides i) __Antibiotic resistant bacteria – susceptibility increases in human j) Other	a) __Keeps money in local economy, economic spinoffs b) __Support covering cost of production vs buying cheaper food c) __Closer to home d) __Supports smaller family farms (in general) e) __Want to support local farmers (closer to region) f) Other
Food Safety	**Consumers' Values**	**Other**
a) __Awareness of how food is raised, grown b) __Less us of antibiotics, irradiation in smaller animal operations c) __Reduced risk of fecal organisms d) __Antibiotic resistant bacteria concern e) Other	a) __Asking for local product (various reasons) b) __Want to support local farmers c) __Taste, freshness, quality d) __Enjoy uniqueness of local flavour or seasonally unique products e) __Food experience and food value f) __Indulgent, artisan, handcrafted g) __Slow food h) __Real food i) Other	a) __ b) __ c) __ d) __ e)
Other	**Other**	**Other**

Table 2 – Alberta Produced Food Categories

Used as a reference only.

Meat:	**Veggies** (fresh):	
▪ Beef ▪ Hamburger ▪ Pork ▪ Ham ▪ Bacon ▪ Chicken ▪ turkey ▪ lamb ▪ Bison, Elk…	▪ Asparagus ▪ Beans ▪ Beets ▪ Broccoli ▪ Brussel sprouts ▪ Cabbage ▪ Carrots ▪ Cauliflower ▪ Celery ▪ Corn ▪ Cucumbers ▪ Lettuce	▪ Onions (green) ▪ Onions (cooking) ▪ Peas ▪ Peppers ▪ Pumpkin ▪ Radishes ▪ Rutabagas ▪ Squash ▪ Tomatoes ▪ Zucchini
Dairy & Eggs:	**Fruit:**	**Processed or Frozen:**
▪ Fluid milk ▪ Yogurt ▪ Cheese(types) ▪ Butter ▪ Ice cream ▪ Cottage cheese ▪ Eggs	▪ Strawberries ▪ Raspberries ▪ Saskatoons ▪ Apples ▪ Black Currents ▪ Sour cherries	▪ Perogies ▪ Corn ▪ Carrots ▪ Peas
Bakery:	**Legumes:**	**Grain & Oilseed Products:**
▪ Bread ▪ Buns ▪ Cookies	▪ Lentils ▪ Peas ▪ Beans ▪ Chickpeas	▪ Wheat & other cereals ▪ Flax
Sundries:		
▪ Honey ▪ Canola Oil		

Appendix C – Summary of Buyer Issues – ARD Focus Group Meeting

On September 29, 2010, a focus group meeting was held with ARD staff to explore the various markets from a buyer's perspective, representing the foodservice industry, retail, restaurant chefs, and convenience stores. The discussion focused on issues and barriers that often hinder the expansion of local food in Alberta, as well as potential solutions, and current activities that can help address these barriers. This information was used to better understand a buyers' perspective, and in preparation for the buyer interviews.

The information below is a summary only, rather than a comprehensive list of: buyer groups, issues, barriers, and solutions to local food expansion. It does not reflect issues of all buyer groups, nor is it representative of the entire province of Alberta.

Categories of Buyers

The main groups of buyers are:

i. Food Service
ii. Retail
iii. Convenience Stores
iv. Other

Categories and examples within each of the Main Groups:

i. Food Service - "Food Service is any food served away from home."
(Note: categorization of food service depends on volume)
- o Independent restaurants
- o Locally owned chain restaurants (not large chains)
  - Sorrentinos
- o Independent coffee shops
- o Institutions
  - Colleges
  - Health care facilities
  - Cafeterias
- o Correctional facilities
- o Truck stops and delis
- o Catering
- o Bed and breakfast
- o Other - arenas, fairs, community functions

ii. Retail
- o Specialty retail
  - H&W
  - Drug stores: London Drugs, Shoppers Drug Store
  - Italian Centre
  - Community Natural Foods
  - Planet Organic
  - Sunterra

- Local retail
  - Co-op stores
- National chains
  - Safeway
  - Sobeys
  - Save-On Foods
  - Superstore, Extra Foods, No Frills (Loblaws Group)

- Membership & big box stores
  - Costco
  - Wal-Mart
  - Zellers

iii. Convenience Stores

- 7-11
- Mac's
- Husky / Mohawk
- Truck stops

iv. Other….

