Strengthening Local Markets through Partnerships and Engagement

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Presentation to Wyoming Consumer Issues Conference

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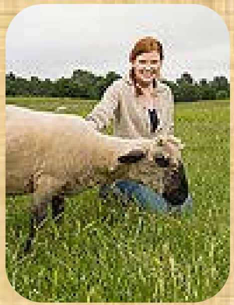
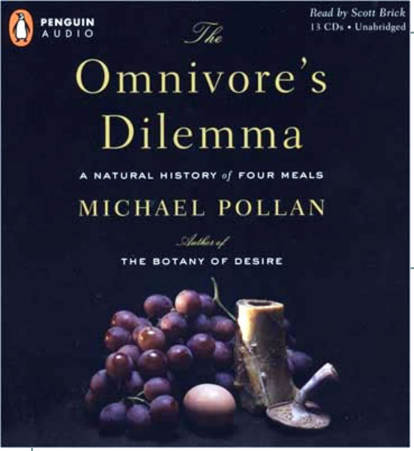
What we Should Consider. . .

- Consumer Motivations and Choices
  - What Outcomes do they Seek from more Local and Direct Market Relationships?
  - How Does this Influence their Behavior?
- Grassroots Developments
  - Building Farmers and Ranchers
  - New Govt and Public Programs to Support Prod.
- The Role of Community Driven Programs
  - Local Foods to Address Food Security
    - Farm to School....has led to new Extensions to Srs. and Food insecure
  - Remaining Barriers and Challenges



