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Increasing local food consumption in rural communities by partnering with nontraditional food retailers

Teresa Wiemerslage
Iowa State University, wiemer@iastate.edu

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Increasing local food consumption in rural communities by partnering with non-traditional food retailers

Abstract:

The project investigators partnered with small rural businesses (“nontraditional retailers”) to increase access to local, healthy foods, especially fruits and vegetables. The team purchased display coolers to use in these settings, and tested several locations.

Principal Investigators:

Nick Mabe/Georgia Windhorst
Allamakee New Beginnings
(dba Iowa Food Hub)
West Union, IA

Budget:

\$25,000 for year one

Q Can partnerships with nontraditional food retail sites increase local food purchases in rural communities?

A Partnering with nontraditional retailers in rural communities can be an effective method for food hubs to reach new customers, but its reach is limited. These sites may require additional institutional customers in the community that can serve as anchor buyers to spread out the delivery costs.



MARKETING

Background

Many rural communities no longer have grocery stores. Residents in those communities may need to travel 15 miles or more to find a store where fresh food is available. However, some of these rural communities may have other businesses that could serve as outlets for local products.

The project investigators collaborated with these small rural businesses—“nontraditional retailers”—to increase access to local, healthy foods, especially fruits and vegetables. The project relied on investment in food hub staff time to develop and manage these new sites, purchase refrigerated coolers and displays at these sites, and creative marketing strategies to attract and retain new customers.

This project was incorporated into a larger project funded by a USDA Local Food Promotion Program (LFPP) grant which helped with installation of refrigeration and freezer storage at the food hub facility and provided funds to develop a branding and marketing program for the food hub.

Approach and methods

The project organizers started with a four-step process:

- Add sales capacity. The first objective of the grant was to increase the sales capacity of the food hub team.
- Nontraditional retail sites. The next objective was to approach various non-traditional retailers about serving as a site for a local food display cooler. Next was identifying four nontraditional retail sites. They approached several sites, including a feed store, a community hospital and meat locker, about hosting a retail display cooler.
- Develop online market basket. During this time, an a la carte market basket was launched on the Iowa Food Hub (IFH) website to facilitate preordering of local food products by the nontraditional sites or their customers. (At the IFH, inventory is monitored very carefully and food waste is minimal.)
- Community food boxes at nontraditional sites. In summer 2016, a community food box program began in five communities ranging in size from 1,000 to



Unionland cooler supplied by IFH. Photo courtesy Iowa Food Hub.

4,000 residents (Waukon, Monona, Elkader, New Hampton). These communities already are on IFH delivery routes, and have growing farm to school programs where the school is an anchor buyer. Nontraditional sites served as the pick-up locations. One location was at a farm partner's retail store while two other sites were at county Extension offices, both located on Main Street in their towns. Another site was at a Community Center/City Hall complex. IFH provided a retail cooler where the food boxes are held until the customers picked them up during regular business hours.

Results and discussion

Nontraditional retail sites. Success was limited to the feed store as the team was unable to launch the other sites. During this project, they purchased \$9,100 of product from the food hub (meat, dairy, eggs, fresh produce). About one-quarter of those purchases were fresh produce.

There were several challenges that the organizers were unable to adequately address at this time: low sales volume, sustainability of the push market strategy, and partner's fear of competition. One complication was the need for retail packaging of the produce for nontraditional sites. Most of the produce sold through the IFH is in wholesale, bulk packaging. Even regular grocery store accounts purchase the bulk boxes of produce to stock their retail displays. Another key realization was that the program required on-site management. Stocking of shelves and product inspection was done by the food hub staff.

Online market basket. This program was first rolled out to the worksite food box customers. From November 2015 to June 2016, the sales averaged \$225 per month. Some of the challenges of that system included gauging product interest, managing inventory, and the inability to pull a "pick-ticket" from orders.

The next steps for this project are to focus more on the system's top sellers (meat, dairy products), increase product variety, increase the promotion of system, and eventually upgrade to a more manageable software platform.

Community food boxes at nontraditional sites. Two of the four communities reached the threshold of memberships (10-15 subscriptions) to offer the 10-week food box pilot program. The program allows for registration and cancellation at any time, so there were people who joined the project after the start and some who left early. In the end, the memberships at both sites remained strong. The food hub decided to extend the pilot program for eight more weeks, and many of the customers continued their subscriptions.

