

2016

Market development and logistics for local food distribution in the Cedar Valley

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Recommended Citation

Huegerich, Jodie, "Market development and logistics for local food distribution in the Cedar Valley" (2016). *Leopold Center Completed Grant Reports*. 510.

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Market development and logistics for local food distribution in the Cedar Valley

Abstract

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Disciplines

Agribusiness | Agriculture | Entrepreneurial and Small Business Operations



Market development and logistics for local food distribution in the Cedar Valley

Abstract:

Getting local food into the hands of consumers requires a variety of creative approaches. This project in northern Iowa demonstrated several ways to encourage marketing and sales of local food in the area.

Principal Investigator:

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Budget:
\$25,406 for year one

Q Is a CSA worksite program beneficial to increasing local food consumption?

A The PI surveyed CSA worksite members. The survey concluded that many members have never participated in a CSA/food box program before, showing that this process exposed a new customer base to locally sourced food.



MARKETING

Background

While many elements of a local food system exist in the Cedar Valley, the region lacks a local food distribution option. The University of Northern Iowa, in collaboration with the Iowa Food Hub, proposed to develop a local food distribution option in the Cedar Valley. Food hubs can play a significant role in developing stable food supply chains that will benefit the regional food system; however, starting food hubs can be risky and they have a tendency to fail if baseline cash flow is not sufficient.

This project builds on the experience and expertise of the Iowa Food Hub, a food distributor in Northeast Iowa, and geographically expands its distribution to the Cedar Valley. In addition, the Cedar Valley is conveniently located on the Iowa Food Hub's truck route. The Iowa Food Hub is offering its infrastructure (truck, driver, logistical operations) to help establish local food distribution systems in the Cedar Valley.

The project had three basic objectives:

1. Implement a CSA program with a worksite in the Cedar Valley.
2. Provide institutional buyers with a local food distribution option.
3. Build relationships with producers and institutional buyers and measure access to local foods in the Cedar Valley.

Approach and methods

Phase 1: Preliminary Worksite Research. Potential worksites were surveyed about their interest in starting their own CSA program. After identifying a worksite, the employees were surveyed to gauge their interest.

Phase 2: Worksite Development. The next step was to increase participation and solidify the viability of the business. A survey was given to initial worksite customers. The program was promoted through flyers, emails, and collaboration with Human Resources and the Wellness Committee.

Phase 3: Institutional Buyer Development. The next step was to engage a group of institutional buyers committed to purchasing local food and use the existing space in the IFH truck to deliver to these buyers. Assisting the local institutional buyers, the



Iowa Food Hub cold storage

UNI Local Food Program Manager met one-on-one with institutions to develop a mixture of local food delivery options to meet their individual needs.

Phase 4: Implementation and Evaluation. The program was evaluated using the Iowa Food Hub business data: margins, sales, and cash flow. Final evaluation of the project will be completed and results shared.

Results and discussion

1) Worksite CSA provided a new opportunity for purchasing local food in Cedar Valley. Many members had never participated in a CSA/food box program before, exposing a new customer base to locally sourced food. About half of the members shopped at a farmers market two or fewer times a year, exposing a new customer base to locally sourced food. More than 40 percent of existing members and more than 48 percent of new members said the top reason they participated is to support local farmers. The second most often cited reason was the convenience of worksite pick-up which makes this CSA different from other CSAs.

The University of Northern Iowa is the only worksite in the Cedar Valley participating in the Iowa Food Hub CSA (Food Box Program). There have been inquiries about joining the program, but several factors have prevented others from participating:

- There must be a “champion” at each worksite to be the communication link between Iowa Food Hub and employees.
- A significant number of employees must participate to make it profitable. Most of the worksites had five or fewer people.
- At the time the Iowa Food Hub was implementing the Food Box Program, other food programs also were being started at area worksites.

2) Three institutional buyers purchase local food through Iowa Food Hub or via direct delivery from producers. Currently only two institutional buyers are buying from the Iowa Food Hub: Isle and Waverly-Shell Rock School District. There are other distribution efforts in the Cedar Valley so the total number of institutional buyers is likely higher but hard to measure. There have been discussions with Cedar Falls Community School District and University of Northern Iowa Dining Services. The Local Food Coordinator also has made contacts for the Iowa Food Hub at local restaurants. However, the price of produce continues to be a concern for buyers. If the Iowa Food Hub had more staff, there would be someone in the Cedar Valley to make more frequent sales calls.

3) New producers/farmers from Cedar Valley sell to institutions. This is happening but it is hard to measure. The goal of the Iowa Food Hub was to provide a stable market for Cedar Valley producers. The concept of selling to an institution located a few hundred miles away proved difficult for some producers to understand. Representatives from the Iowa Food Hub have met individually with producers, spoke twice at a Northern Iowa Food and Farm Partnership meeting, and met with a young farmers group in Grundy County. These opportunities have helped the producers understand the process and make initial contact with the Iowa Food Hub.

Conclusions

The UNI Local Food Coordinator was able to identify potential 1) worksites for the CSA Worksite program, 2) institutional buyers, and 3) local food producers for the Iowa Food Hub. However, it was not realistic for the Local Food Coordinator to manage the orders and customer logistics. The Local Food Coordinator did not have enough knowledge about the Iowa Food Hub to provide this specific information or service. It worked best for the Iowa Food Hub staff to work with potential worksites, institutional buyers, and producers after the coordinator had identified them. The impact of this project could have been greater if an Iowa Food Hub staff member focused only on the Cedar Valley and spent the majority of his/her time in the Cedar Valley. However, the Iowa Food Hub lacked sufficient staffing to make this possible.

Impact of results

The Iowa Food Hub successfully established a worksite CSA (Food Box Program) at UNI. Customers enjoyed local foods and the convenience of worksite pick up. Two institutional buyers started purchasing local foods from the Iowa Food Hub. They continue to work together to increase their local food purchases.

Institutions find that the Iowa Food Hub offers the convenience of dealing with one company versus multiple individual producers. The Nutrition Service Director at Waverly-Shell Rock School District cited the good working relationship with Iowa Food Hub: “They are very prompt on returning bids/pricing, product info, etc. We email our orders to them weekly and deliveries happen at a similar time each week. The product has been of great quality with very few issues.” Price continues to be a concern for some institutions. These institutions value local food on their menus but must keep their budgets balanced and other food distribution companies offer lower or competitive prices.

The Iowa Food Hub continues to meet with local producers to explain the role of the Iowa Food Hub and how it can benefit the local food system. More producers in the region understand the process and the benefit to them after face-to-face interactions with the Iowa Food Hub staff. Working through a food hub is a difficult process for most producers to understand when they are used to doing everything themselves—growing, selling, negotiating with potential buyers, and marketing their products. The Iowa Food Hub will continue to establish relationships with interested producers and help them see the value in selling their products to the Iowa Food Hub.

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Education and outreach

Presentations:

- Northern Iowa Food & Farm Partnership. January 19, 2016, 25 participants
- Grundy County Young Farmers Group. January 19, 2015, 15 participants

The participants attending these meetings were able to learn more about how a food hub works and how it is beneficial to local food buyers and local producers.

Leveraged funds

No additional funds were leveraged by this project.