Developing a local food system in association with business and industry

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Developing a local food system in association with business and industry

Abstract
A Maquoketa partnership was created to establish a demonstration for locally produced foods with a target market of employees at local businesses and industries.

Keywords
Business management, distribution and marketing, Community-based food systems, Supply networks

Disciplines
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Abstract: A Maquoketa partnership was created to establish a demonstration for locally produced foods with a target market of employees at local businesses and industries.

Question & Answer
Q: Is it feasible for a group of farmers to market a variety of locally produced foods directly to consumers through a subscription order system that is coordinated through places of employment and a central collection and repackaging center?

A: In small- to medium-sized communities, it does not appear that demand for locally produced foods through subscription sales orders at places of employment will support maintaining the service. More demand exists for fresh fruits and vegetables than for shelf-stable or value-added products. In order to support a central collection and repackaging facility, a higher population base in needed to gain an economy of scale in production and demand.

Background
Producers are always looking for new ways to market their locally produced foods. One strategy would be to sell local products to employees of area businesses and industries. This project sought to demonstrate how consumers would use subscription purchases to select and obtain what they want and producers then would know what quantities to produce. The subscription orders would be delivered on an established schedule to the consumer’s place of employment. In addition to the Maquoketa Valley Producers (MVP) and the produce customers, the partnership included a sheltered workshop in Maquoketa that provided a location for collection, temporary storage, repackaging, and delivery.

Objectives of the project were to:
1. Quantify the supply, availability, and price of local food products that can be marketed through subscription sales;
2. Initiate a subscription sales demonstration at three places of employment in the Jackson and Clinton County areas;
3. Establish a central collection processing, repackaging, and distribution point for the subscription orders; and
4. Demonstrate economical ways to extend the season or preserve and add value to locally raised foods.

Approach and methods
This demonstration project involved efforts related to each of the four objectives.

Objective 1: Quantify the supply, availability, and price of local food products that can be marketed through subscription sales. Project leaders contacted members of the Maquoketa Valley Producers to obtain a list of the products available for sale, dates of availability, estimated quantity, and market prices for products. Contacts were made personally or at MVP meetings. In year two of the project, the producer information was transferred to a computer database that included additional details about both the products and producers.
Weekly contacts were made with producers to identify items that would be for sale in the coming week. Featured products were chosen to be highlighted on the week’s subscription order.

Objective 2: Initiate a subscription sales demonstration at three places of employment in the Jackson and Clinton County areas. The weekly order forms were faxed, e-mailed, or delivered to places of employment. Orders were collected at a central location in the business or were faxed directly to the project coordinator by noon on Wednesday. The producers were notified about the products purchased and delivery was made to the central point by noon Friday. Due to the large variety of items available, it was decided to feature only certain items to keep subscription order forms relatively short.

Pricing of items was the responsibility of the producer and a 10 percent markup was added to cover some of the coordination and handling expenses. Pricing per item was preferable to pricing by the pound.

The subscription marketing model was demonstrated with the Maquoketa State Bank (70 employees), Maquoketa Community School (280 employees), and DAC, Inc. (113 employees). Several other audiences were also tested including a cooperative buying club, a retirement community, businesses in Davenport, and individuals with an identified interest in local foods.

Objective 3: Establish a central collection processing, repackaging, and distribution point for the subscription orders. DAC, Inc., a sheltered workshop for persons with physical and mental disabilities, was selected as central collection point in Maquoketa. Their facilities included storage and freezer equipment that allowed for holding a wide variety of local food products. The clients at DAC (under supervision) filled the individual subscription order forms. Consumers could receive their boxed orders and pay for them at the time of delivery.

Objective 4: Demonstrate economical ways to extend season or preserve and add value to locally raised foods. A portable, high tunnel greenhouse was built and drip irrigation lines were installed. In April 2002 sweet corn was planted inside the greenhouse, but a hail and wind storm badly damaged the portable greenhouse, so the plastic was removed.

Other vegetables were planted in the high tunnel in early 2002 with mixed results. The broccoli and cabbage were successfully transplanted while the tomatoes and pepper seeds did not germinate. Limited use was made of the portable high tunnels in 2003.