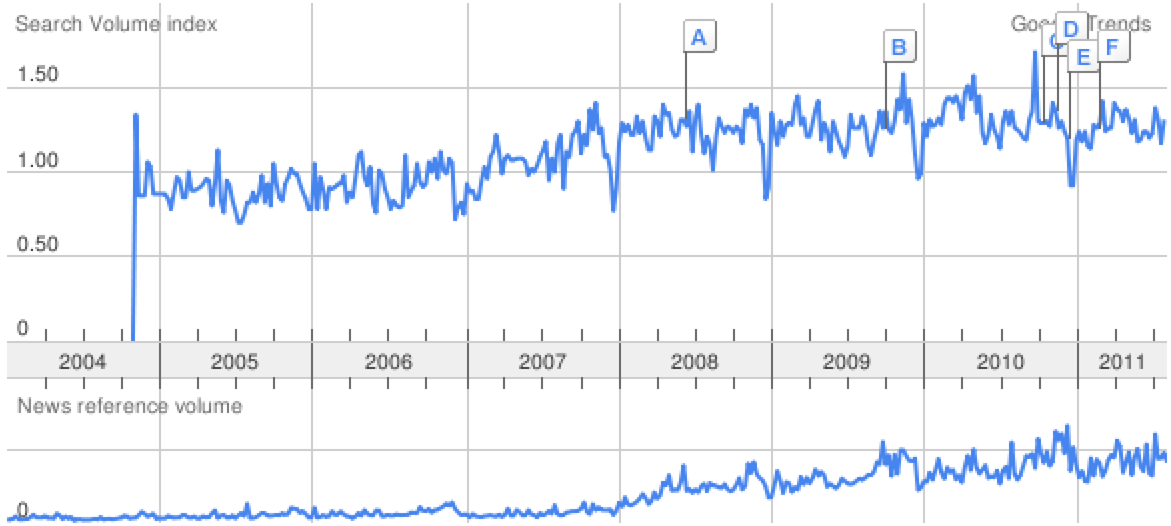


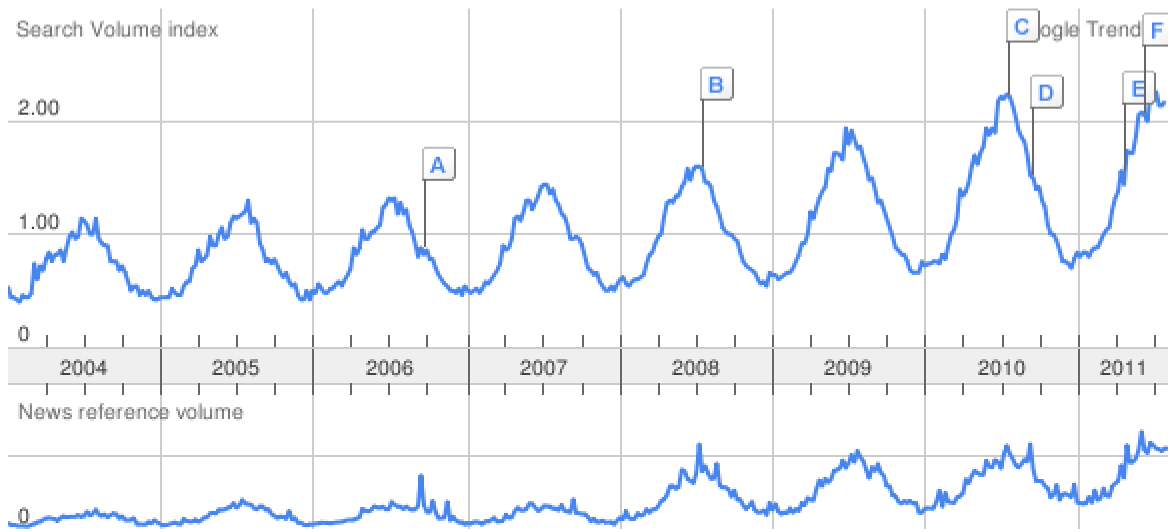
Locavores: An Overview

- Many potential factors driving consumer trends
  - Perceptions of quality (nutrition, fresh)
  - Assurances of safety and health benefits
  - Support for the local economy, farms
  - Environmental benefits, farmland preservation
- More broadly, what are private and public attributes consumers seek? Are there research and policy implications?

Local Food and Farmers Markets

Worldwide, interest has grown





Farmers markets more seasonal but increasing as well

U.S. National Map of Community Supported Agriculture

Source: Local Harvest, 2010. Available at: http://www.Localharvest.org

Exploring Motivations

2006 CSU Organic Produce Study

Funding of this research project by USDA/CSREES NRI grants #2005-55618-15634 and 2008-35400-18693 are gratefully acknowledged.

Keeling-Bond, J, D. Thilmany and C. Bond . 2009. “What Influences Consumer Choice of Fresh Produce Purchase Location?” *Journal of Agricultural and Applied Economics*. April 2009.

Bond, C.A., D. Thilmany, and J. Keeling Bond. 2008. “What to Choose? The Value of Label Claims to Produce Consumers.” *Journal of Agricultural and Resource Economics*, 33(3), 402-427.

Thilmany, D., C. Bond, and J. Bond. 2008. “Going Local: Exploring Consumer Behavior and Motivations for Direct Food Purchases.” *American Journal of Agricultural Economics*. Volume 90, Number 5, December , pp. 1303-1309(7)