Food hub staff also observed that the food box program in rural communities appeared to have a more loyal following. Food box subscription levels in large cities tend to have a high rate of attrition, presumably due to competition from other local food sources, such as grocery stores and farmers markets. Other food hubs and CSA growers in Iowa have reported similar observations. It appears that in rural communities, where opportunities to support local farmers are limited, the food box program is more valued and appreciated.



An example of the contents of the Iowa Food Hub's community food box from November 2016. Photo courtesy Iowa Food Hub.

Some of the other best practice ideas learned from the community food box pilot program:

- Identify a person to serve as a community recruiter to spread the work about the program. For this project, recruiters were viewed as local sales people and were given incentives for reaching recruitment goals.
- Consider paid advertising in local newspapers and shoppers to spread the word. Ads can be purchased for about \$20 per week.
 - Identify pick-up sites that are convenient for customers. While minimal supervision is required, a long window of time for pickup is ideal, especially with options during lunch or in the evening.
- Create an easy system for subscription management. This worksite food box program is email-based with weekly payments through PayPal®. In rural communities, not everyone uses email regularly and may not use PayPal®. It is wise to explore alternative subscription options.

Conclusions

Partnering with nontraditional retailers in rural communities can be an effective method of reaching new customers, but its success was limited. Unless the site draws a large number of customers, the sales volume can be small. These sites may require additional customers in the community who can serve as anchor buyers to spread out the delivery costs over a wider audience.

Working with nontraditional retailers requires creativity, innovation and local partners to assist with customer recruitment and sales. These partnerships can help meet food access objectives in a community, but may not be major revenue streams for food hubs.

Impact of results

These project outcomes were achieved:

- Establish local food displays at four nontraditional retailers in rural communities. Local food displays were established at three nontraditional sites, and project organizers will continue to promote to three other sites with the goal to bring them online in 2017.
- First-year goal of \$5,000 of local food sales per location. Total sales for the three sites were approximately \$14,000. A more realistic expectation would be \$5,000-8,000 per year.
- Jobs created: 1.5 FTE total. 1 FTE sales manager, 0.5 FTE delivery driver
- Jobs retained: 1.5 FTE total. 1 FTE general manager, 0.5 FTE delivery driver
- Over 40 farms or farmer groups will benefit from increased sales through IFH. Seventy-five farms and food businesses have benefited from the Iowa Food Hub. This is a 36 percent increase from the start of the project. Approximately 10 farms and businesses are the primary suppliers for the food box program.
- At least five new farms will become IFH farmer-suppliers. The food box program is an excellent way for beginning farmers to expand their operations. Seven new farms became farmer-suppliers to IFH, specifically because of the nontraditional

and food box sites. All of these farmers qualify as beginning farmers according to the USDA definition of having been in operation less than 10 years.

This project provides insights to market opportunities for food hubs. It also offers tactics to supply local food in communities that do not have farmers markets or CSA farms. It yielded significant information on the challenges in connecting families in rural areas to a consistent year-round supply of locally produced and identified products. It also helps Iowa's local food distributors and food hubs learn best practices for providing food to their rural communities.

Education and outreach

Two articles on the project appeared in local media:

- “Local Food Delivery Program to Start.” June 2016.
<http://iowafoodandfitness.org/wegrow/2016/06/23/local-food-delivery-program-to-start/>
- “Elkader Food Box is a hit.” FFI blog. September 2016.
<http://iowafoodandfitness.org/wegrow/2016/09/14/iowa-food-hub-popular-program-now-in-ne-iowa/>

Leveraged funds

This grant was supplemented with funds from an \$88,000 USDA Local Food Promotion Program Grant. Items covered included:

- Funds for cold storage at food hub facility
- Funds for marketing and sales assistants
- Funds to hire a branding consultant to develop an IFH logo and brand
- Funds for additional retail coolers and trailer cooler.

**For more information,
contact:**

Teresa Wiemerslage,
Iowa State University
Extension and
Outreach,
21 Allamakee St.
Waukon, IA 52172-1741
(563) 794-0599
e-mail:
wiemer@iastate.edu