



# *Regional Food Hubs:*

## *Improving Market Access for Local Producers Through Innovative Distribution*

**Jim Barham**

Agricultural Economist  
USDA Agricultural Marketing Service

Explore Local Initiative  
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# Presentation Overview

## Regional Food Hubs

- Why Food Hubs?
- Food Hub Definition and Components
- NGFN Food Hub Collaboration
- Lessons Learned & Best Practices
- New Research Initiatives
- Food Hub Resources



# Why Regional Food Hubs?

## Demand

- Local food sales were estimated to be \$4.8 billion in 2008, and are projected to climb to \$7 billion in 2011 (USDA-ERS report)
- In 2011 National Grocers Association survey, 83 percent consumers said the presence of local food “very” or “somewhat important” in their choice of food store (up from 79 percent in 2009)
- 89 percent of fine dining restaurants surveyed by the National Restaurant Association in 2008 reported serving locally sourced items
- Seven of the top 10 food retail chains in US now promote local sourcing (USDA-ERS report)
- The number of farm to school programs totaled more than 2,000 in 2011, a five-fold increase since 2004 (National Farm to School Network estimates)



# Why Regional Food Hubs?

## Supply

- **Farmers continue to be challenged by the lack of distribution, processing and marketing infrastructure** that would give them wider market access to larger volume customers
- **Particularly acute for operators of mid-sized farms**, who are too large to rely on direct marketing channels as their sole market outlet, but too small to compete effectively in traditional wholesale supply chains independently

USDA believes *regional food hubs can play an important role* in supporting/retaining these “ag-of-the middle” farmers and encouraging smaller farmers to scale up their operations.



# Regional Food Hub Definitions

Definitions vary from narrow market efficiency functions to those related to visions of building a more sustainable food system

## Working Definition

*A business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.*



# Regional Food Hubs



## Producer Services

- ✓ Actively linking producers to markets
- ✓ On-farm pick up
- ✓ Production and post-harvest handling training
- ✓ Business management services and guidance
- ✓ Value-added product development
- ✓ Food safety and GAP training
- ✓ Liability insurance

## Operational Services

- ✓ Aggregation
- ✓ Distribution
- ✓ Brokering
- ✓ Branding and market development
- ✓ Packaging and repacking
- ✓ Light processing (trimming, cutting, freezing)
- ✓ Product Storage

## Community Services

- ✓ "Buy Local" campaigns
- ✓ Distributing to "food deserts"
- ✓ Food bank donations
- ✓ Health screenings, cooking demonstrations
- ✓ SNAP redemptions
- ✓ Educational programs
- ✓ Youth and community employment opportunities



# Regional Food Hub

## - Defining Characteristics -

- ✓ Carries out or coordinates the aggregation, distribution, and marketing of primarily locally/regionally produced foods **from *multiple producers* to *multiple markets***.
- ✓ ***Considers producers as valued business partners instead of interchangeable suppliers and is committed to buying from small to mid-sized producers whenever possible.***
- ✓ ***Uses product differentiation strategies*** (e.g. identity preservation, group branding, sustainable production practices, etc.) **to ensure that producers get a good price for their products.**
- ✓ ***Works closely with producers*** to ensure they can meet buyer requirements by either **providing direct technical assistance** or finding partners that can provide this technical assistance.
- ✓ ***Aims to be financially viable while also having positive economic, social, and/or environmental impacts within their communities***

# NGFN Food Hub Collaboration



***Collaboration between USDA, Wallace Center at Winrock International, and the National Good Food Network (NGFN)***

## **Major Accomplishments to Date**

- Carried out a national survey of regional food hubs
- National database of operating food hubs
- Published the *Regional Food Hub Resource Guide*
- Convened a national gathering of over 150 food hubs and their supporters to launch a *Food Hub Community of Practice*



# Regional Food Hub Classifications

## Breakdown of Regional Food Hubs\*

Food Hub Legal Status	Number	Percentage
Privately Held	91	46%
Nonprofit	59	29%
Cooperative	39	20%
Publicly Held	8	4%
Informal	3	1%

Intermediated Market Model	Number	Percentage
Farm to Consumer (F2C)	78	39%
Farm to Business/Institution (F2B)	67	34%
Both F2B and F2C	55	27%

