Developing the Case for the Value of Wholesale Markets to their Region

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Presentation Overview

Wholesale Market Value:

- Local Food Sector Trends
- Local Food Impacts
- Food Systems Innovations
- Revisiting Wholesale Markets
- USDA Resources / Discussion
Consumers Demand to “Buy Local”

Market Demand

Over 160,000 producers selling locally

- 87% of shoppers consider whether grocery store sources local food (Nat’l Grocers Assn)
- #1 trend on “What’s Hot” survey of chefs for past 6 years (Nat’l Restaurant Assn)
- 60% increase in farmers markets since 2009 and 100% increase in food hubs during same period (USDA AMS)
- Schools bought close to $800m in local food in 2013-14 – over 100% increase from 2011-2012 (USDA FNS)
- Local Food Market Size: $8.7b in 2015 (USDA NASS)
In mainstream supply chains, farmers **retain only 17.4 cents** of the consumer food dollar.

**Different story in local food systems...**

- In “short” supply chains, local producers received up to **seven times the price** compared to mainstream chains - USDA ERS report [http://www.ers.usda.gov/media/122609/err99_1_.pdf](http://www.ers.usda.gov/media/122609/err99_1_.pdf)

- Food Hubs often **return between 75 to 85 percent** of their wholesale sales revenues to their producers - USDA AMS report [http://dx.doi.org/10.9752/MS046.04-2012](http://dx.doi.org/10.9752/MS046.04-2012)
Local Food as an Economic Driver for Rural America

Strong Economic Multiplier Effect

Virtually all revenues generated in a local food system stay local and are reinvested into the community.
Regional Food Hubs

Aggregating → Distributing → Marketing → Local Food
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 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
- Food stamp redemptions
- Educational programs
- Youth and community employment opportunities
Regional Food Hubs

Coordinated Food Hubs*

* This is not a comprehensive list – data are still be collected.
*Based on a working list of 302 food hubs identified by the USDA’s Agricultural Marketing Service (April 2014)
Food Hub Economic Impact Study

- USDA cooperative agreement with Cornell University to study the impacts of food hubs on regional economies
- Regional Access – food hub near Ithaca, NY.
  - Purchases from 165 producers, 600 customers (mainly wholesale, some direct), 32 employees, over $6 million in annual gross sales.
- Data collection from producers, food hub, and customers
- Utilized IMPLAN (input-output model)
- Net output multiplier of 1.63
  - For every additional dollar of final demand for food hub, an additional $0.63 is generated in related industrial sectors.
  - On average, food hub has higher multiplier impacts than similar types of industry sectors (e.g., wholesale trade, truck transportation, or warehousing and storage).
- Other findings:
  - Food hub positively contributes to farm business expansion.
  - Food hub particularly important to medium-scale farm operations – difficult to access larger volume market on their own.
Wisconsin Food Hub Cooperative

Business Snapshot

- Incorporated 2012 – officially started business April 2013
- 39 producer members, and several business “associates” with value-added products
- $2.6 million gross annual sales for 2016 (projected)
- Sells over 60 different fresh vegetables, both conventional and organic, mainly to retail grocery

*The Food Hub lets us concentrate on what we do best, grow vegetables. The Co-op does the sales and logistics, billing and marketing. This is great, leave that to the co-op staff and let me get out in the field!*

Steve Hoekstra, Hoekstra’s Sweet Corn
Fox Lake, WI
Wisconsin Food Hub Cooperative
– Economic Impacts–

Total Co-op Sales Growth

- 2013  11 farmer members with $400,000 in sales
- 2014  32 farmer members with $900,000 in sales
- 2015  37 farmer members with $1,770,000 in sales
- 2016  39+ farmer members with $2,600,000 projected sales

Examples of Co-op Member’s Sales Growth

Farm A: Conventional
2013: $22,000
2014: $125,000
2015: $358,000

Farm B: Organic
2013: $9,400
2014: $158,000
2015: $315,000
GrowNYC - Nonprofit with 35 years of experience helping family farms and ensuring a supply of fresh, healthy produce for all New Yorkers

Programs
- **Greenmarket** – 54 farmers markets, with 220 participating producers
- **Youthmarkets** – 16 teen run farm stands, created over 70 youth jobs
- **Wholesale Farmers Market** – $2 million in annual sales
- **Fresh Food Box** – 22 locations. Use SNAP and nutrition incentives to purchase $12 box valued between $20-30 retail price
- **Fresh Pantry** – over 1 million lbs donated annually from Greenmarkets