- Fundraising
- Farmers' Market
- Ingredients - supplied to processors

Barriers or Issues to Purchasing Local Food: (as expressed by buyers, others…)

Issues are grouped under the Categories: Finding, Ordering, Delivery and Education

F= Finding, O= Ordering, D= delivery, E= Education

Category	Issue	Who
(F)	Promoting new and different products – Scanning for early signals for new and changing consumer tastes *(i.e., open-house to display and promote product; research product demand)*.	(Producers, Buyers – chefs)
(F/O/D)	Supply – both volume availability and consistency. *(Note: consistency includes quality, quantity of delivery, reliable delivery times, etc.)*. Need a back-up plan when product can't be delivered; when things don't go according to plan *(i.e., consistent supply)*.	(Producers, Buyers – chefs, retail …)
(F)	Time it takes to find producers and right products.	(Buyers – chef, food service)
(O)	Time it takes to buy local products; to deal with various producers.	(Buyers – chef, food service)
(O)	Authenticity and traceability of locally grown foods. Price may also be an issue.	(Producers, Buyers - retail)
(O/E)	Others are not marketing the local food of producers – no package logo of where the local food is from.	(Distributors, Buyers – chef, food service)

(D)	Consistency - in delivery of product quality.	(Producers, Buyers)
(D)	Shipping - smaller companies need to be able to ship or package their products adequately to ensure quality and adequate shelf life.	(Producers/Processors)
(D)	Bad experiences: producers not having product or stock available, or not delivered on time.	(Producers, Buyers – retail, food service)
(D)	Costly to move local food through traditional channels.	(Producers)
(D)	Time that is needed to deliver products – personal delivery.	(Producers)
(E)	Valuing the cost of time to produce products.	(Producers)
(E)	Must be business oriented (vs a hobby).	(Producers)
(E)	Need to better understand the system; how to enter these markets *(i.e., how to approach retailers, food service buyers…).*	(Producers, Buyers – retail, food service)
(E)	Need to match technologies – Producers rely on fax or phone; larger companies (buyers) rely on online purchasing.	(Producers, Buyers)

Solutions to Barriers: Potential actions or those currently being implemented

SOLUTIONS- **Finding**
Current/ Additional: o Hosting open houses to display local products. o Getting the right people to the right tables – building relationships, connections, awareness, and associations. o Establish a list of what buyers need; find and encourage promotion of new products – need a 'forager' *(i.e., a person, agency or information distribution centre that matches producers and buyers).* o Ask the food service industry what they are looking for; tell them what the producers have to offer; make those connections. o Have a standardized process or graduation program • *E.g., "Ten steps to Retail" program. As producers deal with different foodservice or retail markets, there is a progression of volume requirements (and size of farm) that is required to meet that market. Government could play a role in this. A set of criteria (for the producer) could help to better identify the scale/size needed for a particular market, along with information to create an awareness of the steps involved. The general progression to entering markets (related to volume) is as follows: Smaller restaurants→ Larger chain restaurants→ Specialty Retail→ National Retail.*

SOLUTIONS- **Ordering**
Current/ Additional: o Dine Alberta list. o Facilitate ordering systems. o Need to make ordering local foods simple and convenient. o Understanding of technology, on how ordering is done *(e.g., online ordering versus telephone/fax).* o Regulatory body and investigation for authenticity of local products.

- Alberta branding system.
- Traceability system.

SOLUTIONS- **Delivery**

Current:

- Co-operative distribution systems or larger companies that can act as a marketing-arm; provide education to those who want to know more about co-operatives.

SOLUTIONS- **Education & Awareness**

Current:

- Alberta Agriculture and Rural Development (ARD) hosted chef tours in the past.
- Roundtable with chefs and producers- create relationships.
- Five-step marketing guide.
- Fact sheets for producers - on how to get into the food service industry.
- Mentorship programs in food service.
- Product pricing workshops.

Additional:

- Graduation type of program for companies, as they progress from one market to the next.
- Assist producers with transitioning from a traditional farming paradigm; approach marketing differently.
- Research is needed to find out what products are in demand - what is new and upcoming *(e.g., striped beets… something to feature that is unique).*
- Assist companies to be "market-ready" *(e.g., companies planning to expand beyond their existing operation).*
- Share information with producers, on the types of products that chefs, food service, and retail are wanting.
- Highlight local producers' success stories; recognize groups of growers and their products.

Appendix D – Questionnaire for Buyers

Background & Overview of Purchasing Local

Purpose: to identify buyer motivators, champions, issues, and logistics, around the purchase of Alberta's local foods, and identify those companies that may want to participate in a forum session in the future.

Potential Participants: buyers within the industry sectors of food service, retail, or with restaurant chefs.

Introduction

This project is about the Distribution and Best Practices of Local Food. The intent of this study is to understand the challenges in the distribution of Alberta's local foods, and in particular within the Central Region (Red Deer area). *(Explain parameters of this region; the town/cities it includes.)* This can be achieved either through:

- Increased purchases from the Central Region and marketed within the same region, or…
- Increased purchasing from the Central Region and marketed to other parts of the province.

We are looking at smaller producer or processor operations within the Central Region, who have smaller quantities to ship or store, and transportation or storage companies that potentially could work with them.