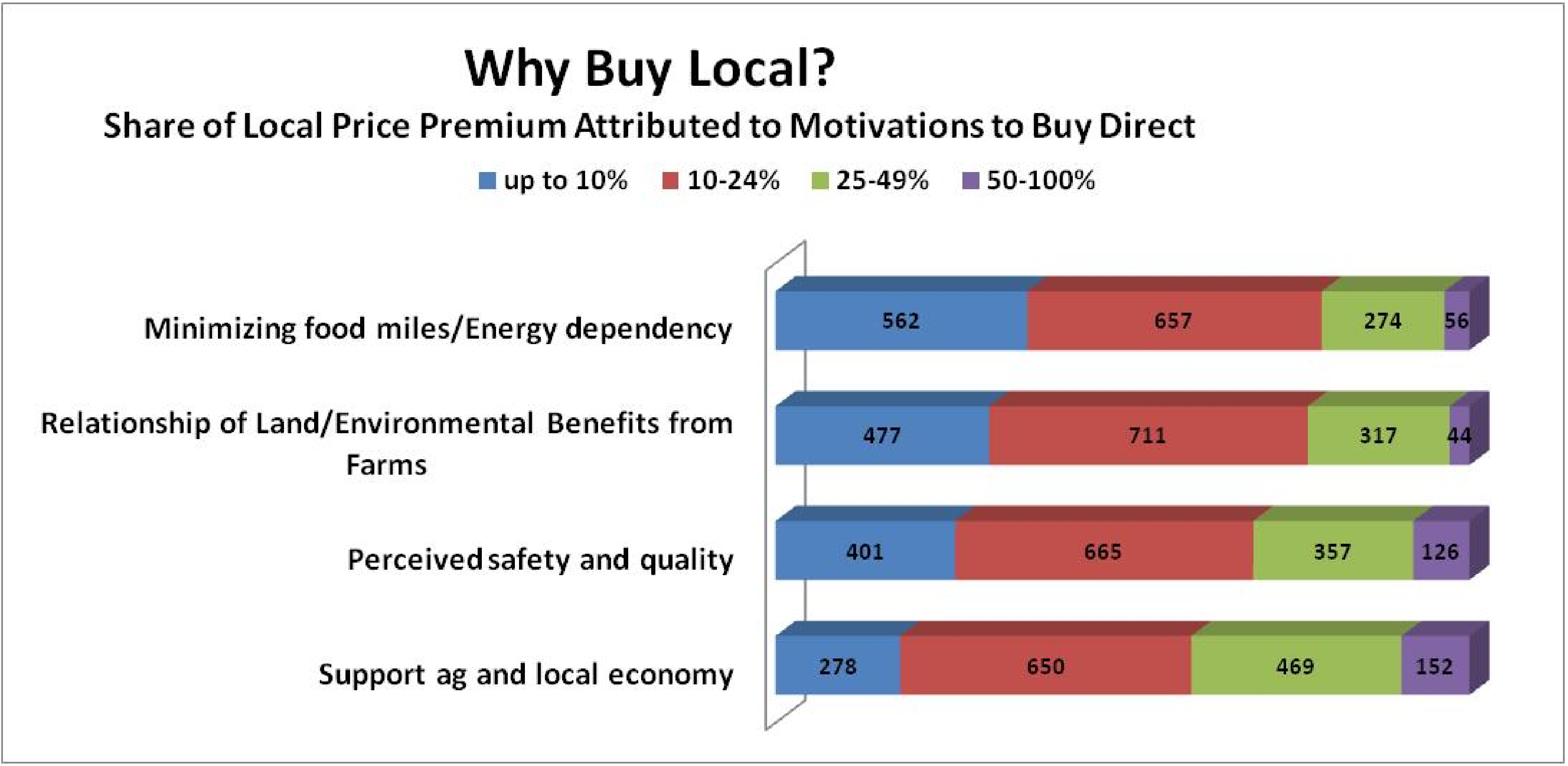
Bond, C., D. Thilmany and J. Keeling-Bond. Understanding Consumer Interest in Product and Process-Based Attributes for Fresh Produce. Spring 2008. *Agribusiness: An International Journal*. 24(2): 231-252.

Willingness to Pay Differences

	Max Premium	# would not buy	n
Local, Organic, 25% Higher Vitamin C Melon			
Full Sample	0.257	284	1549
	(0.25)	18.3%	
Supermarket/center	0.243	199	1023
	(0.25)[a]	19.5%	
Direct	0.286	74	466
	(0.26)[a]	15.9%	
Purple, Organic 3x Higher Antioxidant Potatoes			
Full Sample	0.329	684	1549
	(0.50)	44.2%	
Supermarket/center	0.306	457	1023
	(0.48)[a]	44.7%	
Direct	0.368	199	466
	(0.54)[a]	42.7%	

[a] Mean significantly different from rest of sample at the 5% level.

- Average 44% premium for melon (from base $0.59)
  - $0.075 cents higher than local (29% premium)
  - Direct shoppers 18% higher
- Average 17% premium for potatoes (from base $1.95):
  - $0.10 cents higher than for organic claim: 22%
  - Direct consumers 20% higher



Support for ag and local economy seems most important.
Food miles does not seem to be driving locavores

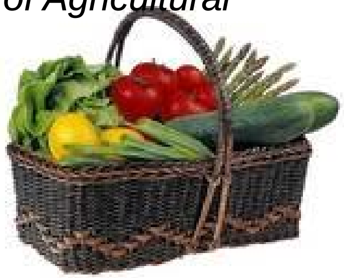
Organic, Locality, and Food Miles – Implications for Trade, Supply Chains, Environment, and Consumer Welfare

Nurse, G., Y. Onozaka and D. Thilmany McFadden.2012. "Consumer Motivations and Buying Behavior: The Case of the Local Food System Movement." *Journal of Food Products Marketing.* Forthcoming. 2012.