**Greenmarket Co.** – GrowNYC established a **food hub in 2012** serving NYC food retailers, institutional buyers, and GrowNYC programs
Established 2012 - works with 60+ producers
300+ customers - grocery stores, restaurants, senior centers, childcare centers, GrowNYC Youth Markets and Box program
Over 60% of sales to date have been to buyers serving low- to mid-income consumers

Infrastructure
City Harvest – initially utilized excess storage capacity at food relief organization’s warehouse.
2014 moved to their own 5,000 sq. ft. warehouse
And the future... NY State Greenmarket Regional Food Hub - $15 million investment in a 75K sq. ft. facility at Hunt’s Point.
Wholesale Farmers Market

Wholesale Greenmarket

- Established in 2010 – NYC’s only open-air wholesale farmers’ market, located in Hunts Point.
- Offering over 100 local and regional farm-fresh products at competitive wholesale prices and quantities.
- Over $2 million in annual sales
Regional Food Hub Facility

- **$15 million investment** by State of New York
- **75K sq. ft. facility** located at Hunts Point, with distribution and aggregation space for Greenmarket Co., refrigerated areas for other farm and food businesses and a light food processing space.
- **95 new living-wage jobs** expected
“A food innovation district is a geographic concentration of food-oriented businesses, services, and community activities that local governments support through planning and economic development initiatives in order to promote a positive business environment, spur regional food system development, and increase access to local food.” (April 2013)
Food Innovation Districts
– Detroit’s Eastern Market –
Food innovation clusters are geographic concentrations of food-oriented businesses, services, and community activities that often represent most or all of the supply chain activities from production to consumption with the intent of spurring regional food systems development.
Food Innovation Clusters

Greenville FEED & SEED, SC

Baltimore Food Hub, MD
Transforming the AMTRAK Corridor

West Louisville FoodPort, KY
Food Innovation Clusters
Food Innovation Clusters

Placeholder for Local Foods, Chicago
Food Innovation Clusters – The Redd on Salmon Street –
Rural “Food Innovation Cluster” in southwest Wisconsin offering multi-tenant aggregation, storage, processing and distribution facilities for new and growing businesses.

- Provides space, infrastructure, on-site TA and business training, access to resources, and proximity to synergistic businesses

- Has grown to support 10 businesses and 45+ jobs including food hubs and value-added producers.
**Food LINC: Background**

- **Purpose:** Fund Value Chain Coordinators (VCCs) to link primarily rural producers to urban markets where demand is high for local food.

- **Public-Private Partnership:** $1M in USDA funds unlocking $1.7M in other Federal funds and $2.8M from private funders to date

- **Expected Outcomes:** Increased revenue to local producers, job creation along the value chain, and increased access to healthy, affordable food.

- **“Higher” Purpose:** Elevate the value of this work, leading to longer-term support from public & private funders.

*Federal Partners include Rural Development, Agricultural Marketing Service, Natural Resources Conservation Service, Appalachian Regional Commission, and Delta Regional Authority*
## Role of Value Chain Coordinators

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Market Matchmaker</strong></td>
<td>Identify and connect key stakeholders through referral services and other forms of short-term or one-off engagement. This “public interest broker” role is key to development of food value chains because many businesses are stepping outside their normal channels to find new collaborators.</td>
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<tr>
<td><strong>Convener/Relationship Builder</strong></td>
<td>Build the necessary relationships across the food value chain by engaging key stakeholders, maintaining communication channels, and fostering a trusting environment. Examples include convening stakeholder meetings, forming working groups, and implementing other forms of longer-term engagement.</td>
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<tr>
<td><strong>Technical Assistance</strong></td>
<td>Work with food value chain members to build capacity through education and training programs in such areas as sustainable production practices, food safety, marketing/branding, etc.</td>
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<tr>
<td><strong>Policy Thought Leader</strong></td>
<td>Raise policy issues and partner with others to address policies and procurement requirements, such as bidding procedures and preferred-vendor practices that may interfere with the ability of food value chains to access certain marketing channels.</td>
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<tr>
<td><strong>Resource Prospector</strong></td>
<td>Identify and pursue resources, such as grants, loans, and services to support value-chain collaborators as they develop their enterprise.</td>
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<tr>
<td><strong>Catalyst / Innovator</strong></td>
<td>As a resource prospector, value chain coordinators can also utilize grants and other external resources to test new business models and thus lower the financial risk of the businesses engaged in the value chain.</td>
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Organizations and Locations

1. La Montanita Co-op
2. Rocky Mountain Farmers Union
3. Communities Unlimited
4. The Conservation Fund
5. Louisville Farm to Table
6. Common Market Georgia
7. Appalachian Sustainable Development
8. Metro Washington Council of Governments
9. Fair Food
10. Soul City Hospitality
11. Family Farmed
12. Texas Center for Local Food
13. Food Commons Fresno
## Food LINC Sites