Survey Questions

1. According to your business, how would you define Local Food?

(Compare answers with some of the categories below)

a) *Within 100 miles*
b) *Within the city or region*
c) *Within Alberta*
d) *Within Western Canada*
e) *Canada*
f) *Within North America*
g) *Other: ______________*

2. Focus of the Study

For the sake of this study we are defining Local as:
"Food that is produced or processed in Alberta".

Are you currently purchasing any of Alberta's local products? (Y/N)

(If "Yes" – skip to Q4);
(If "No, but Planning to Start" – go to Q3a)…or…

OPTIONAL: (If No, and Not wanting to Start" – go to Q3d)

If in Q2, said, "Not purchasing local, but Planning to Start"

3. ***a) Initially, whose idea was it to start buying local product from Alberta? What was their role or position (e.g., a chef, customer, staff…)?***

b) What were the main reasons (or motivation) for wanting to start the purchase of Alberta products? *(See categories below. Details of Categories found in Table 1.)*

(Please mark all that apply with "i" for initial motivation, "s" for secondary)

__Quality
__Environmental Concerns
__Economic/ Ethical benefits
__Food Safety
__Consumers' Values
__Other

c) Does your company have specific plans laid out for getting started? (For example: How soon do you plan to start? Where do you hope to source from (i.e., location))?

[For Retail, or larger businesses, skip to Question #6, and then Question #9]
[For Chefs, or smaller operations, skip to Question #9]

OPTIONAL: If in Q2, said "NOT Currently Purchasing Local, and NOT Wanting to Start"

d) If you are currently NOT buying local from AB, can you explain your reasons?

__Too expensive
__Not enough supply
__Difficult to coordinate with (producers, trucking……)
__Other

[Since "Not wanting to buying local", interview stops here.]

If Currently Purchasing Local (Alberta):

4. ***Can you provide us with more details around purchasing Alberta product, such as…***

a) How long have you been purchasing?

__ Months
__ Years
__Seasonally for _____ (months) over ____years

b) What locations in Alberta are you sourcing product from?

__Within Central Region (Red Deer area) ____
__Outside the region ____

Reasons for Buying Local *(i.e., specific motivators):*

5. ***a) Initially, whose idea was it to start buying local product from Alberta?***
   What was their role or position (e.g., a chef, customer, staff…)?

   b) What was their (your) initial motivation for buying local from Alberta (initial reasons), and did those reasons change over time (secondary reasons)?
   (See categories below. Details of Categories found in Table 1.)
   (Please mark all that apply with "i" for initial motivation, "s" for secondary)
   - *__Quality*
   - *__Environmental Concerns*
   - *__Economic/ Ethical benefits*
   - *__Food Safety*
   - *__Consumers' Values*
   - *__Other*

   c) [OPTIONAL]: From the reasons that you gave me (restating reasons from b), how would currently rank these, from being the most important, to the least important reasons for buying local, with 1 being the most important, 2 being of next importance) (Refer to Table 1 list)

[Continue with Q#6 - For Retail buyers, or other large companies]
[Omit Q#6, and skip to Q#7 - For Chefs, or smaller companies.]

Goals/Values:

6. ***a) Is your company developing (or has it already developed) overall goals, which it hopes to achieve in regards to buying local? (E.g., "plan to buy more, broaden our purchases.")***
   (Or see list b) below for a company that has a stronger commitment/ target for Local)

[ALTERNATE Q: for larger businesses, or those with a formal program/policy in place for local purchasing.]

b) Does your business (or company) have a formal local food promotional program or a local food policy that they are trying to implement? (Y/N)

Some possible goals listed below:

- *__To reach a certain % local of the total food products purchased*
- *__Set aside $____ from our budge for local food purchases, per month, or year, etc*
- *__Support local farmers seasonally, ____ months of the year*
- *__Other reasons____*

[If "Currently Buying Local", continue with Q7.]
[Otherwise, if "Planning to start buying Local", Skip to Q9, Q10, then Q13]

Logistics:
(See Table below for Questions 7a, b, & c)

7. a) What different types of local products from Alberta do you currently buy in the course of the year (i.e., a general listing, such as meat products, fruit and vegetables, herbs, condiments)?
(Refer to Table 2, for specific types of products within each category).
b) Over what time frame were you able to purchase each of these types of products?
c) How often do you make purchases of these products (i.e., frequency)?

8. a) Who do you buy products from (e.g., from individual farms, or organizations/coops, etc)? (Please provide details.)
b) How do you receive these products? Are they delivered or do you pick them up? Any other arrangements?