\*Based on a working list of 200 food hubs identified by the NGFN Food Hub Collaboration (Aug. 6, 2012)



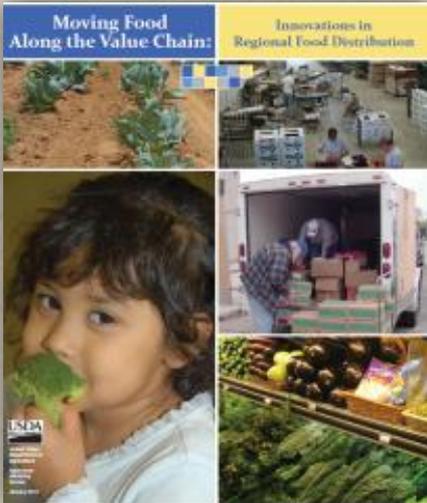
# USDA Report on Distribution

## *Moving Food Along the Value Chain: Innovations in Regional Food Distribution*

- Includes case studies of eight diverse food hub operations from across the country that examines best practices & lessons learned
- <http://blogs.usda.gov/2012/03/16/the-best-food-distribution-models-for-small-and-mid-sized-farmers/>

### **Lessons Learned – Four Themes**

1. Infrastructure Investments
2. Product Differentiation
3. Coordination of Producers
4. Organizational Capacity





# 1. Infrastructure Investment

Infrastructure investment needs to match the organization's stage of development and marketing capacity – ***in other words, only buy wheels and warehouses when you really need them!***



# Oklahoma Food Cooperative

- Internet-based statewide buying club – started in 2003.
- 200 farmers – 3,800 members – over 4,000 items available each month (OK products only)
- \$864,000 in sales for 2010, a 23% increase over 2009.
- Low level of initial infrastructural investment by coop, with equipment purchased as needed and as operating revenues permit





# Tuscarora Organic Growers (TOG) Cooperative



Established in 1988 in Hustontown, PA

## Current operations

- 4 Full-time staff and 12 part-time employees
- 10,000 sq. foot facility
- Over 100,000 cases delivered per year
- Twice weekly delivery, year-round
- 1200+ items on the annual production plan
- Markets: retailers, restaurants, CSAs and TOG member-growers
- 47 Member-growers
- 2011 gross annual sales - over \$3 million

A photograph of a small, rustic wooden office building. The building has a gabled roof made of corrugated metal and dark brown horizontal siding. The door is made of vertical wooden planks and is framed by white-painted wood. The building is situated in a grassy field with trees in the background. A wooden pole leans against the side of the building, and a white object is on the ground near the door.

In 1988  
TOG's first office  
80 square feet,  
one desk and  
two telephones

Grand opening of 3<sup>rd</sup>  
version in 1998



01/15/2013

# Barn raising for present warehouse in 2004



01/15/2013

Present facility: 10,000 square feet, 10 computers, 3 big coolers and much more.





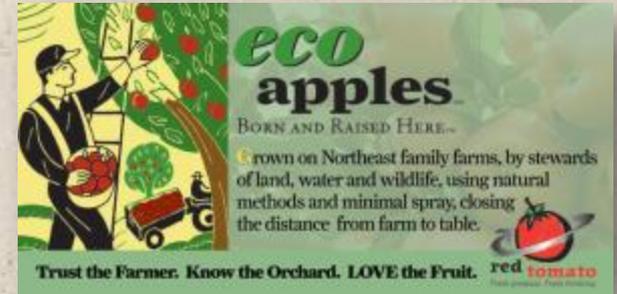
## 2. Product Differentiation

Product differentiation, including identity preservation, is essential to establishing marketing claims and improving negotiating position with buyers – ***in other words, these businesses don't sell plain vanilla products!***



# Red Tomato

- **Started in 1996** – Serves as broker between grower network and retail stores
- **Scope of Operations:** ~35 farmers; 35 crops, including 22 heirloom apple varieties; Trader Joes and Whole Foods stores throughout Northeast
- **Eco Apple** – apples grown using advanced integrated pest management methods subject to third party verification. All tote bags labeled with individual farms
- **Sales (2010)** \$2.8 million – 500% growth since 2003. Eco Apples account for roughly half of their sales





