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Abstract
Institutional buyers in northeast Iowa were questioned about local food attributes and purchases.

Keywords
Community-based food systems, Farm to institution, Market research and feasibility studies

Disciplines
Business Administration, Management, and Operations | Entrepreneurial and Small Business Operations | International and Community Nutrition | Marketing

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What are the current purchasing patterns (i.e., what products, how much of each product, etc.) for institutional buyers in Northeast Iowa, and if products are not being purchased by institutional buyers or not at the quantity desired, what are the barriers?

The answers to these questions will allow producers the access to an additional market for their local products. In particular, the addition of local hospitals, restaurants, and nursing homes increases the opportunity to market products that typically couldn’t be sold direct to consumers (e.g., blemished or variable-sized products).

Background

The Northeast Iowa Food and Farm (NIFF) Coalition, formed in 2006, includes agricultural growers, banks, market gardeners and orchardists, extension agents, retailers, independent meat processors, and fundraisers. The group supports development and marketing of locally grown agricultural products to enhance the lives of local citizens. The coalition hopes to encourage producers to diversify, develop regional processing and storage opportunities, and increase local food sales and consumption.

The coalition conducted a survey to:
1. Assess current purchasing patterns by institutional buyers and households,
2. Map out the assets in the region, and
3. Determine what economic impact can be achieved by reaching the goals.

Approach and methods

The survey was provided to 180 institutional buyers in Howard, Winneshiek, Allamakee, Clayton, and Fayette counties. The questionnaire was hand-delivered and the institution buyers notified the survey delivery people when it was completed. This was not a random sample, and no conclusions can be drawn beyond the sample set. Return rate was close to 80 percent (140 surveys). Forty-two responses came from Winneshiek County, 40 from Clayton County, 20 from Fayette and 18 each from Howard and Allamakee.

Questions covered product and purchasing attributes, advantages to making purchases locally, purchase patterns when buying local food products, and demographic characteristics.
Results and discussion

Institutional buyers see taste and quality of products as extremely important. Food safety and guaranteed consistent quality also ranked high on the preference scale. A producer or processor can use the product and purchasing attributes to differentiate products or match products with the desires of the buyer. Potential sales strategies would be to offer a product sample or help conduct a taste comparison test.

Forty-one percent of the respondents thought locally grown food products would have an advantage in appealing to customers. Fifty-seven percent of the respondents indicated that they currently use locally grown food.

Producers and processors should ask institutional buyers if there are virtues to using locally grown products and what those advantages are. With that information, vendors can tailor their marketing message to match the buyer’s needs. Sellers could use a variety of marketing channels to convey their local food message to consumers served by institutional buyers.

Sixty-one respondents reported that they are not purchasing or have stopped purchasing locally grown products because:

- Local products were not accessible or available,
- They had not been approached by local farmers or processors selling these products, or
- They did not know who to contact for local products.

This suggests that a broader market exists for local products if buyers can be made aware of the products and learn how to purchase them easily.

Thirty-five respondents cited state codes and regulations as barriers to purchasing local products. Producers and processors need to determine if this a difficulty based in fact or a perceived barrier. Further education could help if the problem is one of perception. Eliminating this barrier, either by education or policy implementation, should be a high priority for local food purveyors.

The higher cost of locally grown food presents another obstacle to increasing market share. Focusing on product differentiation by quality, taste and other attributes that are important to buyers may help defuse this issue. However, some buyers may be so concerned about cost that solutions will be hard to achieve. Minus the cost concerns, 85 percent of the respondents said they would purchase local food. There was a wide range of products that buyers would be willing to purchase, and most of the foods could be grown or raised in the five-county survey area. Buyers stated that they would be willing to pay, on average, 12 percent more for locally grown products.

Nearly 60 percent of the institutional buyers referred to themselves as working with full-service restaurants or “other.” Another 25 percent were categorized as public or private schools and hospitals or care centers. The buyers were an experienced group, averaging 16 years on the job.

**Impact of results**

Information from the survey has been used in the Northeast Iowa Food and Fitness Project funded by the W.K. Kellogg Foundation.

During distribution of the institutional survey, personnel from hospitals and nursing homes reported that they would like to purchase local foods but said state policy prohibited those purchases. When NIFF Coalition and FFI leaders learned of this, they contacted the Iowa Department of Public Health (IDPH) for an explanation and written policy of approved vendors. From their contacts at IDPH, they learned that nobody could find language in the Iowa code that supported these enforcement claims and in fact, there is no state policy that requires inspection of fresh whole fruit and vegetable purchases.

After months of negotiations, in March 2008, information on “Purchase and Use of Fresh Produce in Nursing Facilities” was sent to Iowa’s 402 nursing homes and hospitals and clarified the use of local produce in these facilities. The Iowa Department of Agriculture and Land Stewardship also sent out a letter on the matter, citing the advantages to purchasing locally grown food products.

Critical elements that led to this change in the interpretation and enforcement of this “pseudo regulation” were an awareness of the issue and understanding of its detrimental impact at the local level; the presence of networks that provided local leaders access to champions who were skilled at navigating state bureaucracy; and the ear and sentiments of at least one government champion who had the knowledge, administrative support, fortitude, skills, and commitment to gain meaningful access to the appropriate agencies with the power to make changes.

**Leveraged funds**

The following grant dollars have been received along with the Leopold grant that funded the institutional survey.

- Building a Model Local Food System in Northeast Iowa – Part II; Wallace Center of Winrock International/Leopold Center, $6,125
- Implementing a Strategic Plan for a Stronger Local Farm and Food Economy in Northeast Iowa; Winrock International/ Leopold Center’s Regional Food Systems Working Group, $10,000
- Northeast Iowa Food and Fiber Entrepreneur Educational Assistance Program; Community Vitality Center, $2,000
- Northeast Iowa Food and Farm Coalition” website development; Northeast Iowa Business Network, $4,000
- Building Leadership Capacity for Local Food Systems; Alces Foundation Grant (through Leopold Center), $3,000
- Northeast Iowa Food and Farm Coalition member(s) attended the Family Farmed 2008 Expo in Chicago; Alces Foundation grant through the RFSWG, $400
- Northeast Iowa Food and Fitness Initiative (two-year planning grant); W.K. Kellogg Foundation, $500,000 plus additional leveraged dollars