7a) 7b)	Which pdts	All Year	Seasonal	Special occasion	Frequency	Indiv farm / Group of farms	Delivered / Picked up
	Check (x)…or List	*Check (x)*	*Indicate months*	*Explain*	*___ /wk, ___ / mo, etc*	*Please list*	*D / PU …or Explain further*
Meat (frozen)							
Meat (chilled)							
Veggies (frozen)							
Veggies (fresh - greenhouse)							
Veggies (fresh-field)							
Veggies (root crops)							
Veggies (potatoes)							
Fruit (frozen)							
Fruit (fresh)							
Dry beans, peas, lentils, or chickpeas							
Dairy							
Eggs							
Bakery							
Grain & oilseed products							
Honey							
Oil							
Other							

Potential & Issues:

9. ***a) What do you see as the biggest challenges to purchasing Alberta's local products? (in general) (See table below). For which products in particular? (Indicate in the table and explain below)***

b) [Note to Interviewer: Please place a check mark whether the issue relates more to the "buying process" from producers or to "distribution & storage companies". (See table below)]

c) [Note to Interviewer: Are these anticipated challenges (not yet experienced, but expected)? Or are these challenges you have already encountered? (Please mark in table "A" for anticipated and "E" for encountered. Please explain further as needed).]

d) *[OPTIONAL]* ***You mentioned the following barriers (list is repeated). How would you rate these, as the most important barrier, to the least important (1 = most important, 2 = next in importance…etc.) (See table below)***

9d	9c	9a		9b (please check)	
Rank 1-5	A or E?	Challenges to Purchasing / Gaps	Products	Re: Buying process	Re: Transp. / Storage
		i.			
		II.			

10. ***What would it take to overcome these gaps or barriers? (List repeated, one at a time)***

Possible Solutions to Challenges
i.
II.

[If "Planning to start buying Local", Skip to Q13]

Q#11 – Ask only, if internal challenges were not mentioned in Q#9

11. ***a) Has the purchase of local food (from AB) impacted the internal operations of your business, where adjustments were required within the business operations? (Y/ N)***
If yes, please explain and list a few. (e.g., top 3-5 impacts) (See table below)

b) If you could rank them, which would you say has impacted your operation the most? (mark as #1). Which impact would be the next in line? (mark as #2.. etc.) (See table below)

(Scale: 1 = impacted business the most, 2 = next greatest impact, etc.)

11a) Describe Impacts	b) Ranking of Impact
-	-
-	-

12. a) As a whole, how satisfied are you with your purchases of AB local food? (Please explain).
If you could rank this success on a scale of 1 to 5, how would you rank your overall success, with 1 being Very Satisfied; 3 as Moderately Satisfied; and 5 as Not Satisfied,?

Success of: *Rank success rate (1-5):*
a) Overall AB purchases *#_____*

b) Are there certain products that tend to be easier, when purchasing local foods? (Y/N)
If "yes", please explain.
[Optional: How would you rank them overall on a scale of 1 to 5… with 1 being Very Easy; 3 as Moderately Easy; and 5 as Difficult,?]

b) Which products? ____

Other Comments or Ranking: ____

Appendix E – Challenges in Purchasing Alberta's Local Food

Ranking and Weighting of Buyers' Responses

Buyers' Responses	**Ranking & Number of times mentioned**			**Calculation**	**Total**
	First (3 points)	Second (2 points)	Third, or not ranked (1 point)		
Quality	1x	2x		(1x3)+(2x2)	= 7
Price	2x			(2x3)	= 6
Quantity	1x	1x		(1x3)+(1x2)	= 5
Lack of Awareness			4x	(4x1)	= 4
Delivery-when-required	1x			(1x3)	= 3
Small-delivery- coordination		1x		(1x2)	= 2
Delivery			2x	(2x1)	= 2
Product-uniqueness		1x		(1x2)	= 2
Buying process is difficult			1x	(1x1)	= 1
Business-like approach needed			1x	(1x1)	= 1

The **Participant Responses,** along with the **Totals**, were entered into Wordle™ to create the diagram below, which weights the responses according to ranking and number of times mentioned.

Feinberg, J. (2009) *Wordle*™ Retrieved March 31, 2011 from http://www.wordle.net/advanced

Appendix F – Questionnaire for Logistics Companies

Background & Overview: Transportation Companies

Purpose of the Project: to identify regular transportation routes and practices, interest in local food distribution, motivators, champions, and identify those companies that may want to participate in a forum in the future.

Participants: transportation companies within the Central Region (Red Deer area), or those that regularly travel through it (i.e., Calgary-Edmonton Corridor).

Introduction

This project is about the Distribution and Best Practices of Local Food. The intent of this study is to understand the challenges in the distribution of Alberta's local foods, and in particular within the Central Region. *(Explain parameters of this region; the town/cities it includes.)* This can be achieved either through:

- Increased purchases from the Central Region and marketed within the same region, or…
- Increased purchasing from the Central Region and marketed to other parts of the province.

We are looking at smaller producer or processor operations within the Central Region, who have smaller quantities to ship or store, and transportation or storage companies that potentially could work with them.