## 3. Coordination of Producers

Informal producer networks can be highly adaptable to the constantly shifting demands of diversified food markets – ***in other words, we love co-ops but there's more than one way to work with farmers!***



# Appalachian Sustainable Development - Appalachian Harvest -

- Non-profit established in 1995 – works with a network of organic farmers who collectively market and distribute produce under one identifiable, regional brand
- **Appalachian Harvest** – a network of roughly 60 farmers, selling organic produce and eggs to supermarket chains with more than 600 stores
- **Preseason planning:** The network meets in off-season to decide what to grow, how much, when and who will grow it
- **Over \$1 million in sales (2011)**



**LOCAL!**  
Raised by family farmers  
in southwest Virginia  
and east Tennessee

**FRESH!**  
Usually picked and delivered  
within 48 hours

**CERTIFIED ORGANIC!**

- Crop fertility from healthy soils
- Natural, biological control of pests
- Protecting our waterways,  
environment & soils

*Appalachian Harvest* is a network of certified organic family farmers in southwest Virginia and northeast Tennessee. These farmers, many of whom are making a transition from tobacco farming, are working together to bring the highest quality, best tasting organic foods to your table at prices you can afford.

- Traditionally, only 20% of your food dollar goes to the farmer
- With *Appalachian Harvest* produce, nearly three times that amount goes to the farmer.
- Picked fresh, tastes better
- Healthy local foods!

For more information call 276-623-1121  
Appalachian Sustainable Development, Abingdon, VA  
or visit our website at [www.appsusdev.org](http://www.appsusdev.org)



## 4. Organizational Capacity

Building strategic partnerships can offset organizational limitations and strengthen value chain relationships – *in other words, find out what you're good at, find out what you're not so good at, and then get the right people to help you!*



# Santa Monica Farmers Markets

- Four publicly operated farmers markets in Santa Monica, CA – with over 185 producers.
- Functions as an aggregation hub for wholesale buyers – restaurants, institutions, and produce distributors
- Partnership with Santa Monica School District – offering a year round “farmers market salad bar”
- Produce is ordered in advance and ready for pick up before the market opens