Efforts were made to encourage MVP members to add value to locally raised products. The state-inspected kitchen at DAC, Inc. was made available to MVP members for such activities, but the actual usage was low.
Results and discussion

Objective 1: Quantify the supply, availability, and price of local food products that can be marketed through subscription sales. The MVP group had 30 members in 2002 and 23 members in 2004. Some producers were beginning operations on a limited scale while others were already selling large quantities of product wholesale to grocery stores. Among the value-added items for sale were dips, salsas, bread mixes, jams, jellies, and frozen meats. The diversity made for a good selection but a very lengthy order form. Tracking of products and orders grew easier when a computer database was used. There were some problems with product pricing initially, so in subsequent years producers were encouraged to collaborate on prices at the beginning of the season.

Objective 2: Initiate a subscription sales demonstration at three places of employment in the Jackson and Clinton County areas. After the three demonstration sales locations were identified, weekly order forms were provided, with one for fresh produce, one for frozen products, and one for condiments or shelf stable products. The 2002 growing season was very unfavorable for fresh fruits and vegetables. This significantly affected the availability of fresh produce for subscription sales. There also were problems with e-mailing of subscription forms, primarily within the school system, but these were remedied with establishment of a central school e-mailing point. Problems occurred at the bank because officials did not like the delivery of orders to affect customer service during banking hours. Having bank employees pick up their orders at DAC, Inc., proved less than successful.

In 2003, a local food buying coop in Monticello was added to the subscription list, along with AAA Travel in the Quad-Cities. The MVP also attempted to sell holiday gift baskets (priced at $25 to $40) with shelf stable products via the subscription service. These were met with limited response and sales. Sales within the local Maquoketa community were poor.

The highest interest in subscription sales occurred in fresh fruit and vegetables with very little interest in frozen or shelf stable products that were available from other retail outlets. A big drawback to local food production and distribution is the scale of production necessary to make this sort of marketing venture possible.

Objective 3: Establish a central collection processing, repackaging, and distribution point for the subscription orders. The clients at DAC, Inc. initially were very interested in providing labor for the subscription service enterprise. However, as the order quantities diminished, the interest and ability to dedicate space and staff declined. The project did open the door to some other opportunities for the DAC, Inc., clients to work with a local farmer and a greenhouse/nursery business.

There are problems of scale when using a central collection and processing facility for local good sales. Justifying the cost and expense of the storage facility requires a significantly higher volume of sales. A better route might be to focus strictly on fresh fruits and vegetables during the growing season when the demand for these products is high.

Objective 4: Demonstrate economical ways to extend season or preserve and add value to locally raised foods. The portable plastic greenhouses erected for the project did not stand up well to the local weather conditions. This made it difficult to gauge how helpful such structures would be in extending the growing season. They could offer season-extending capabilities if the sites selected were less susceptible to high winds or could be planted in association with field wind breaks to reduce wind and weather damage.

The project did spur some other value-added used of food products. A salsa business in Clinton County purchased products from MVP members and a bulk food-buying store in Bellevue featured assorted fresh products and value-added products from MVP members.

Conclusions

• Subscription orders from businesses in the project area did not generate enough profit to make the project sustainable. Orders were placed by only 7 percent of the employees who received order forms.

• Interest in fresh fruits and vegetables was higher than that for processed, frozen, or value added items. Focusing on fresh products would limit the number of producers involved and would increase the risk of weather-related supply problems.
The viability of a central collection and distribution point for a local food system is significantly affected by economy of scale and proximity of producers. It is not feasible for producers 10 to 20 miles away to deliver small quantities of products to a central facility.

Sheltered workshops can play a role in local food systems by providing labor and storage/kitchen facilities. They also can be a source of labor for local food producers.

Structures intended to serve as season extenders have potential to help producers increase sales, but they must be constructed to withstand wind and weather conditions or be placed strategically along with windbreaks.

Consumers of local foods are price and quality conscious and in smaller communities they may already have access to local foods.

The subscription sales concept lacks the "relationship" aspects of direct market sales where the farmers and consumers develop a relationship based on shared experiences.

Local food projects are highly dependent on economy of scale. The market must be developed to generate increased supplies, but supplies must exist in order to create markets.

The subscription sales concept may do better in a community supported agriculture format with one or two producers initiating the effort and then expanding the number of consumers and supplies as demand increases.

Impact of results
Both a computerized inventory of local food products and a coordination process were developed and have potential for use in other subscription order systems. Sheltered workshops offer partnership potential for several parts of local food systems in terms of labor and shared facilities.

Education and outreach
Presentations were made to local media (radio and newspapers) and community groups in the Maquoketa area in 2001, 2002, and 2003. The MVP group had a booth at the local Farm and Home Show in 2002, 2003, and 2004 with subscription service order forms available to the public. Six field days were held at the farms of MVP members during the project period to increase exposure to local food production.

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