Survey Questions

[Note that Questions 1 & 2 are general questions; the Local Food Section starts with Question 3]

Background/ Capacity:

1. ***a) What are the main food and beverage products currently being carried? (i.e., a general listing vs specifics (Refer to Table 2, for a detailed listing of each category)***
   b) Can you indicate whether they are Frozen, Fresh/chilled, or Dry goods?
   c) Can you estimate the percentage of total goods carried by Dry, Fresh/chilled or Frozen?
   d) If you are not carrying refrigerated or frozen goods, do you have the capacity for this? (Y/N)
   If "Yes", would you estimate the potential capacity, as _____sq feet, or as a ___% of your total?

1a) Food/products	1b) Frozen	1b) Fresh /or Chilled	1b) Dry, ambient or (room) temp	
E.g., Vegetables				
Meat				
Veggies- field, leafy or greenhouse				
Veggies – root crops				
Potatoes				
Fruit				
Dry beans, peas, lentils or chickpeas				
Dairy				
Eggs				
Bakery				
Grain, Oilseed products				
Sundries (honey, oil)				
Other				
1c) Can you estimate the percentage of total goods carried, by Dry, Fresh/chilled or Frozen?	%	%	%	=100%

Geography:

2. ***Can you describe your business in general, such as your usual runs (i.e., whether it involves local food or not)? For example:***
   a) Names of towns to where you deliver?
   b) How often do you travel these routes in a given week?
   c) Does what you haul determine the number of runs (i.e., Dry goods; Fresh or Chilled; Frozen goods)? Please explain

2a) Route (towns)	b) Frequency	c) Dry/Amb = D Chilled/Fresh = C Frozen = Fz

Local Foods Section:

For the sake of this study we are defining Local as:
"Food that is produced or processed in Alberta".

3. ***a) Do you transport any Alberta local foods? (Yes/ No/ or Don't Know).***
   Can you indicate which food types? (Check all that apply in table below)

   [If "No" or "Don't know", skip to Question #6]

---

b) If Yes, could you estimate the percentage of AB local foods carried within each category,
c) Or… could you estimate the percentage of AB products of the Total Products carried?
d) What months are you typically dealing with local food? (Seasonal? Year round?)

3a) Alberta Food Products *(Check all those that apply)*	3b) AB as % of Category	3d) Period of Handling? (Months,,seasonally, all year?)
Meat		
Veggies – field, leafy or greenhouse		
Veggies – root crops		
Potatoes		
Fruit		
Dry beans, peas, lentils or chickpeas		
Dairy, Eggs		
Bakery		
Grain & oilseed products		
Sundries (honey, oil)		
Other		
3c) AB products as % of Total Products?	%	

Motivation:

4. ***Initially, what were the reasons (or motivation) for getting into the transport of Alberta's (local) food products? (i.e., primary reasons that drew them)***

(Check below all that applies and provide details) (See Table 1 for details within each category)

__Quality
__Environmental Concerns
__Economic/ Ethical benefits
__Food Safety
__Consumers' Value
__Other

5. ***a) Is your company developing (or have they already developed) overall goals that it hopes to achieve in regards to buying local?*** *(Or see list b) below)*

   [ALTERNATE Q: for large businesses, or ones with a formal program/policy in place for local purchasing.]
   b) Does your business (or company) have a formal local food promotional program or a local food policy that they are trying to implement? (Y/N)

   Some possible goals listed below:

   __To reach a certain % local of the total food products purchased

   __Set aside $_____ from our budge for local food purchases, per month, or year, etc

   __Support local farmers seasonally, _____ months of the year

   __Other reasons____

Potential & Issues:

6. ***a) Do you see a greater potential for the distribution/storage of Alberta's food products, which is currently not being met? (Y/N) (If yes, see table below)***

   b) If yes, please list the challenges that are getting in the way. To which market channels do these apply (i.e., to retail, restaurants, other…)

   c) [Note to Interviewer: Please place a check mark, whether the issue relates more to the "buying process" from producers or to "transportation/storage to the market".]

   d) [Note to Interviewer: Are these anticipated challenges (not yet experienced, but expected)? Or are these challenges you have already encountered? (Please mark in table "A" for anticipated and "E" for encountered. Please explain further as needed).]

   e) [OPTIONAL] You mentioned the following barriers (list is repeated). How would you rate these, as the most important barrier, to the least important (1 = most important, 2 = next in importance…etc.) (See table below)

6e	***6d***	***6b***		***6c** (please check)*	
Rank 1-5	A or E?	Challenges	Which Market channel	Re: Buying process	Re: Transp. / Storage
		i.			
		ii.			

7. ***If yes, what would it take to overcome these gaps or challenges?***

Possible Solutions to Challenges
i.
ii.

Background and Overview: Storage/Warehouse Companies

Purpose of the Project: to identify storage companies and their practices, their interest in local food distribution, motivators, and identify those companies that may want to participate in a forum session in the future.

Participants: storage companies, within the Central Region (Red Deer area), or those that deal with this region.