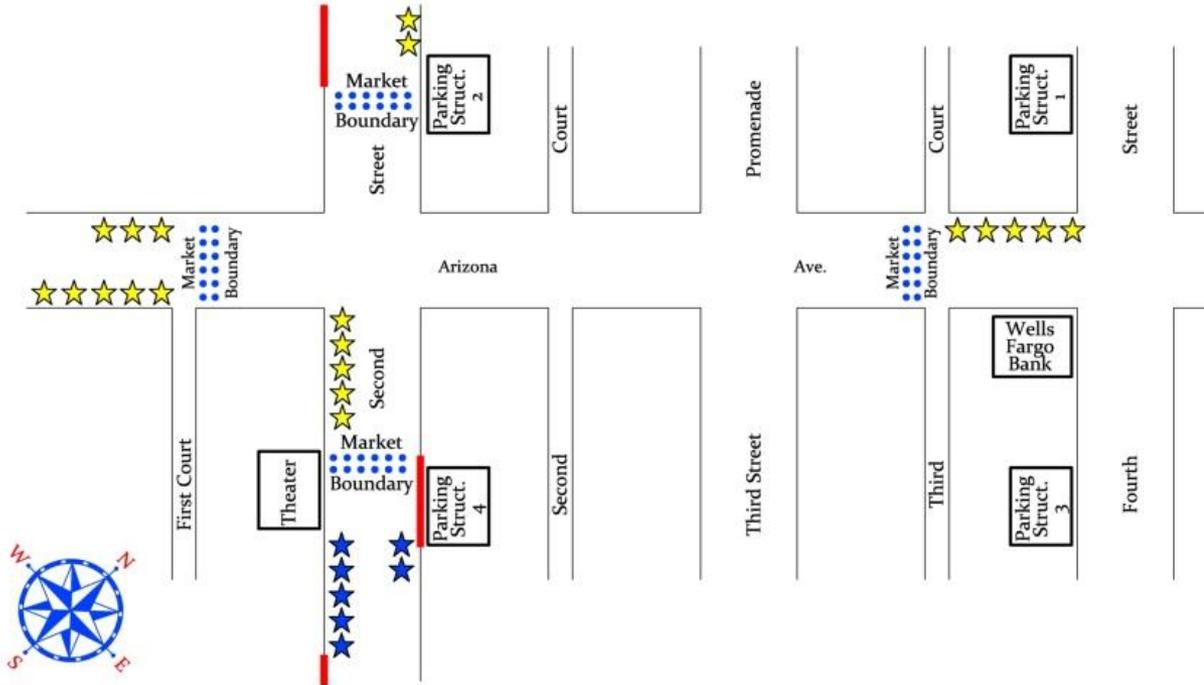
# Santa Monica Farmers Markets



Farmers Market sign is valid ONLY in areas indicated on this map.  
 Vehicles parked in other locations are subject to citation or towing.

- ★ = Meter Parking (look for posted signs)
- = Red Zone (Parallel Parking ONLY)
- ★ = Assigned (for large trucks ONLY)

1901 Main Street  
 Santa Monica, CA 90405  
 Tel. (310) 458-8712  
 Fax (310) 391-9996  
 farmersmarket.smgov.net  
 farmersmarket@smgov.net





# Santa Monica Farmers Markets





# Best Practices

## – Five Keys to Successful Marketing for Food Hubs –

- ✓ **Don't sell commodities**
  - Product differentiation is key (unique product attributes, source identified, production practices, social equity), telling a compelling story, branding, certifications
- ✓ **Be there all year for your customers**
  - Must sustain operations year round to cover costs and keep customer communication constant. Be pragmatic about your approach in terms of sourcing “locally”
- ✓ **Get buyer commitment**
  - Be clear with buyers about volume order expectations and use a combination of specials, incentives, rewards, public recognition for “committed” buyers
- ✓ **Think farmers first**
  - Ensure good prices for producers and find ways to build their capacity to grow and be successful
- ✓ **Sweat the small stuff**
  - To tell an authentic and compelling story, all staff need to know every detail of the production and handling practices of the product sold under the brand (even the truck drivers!)



# Food Hub Potentials

- from one food hub survey respondent -

## THEN (1989)

“I had been an organic farmer from 1979 to 1989.... [and] I realized what was needed was a food distributor focused on helping farmers get access to larger urban markets than they already had.”

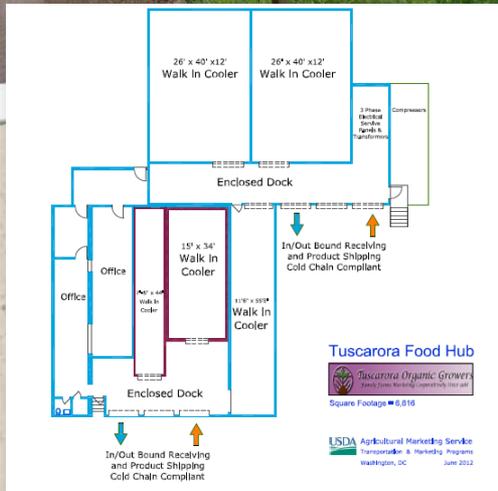
*“We started with \$20,000 in savings, bought a refrigerated truck and a computer, used a spare bedroom as an office and our garage as our initial warehouse.”*

## NOW (2010)

- A regional distributor with over **100 suppliers**, many of whom are small and mid-sized producers, offering **over 7000 products** to a wide range of market channels, including food cooperatives, grocery stores, institutions, corners stores, and food banks.
- Own a 30,000 sq. ft. warehouse and 11 trucks, with **34 full-time paid employees** and **over \$6 million in gross sales** for 2010.