<table>
<thead>
<tr>
<th>Value Chain Organizations</th>
<th>City/Region</th>
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<tr>
<td>Common Market Georgia</td>
<td>Greater Atlanta / South Carolina</td>
</tr>
<tr>
<td>Farm to Table (City of Louisville)</td>
<td>Louisville / Eastern Kentucky</td>
</tr>
<tr>
<td>The Conservation Fund</td>
<td>Rocky Mount / Coastal Plains – North Carolina</td>
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<tr>
<td>Rocky Mountain Farmers Union</td>
<td>Pueblo / Colorado Springs – Colorado</td>
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<tr>
<td>La Montanita Co-op</td>
<td>New Mexico / Southern CO</td>
</tr>
<tr>
<td>Fair Food Philadelphia</td>
<td>Philadelphia / Delaware River Valley</td>
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<tr>
<td>Metro Washington Council of Govts.</td>
<td>Chesapeake region – VA/MD/WV</td>
</tr>
<tr>
<td>Appalachian Sustainable Development</td>
<td>Central Appalachia – VA/WV/TN/KY</td>
</tr>
<tr>
<td>Soul City Hospitality</td>
<td>Jackson, MS / Delta Region</td>
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<td>Communities Unlimited</td>
<td>Memphis, TN / AR Delta</td>
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<td>Texas Center for Local Food</td>
<td>Elgin / Central Texas</td>
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<td>Family Farmed</td>
<td>Chicago / Upper Midwest</td>
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<td>Food Commons Fresno</td>
<td>Fresno / Central Valley – California</td>
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Revisiting Wholesale Market

Ideas generated to engage in local and regional food systems work

- Utilize existing space to attract new local food businesses e.g., Macon and Albany, GA State Farmers Markets
- Maximize exposure/visibility through online directory of “public” markets, possibly including updated listings of available space.
- Carry out assessments of the flow of local/regional food going through markets – position markets to attract new producers and buyers through local food marketing campaigns
- Take advantage of opportunities to participate in nutrition incentive programs (SNAP EBT) – *hybrid markets only*
Revisiting Wholesale Markets

Local Food Compass Map

The map below shows USDA and other federal investments in local and regional food systems since 2009, along with data such as farmers markets, food hubs, and meat processors. Scroll down to explore the map to see what’s happening in your own community or learn how others are using federal support to build local food systems.
Increasing Aggregation and Distribution of Local/Regional Products at “Public” Markets

Informal Assessment of Space Availability at Wholesale Produce Markets

Space Availability (n=66)

- No Space Available: 65%
- Space Available: 35%

Markets with Space (n=23)

- Cold storage available: 78%
- Other space available: 22%

3/22/2013
Revisiting Wholesale Market

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Increasing Aggregation and Distribution of Local/Regional Products at “Public” Markets

Philly Wholesale Produce Market Pilot Project

- Partnership between USDA-AMS, PWPM management, Fair Food Philly
- Assess the amount of local/regional food flowing through the market
- Carry out a local food marketing campaign
- Outcomes:
  - A better understanding of how the market impacts the region’s food economy
  - Create new opportunities for local producers and attract new buyers to the market
  - Increased sales to wholesalers
Increasing Aggregation and Distribution of Local/Regional Products at “Public” Markets

**Philly Wholesale Produce Market Pilot Project**

- Used capacity of existing market news reporters.
- The data collected included: point of origin, date of arrival, commodity type, variety type, package type, weight ---- and then correlated with outgoing market prices.
- Arrival data collection began on June 17, 2013 and continued for one calendar year.
- Results – will be submitted to PWPM shortly!!!
Revisiting Wholesale Market

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USDA Support for Food Systems Development:
Financial and Technical Assistance Resources
Support along the Supply Chain

- Seasonal High Tunnel initiative (hoop houses)
- Farm loans, microloans and Farm Storage Facility Loans
- Regional food hubs and other local food infrastructure
- Marketing and retail opportunities
**USDA Reports**

**Food Hub Technical Report Series**

- Running a Food Hub: Lessons Learned from the Field
- Running a Food Hub: Business Operations Guide
- Running a Food Hub: Assessing Financial Viability

Electronic copies of these publications can be downloaded for free at [www.rd.usda.gov/publications/publications-cooperatives](http://www.rd.usda.gov/publications/publications-cooperatives)
Mapping Tool for Engaging Local Food Stakeholders

Local Food Compass Map

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www.ams.usda.gov/local-food-sector/compass-map
That’s It!

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Discussion Points

- Utilize existing space to attract new local food businesses e.g., Macon and Albany, GA State Farmers Markets

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Other ideas for engagement and articulating value?