Introduction

This project is about the Distribution and Best Practices of Local Food. The intent of this study is to understand the challenges in the distribution of Alberta's local foods, and in particular within the Central Region. *(Explain parameters of this region; the town/cities it includes.)* This can be achieved either through:

- Increased purchases from the Central Region and marketed within the same region, or…
- Increased purchasing from Central Region, and marketed to other parts of the province.

We are looking at smaller producer or processor operations within the Central Region, who have smaller quantities to ship or store, and transportation or storage companies that potentially could work with them.

Survey Questions

[Note that Questions 1 & 2 are general questions; the Local Food Section starts with Question 3]

Background/ Capacity:

1. ***a) What are the main food products currently handled through your business operation (i.e., a general listing, vs specifics)? (See Table 2, for a detailed listing of each category)***
    - *Meat, Vegetables…*

   b) Can you indicate whether they are Dry goods, Fresh/chilled, or Frozen?

   c) Are you able to estimate the percentage of goods handled by category (i.e., Dry, Fresh/chilled, or Frozen)?

1a) Food/products	1b) Frozen	1b) Fresh /or Chilled	1b) Dry goods or Ambient room) temp	
E.g., Vegetables	x			
Meat				
Veggies – field, leafy or greenhouse				
Veggies – root crops				
Potatoes				
Fruit				
Dry beans, peas, lentils or chickpeas				
Dairy, Eggs				
Bakery				
Grain, Oilseed products				
Sundries (honey, oil)				
Other				
1c) Can you estimate the percentage of total goods handled by Dry, Fresh/chilled or Frozen?	%	%	%	=100%

2. ***Can you describe your business logistics in general, in regards to handling food (whether it is local or not)? For example:***

   a) What are some of the main transport companies you deal with?

   b) How often do these companies deliver in a typical week?

   c) How does that relate to the food type they bring?

2a) Main transport companies	2b) Frequency	2c) Dry/Amb = D Chilled/Fresh = C Frozen = Fz

Local Foods Section:

> **For the sake of this study we are defining Local as**:
> “Food that is produced or processed in Alberta”.

3. ***a) Are you handling Alberta's local food? (Yes/ No/ Don't Know)***
Can you indication what food types? *Check all that apply in table below)*

[If “No” or “Don't know”, skip to Question #6]

---

b) If yes, could you estimate the percentage of Alberta foods that are handled, by category?
c) Or… could you estimate the percentage AB products of the Total Products carried?
d) What months are you typically dealing with Alberta's local food? (Seasonal? Year-round?)

3a) Alberta Food Products *(Check all those that apply)*	3b) AB as % of Category	3d) Period of Handling? (Months,,seasonally, all year?)
Meat		
Veggies – field, leafy, or greenhouse		
Veggies – root crops		
Potatoes		
Fruit		
Dry beans, peas, lentils or chickpeas		
Dairy, Eggs		
Bakery		
Grain & oilseed products		
Sundries (honey, oil)		
Other		
3c) AB products as % of Total Products?	%	

Motivation:

4. ***Initially, what were the main reasons (or motivation) for getting into the handling of Alberta's (local) food products?***
(Check below all that apply and provide details) (See Table 1 for details within each category)
__Quality
__Environmental Concerns
__Economic/ Ethical benefits
__Food Safety
__Consumers' Values
__Other

5. ***Is your company developing (or have they already developed) overall goals that it hopes to achieve in regards to buying local? Please Explain.***

Potential & Issues:

6. ***a) Do you see a greater potential for the storage/distribution of Alberta's food products, which is currently not being met? (Y/N) (If yes, see table below)***

   b) If yes, please list the challenges that are getting in the way. To which markets do these apply?

   c) Note to Interviewer: Please place a check mark, whether the issue relates more to the "buying process" from producers or to "transportation/storage to the market".

   d) Note to Interviewer: Are these anticipated challenges (not yet experienced, but expected)? (Please Mark as "A" in table. Please explain further as needed)

   e)** [OPTIONAL] **You mentioned the following barriers (list is repeated). How would you rate these, as the most important barrier, to the least important (1 = most important, 2 = next in importance…etc.)? (See table below)

6e	***6d***	***6b***		***6c** (please check)*	
Rank 1-5	A or E?	Challenges	Which Market type	Re: Buying process	Re: Transp. / Storage
		i.			
		ii.			
		iii.			

7. ***If yes, what would it take to overcome these gaps or challenges?***

Possible Solutions to Challenges
i.
ii.
iii.

Appendix G – Questionnaire for Producers' Focus Groups

Introductions

Please describe your business and the types of products you produce.

Questions

1. ***Please describe the types of markets you are in. At which locations are these markets? Currently, how are you getting your product to market?***

2. ***Are you considering either expanding your business or entering a new market, where you know there is an assured demand for your product?***

3. ***a) What are some of the biggest challenges or barriers you face getting into these markets (i.e., challenges with expansion, in general)?***

   b) What are some of the biggest challenges or barriers you face in the area of logistics (i.e., transportation /or storage)?