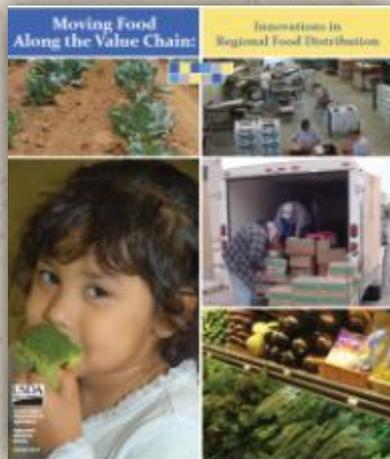
# New Food Hub Research Initiatives



- **Food Hub Facility Design Case Studies** – focusing on facility design, costs, operations, and capacities.
- **Economic Impact Assessment of Food Hubs** – collaboration between USDA-AMS and Cornell University
- **Wholesale Produce Market Pilot Project** – track the amount and value of local/regional food flowing through wholesale produce markets
- **2<sup>nd</sup> National Survey of Food Hubs** – in partnership with Michigan State University and NGFN Food Hub Collaboration (February 2013).

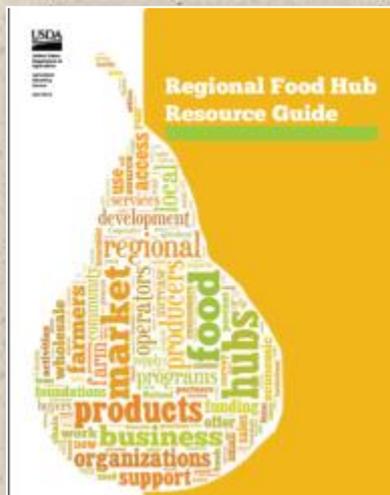


# Distribution and Food Hub Resources



## ***Moving Food Along the Value Chain: Innovations in Regional Food Distribution***

By Adam Diamond & James Barham  
- USDA Agricultural Marketing Service



## ***Regional Food Hub Resource Guide: Food hub impacts on regional food systems, and the resources available to support their growth and development***

A collaboration between USDA and the Wallace Center

# Regional Food Hub Resources

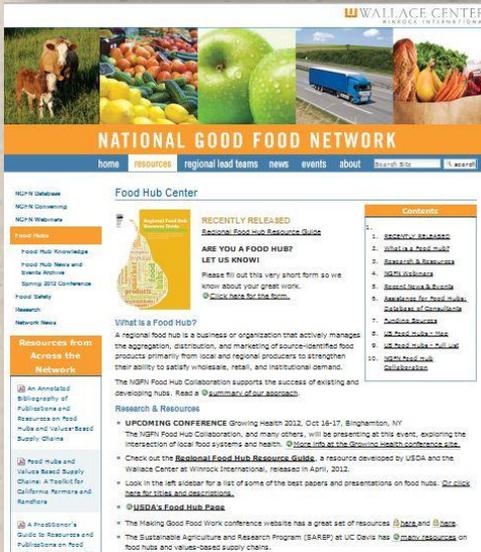


The screenshot shows the USDA Agricultural Marketing Service website. The header includes the USDA logo and navigation links like Home, About AMS, Newsroom, Opportunities, Online Forms, Help, and Contact Us. The main content area is titled "Farmers Markets and Local Food Marketing" and features a sub-section "Food Hubs: Building Stronger Infrastructure for Small and Mid-Size Producers". It includes a quote from USDA Deputy Secretary Kathleen Merrigan, a list of resources for food hubs, and a commitment statement from the USDA.

## USDA's Food Hub Portal

[www.ams.usda.gov/FoodHubs](http://www.ams.usda.gov/FoodHubs)

- *A catalogue of USDA's findings, resources, and support for food hubs*



The screenshot shows the National Good Food Network website. The header includes the Wallace Center at Winrock International logo and navigation links like home, resources, regional lead teams, news, events, about, and a search bar. The main content area is titled "Food Hub Center" and features a "RECENTLY RELEASED" section with a link to the "Regional Food Hub Resource Guide". It also includes a "What is a Food Hub?" section and a "Resources from Across the Network" section.

## NGFN Food Hub Collaboration Site

<http://foodhub.info>

- *Map and list of known food hubs, current news, webinars, conference proceedings, print resources*



# NGFN Food Hub Collaboration Contacts

- **USDA Agricultural Marketing Service**  
James Barham, Agricultural Economist  
[james.barham@ams.usda.gov](mailto:james.barham@ams.usda.gov)
- **Wallace Center at Winrock International**  
John Fisk, Director  
[Jfisk@winrock.org](mailto:Jfisk@winrock.org)
- **National Good Food Network**  
[contact@ngfn.org](mailto:contact@ngfn.org)