4. ***a) What solutions are needed to overcome these challenges or barriers to expansion (in general)?***

   b) What solutions are needed to overcome logistical challenges or barriers (i.e., transportation &/or storage)?

5. ***a) As part of the solution, are there industry networks, or organizational structures currently in place, which can further advance the local food market (i.e., what are the strengths of the industry)?***

   b) Is there infrastructure already in place that could play a greater role in achieving this goal, such as shared equipment (trucks, processing facilities…) or other physical types of assets?

Appendix H – Local Food Distribution Forum

explore local

Local Food Distribution Forum Agenda

January 24, 2011, Red Deer Lodge, Red Deer AB

9:30 a.m. Arrive, Coffee and Network

10:00 a.m. Welcome by Kathy Bosse, ARD

10:15 a.m. Keynote by Paul Knechtel, 100 Mile Market

11:15 a.m. Alberta Panel – Local Distribution Solutions

- Rudy Knitel, Galimax Trading Inc.
- Ivan Smith, Big Bend Bison Market
- Wade Sirois, Infuse Catering

12:30 p.m. Local Lunch – Served by Red Deer Lodge

1:00 p.m. Transport & Logistics - Working with providers

- Ross Sten, H& R Transport

1:30 p.m. Exploring Solutions facilitated by Margurite Thiessen, ARD

- Participants will interact to start to identify solutions that work for them.

3:30 p.m. Wrap –Up and Adjourn
Safe Travels

Canada Government of Alberta Growing Forward

Local Food Distribution Forum

Exploring Solutions Session

Combined Table Discussion Notes *January 24, 2011*

What type of delivery or distribution system are you currently using? Or
What type of systems do you see happening in your area?

- New group formed under the Capital Region Local Food Initiative is working on something for meat distribution.
- Part of the Pilot Project with Good Earth Food Box for 6 weeks, which was just in time delivery for local produce pick-up. Now looking at warehouse pick-up scenarios.
- Direct Marketing – varies between 2-3 producers in the group that have pasture meats. The mature business owner deliveries to the store outlets themselves, then the second attends weekly farmers markets and the third direct markets on demand. The group has noticed that the term "finished" becomes one of those issues for definitions.
- Competition does not always comply (imports coming from India for example, make some buyers focus on price based decisions only). Logistics works well for the food service end, but retail is the challenge.
- Quality wise, what doors do you open that provides the best position for my business. Currently distribute through farmers market, but want to grow and will need to figure out how distribution will work at the next level. The criteria for interprovincial distribution will also need to be determined in the decisions.
- Several methods used. Owns fleet for the 100 mile radius, uses short-line companies with cold storage like Versa Cold and then works with both small and large distributors to move product.
- Buyer picks up products.
- Farmers markets.
- E-Local First. Purchase on-line and delivers to home.
- Good Food Box (organic).
- U-Pick.
- Distributors.
- Local Food websites in Edmonton area. For example, Good Food Box (home delivery of produce & warehouse pickup and Eat Local First).
- Independent.
- CSAs. Consignment.

What did you learn today that could enhance or make a difference to your business?

- Regional marketing, success in the larger markets. How can we adapt to Alberta?
- People with talent and resources can make distribution work.
- About how the 100 Mile Market concept, is taking on steam and producers get to specialize and move product that they are making a living.
- Networking opportunity.
- Sharing contact information. Focus on what we do well and help to partner to establish a system that works.
- Promotion of local food.
- Vehicles for sharing network, a source of being listed.
- Coordination of suppliers. Maybe a warehouse depot in different locations, where you distribute from these points. Consolidate fees, etc between smaller producers/processors.
- Liked the distribution staff as becoming part of the sale team of the company. Coordinate by producers to make it happen.
- Government support local sourcing for events or assistance in coordination points. Sort of a percentage of local must be used in public cafeterias, similar to the percent Canadian content idea.
- Possible program to help start-up business for local distribution system similar to how government started out with liquor commission and now privatized. Once system working has to become profitable and responsibility of private sector.
- Create or do something to form a regional diversity brand, what is it and how to market.
- Work with Good Food Box to develop a model like the 100 Mile Market and make sure it is a for-profit-business model and structure.
- Still needs to be competitive, discussion of local and organics.
- Need integrity to maintain growth and local initiative.
- How to get consumer trust.
- Trust the distributor
- Relationships.
- Tour.
- Pulling producers together for distribution, rather than individual versus working together.
- Education of producers.
- Regulations impact business.
- Local food nationalized. May be more effective.
- Producer Consolidation could save dollars. Need steady and consistent volume and one coordinator working out the price and schedule.
- Value chain and recognition of the roles of all players.
- Government needs to support the associations that will help consolidate for efficient transport and value chain. (e.g., FPLRC – Food Processors Logistics Research Council).
- Safety of local food.
- Education.
- Share the same problems.

- Didn't realize that we have no local distribution system in Central Alberta.
- Need to create a local brand.
- Chain restaurants won't or can't buy local.
- Must keep the public aware constantly.
- Communication is a huge challenge.
- Great need for education and promotion of existing resources. (i.e., Dine Alberta)
- Use technology like social media.
- Local, affordable and accessible.
- Bridging the gap between farmers markets and retail.
- What can we learn from the ON model.
- What is government's role?
- Financing is a consideration.
- Better awareness of what is available.
- Producer/chef kitchen.
- Paul's presentation
- Meeting everyone
- Why we buy products from India etc.
- Another model is the CEO club. Owned by members, administration fee, consolidation models on time consistency, annual member fee.
- System for profit is the model. Someone steps up and starts what we can do.
- Utilize empty trucking. (i.e., trucks going home empty).
- Many thoughts on government role.
- Encourage stores/retail to buy local.
- Backstop finance so a '100 mile model' can get going.
- Carcass utilization.

What are some of the unanswered questions you have regarding distribution?

- How to get small company product out?
- How to share what works? (even for value added)
- Develop a network beyond distribution, which could include: who to partner with such as a co-packer, for packaging, etc.
- Intermodal Transport and finding a partner outside of AB was something to follow-up on for one business.
- Warehousing was not addressed? (for small volumes, which also provides picking orders capacity)
- Manufacturers – who has more opportunities to utilize plant capacity, so others could toll process or co-pack.
- Communications – Why is it so hard between producers and transport contacts?
- How do we bridge the gaps?
- There are services to assist with everything, how do we do it? Sift through everything?
- Do associations have a role in negotiating with carriers (transport)?

- What are the geographical constraints for transport?
- Is there a government policy with a percent of local for public institutions required?
- Back up distribution if our distributor get sick.

Who do you need to connect to?

- Small scale specialty retail store. In Winnipeg Vic's Fruit Market was 70% MB grown, for example. What other specialty retail outlets do we have in AB to connect with?
- Trade Show – small manufacturers with target to attract buyers from small/independent grocery stores, health food, etc. looking for new things or exposure to local suppliers. Identify the value for the participants and build the process to match.
- Awareness of players in the chain. What type of listings do we have access too, to create social networks?
- Distributors – who is looking for or represents one looking for unique or to expand availability of local.
- Carriers are already talking to *Chefs* and to *Retail*. Producers don't necessarily have to be doing this. (value chain)
- Farmers markets can consolidate for pick-up. Large market pilot.
- Keep carriers in mind for pilot projects.
- CSAs in Alberta.
- Logistics - "I am available".
- Can't do what we are doing, building on farm. Need to connect.

What is one action you will do or take after participating today?

- Create a network, starting with who we met today. Join Linked In group on Food Manufacturing Group and invite other AB producers/processors to join from our table group.
- Explore relationships with groups who want to work together.
- Somewhere for producers to go to in order to get information. For example link from many websites, like the value chain database.
- Develop a "100 Mile Market" idea for Central Alberta. If we bring the parties together, the logistics will be worked out.
- List of distributors/brokers, etc. by region.
- Education on: local food, seasons, food safety. Get information on the Canada GAP program.
- Education on economic benefits and spin offs. Example, 50% of consumers see this as a reason to buy local.
- Sit back analyze, put dots together and move forward. Start local to learn then export.
- Use common distributor.
- More aware of local producers, make more effort to buy locally produced goods.

What do you need to move forward?

- Time, money and hard work.
- This was a good start, next step build in more coffee break lengths and possibly a table top display for networking – build in time in the agenda for participants to stand up and share about their business.
- We need a committee, money and a plan to develop a marketplace where producers and consumers meet. (Virtual marketplace).
- Government funding available?
- Require expertise between the two ends (e.g., producer/buyer). No time if making the product.
- Issue, producers' need to scale up or build capacity, but don't have the support to scale up.

<u>**Wrap-Up**</u> ***(All tables)***

Briefly comment from each group on what action may have been decided and what the day was like for them? Share any last minute thoughts.

- Great information and a chance to talk, create relationships.
- Cooperation and working together.
- Consolidation to reduce costs.
- Working together to have one distribution plan.
- Need for integrity
- Relationship, pull together producers and logistics providers.
- List of distributors by region.
- Local food, re seasonality
- Education that local food is safe.
- Educating consumers that local will help the community.
- Challenge selling outside of retail and farmers market.
- Opportunities regarding back hauls.
- Need to make some connection.
- Networking created today and how do you move this forward.
- Linkedin.com (i.e., a food manufacturers group.)
- Local food safety and education that is needed.
- More discussions on how to work together.
- Developing a local brand
- Chain restaurant - not federal or if they want to buy local find it a challenge. However, sometimes if short will call local supplier.
- Committee to develop a market place so people can get connected.
- People need to know where they are from.
- Need someone to help put pieces together and streamline.

(Submitted by Margurite Thiessen; Revised)