Costanigro, M., D. McFadden, S. Kroll and G. Nurse. 2011 "An In-Store Valuation of Local and Organic Apples: the Role of Social Desirability." *Agribusiness: An International Journal.* 27: 465-477

.Onozaka, Y. and D. Thilmany McFadden. 2011. "Does Local Labeling Complement or Compete with Other Sustainable Labels? A Conjoint Analysis of Direct and Joint Values for Fresh Produce Claims." *American Journal of Agricultural Economics.* February 93(3) 689-702*.*

Onozaka, Y., G. Nurse and D. Thilmany McFadden .2011. " Defining Sustainable Food Market Segments: Do Motivations and Values Vary by Shopping Locale?" *American Journal of Agricultural Economics.* 93(2): 583-589

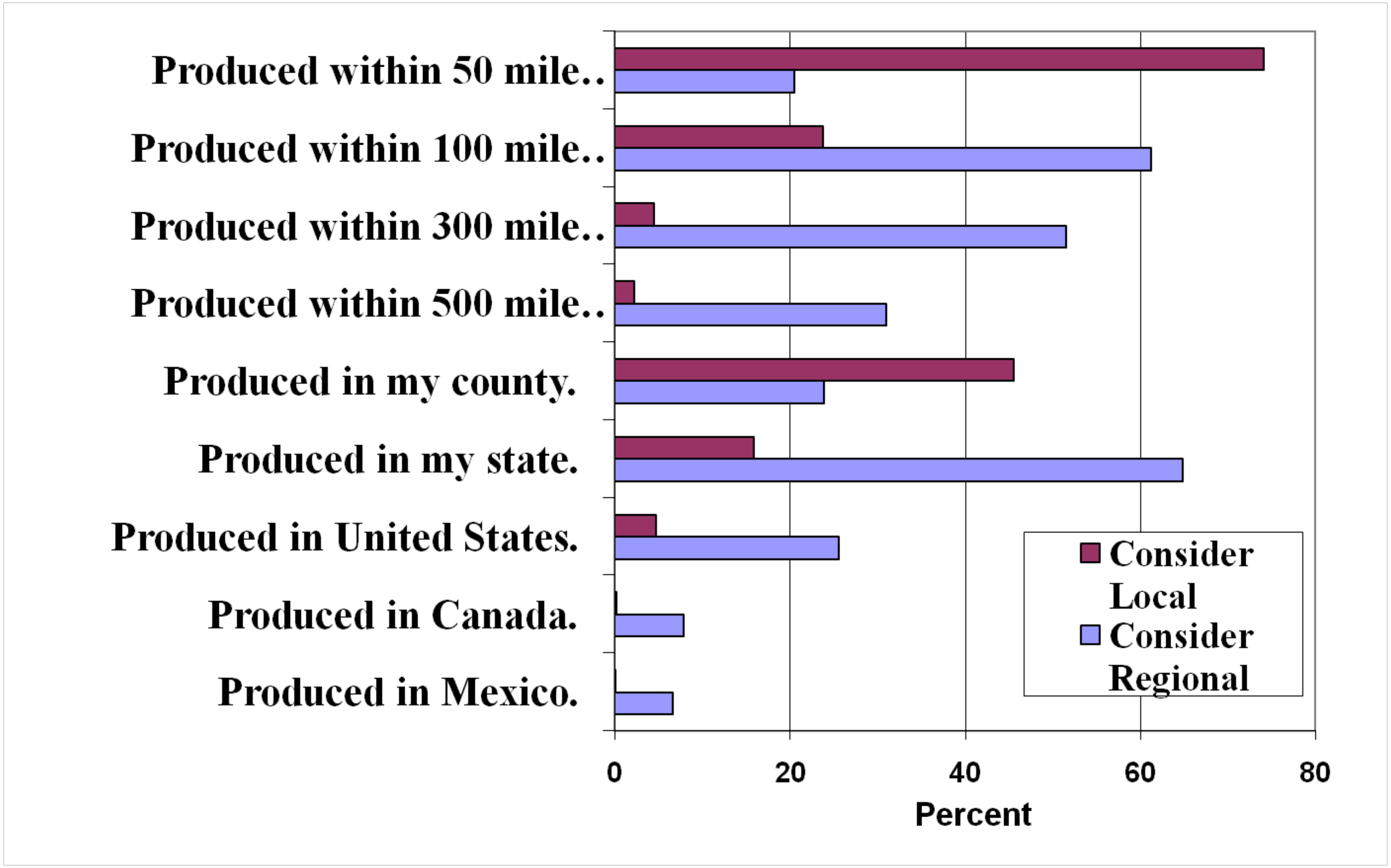


Funding of this research project by USDA/CSREES NRI grant #2008-35400-18693 are gratefully acknowledged.

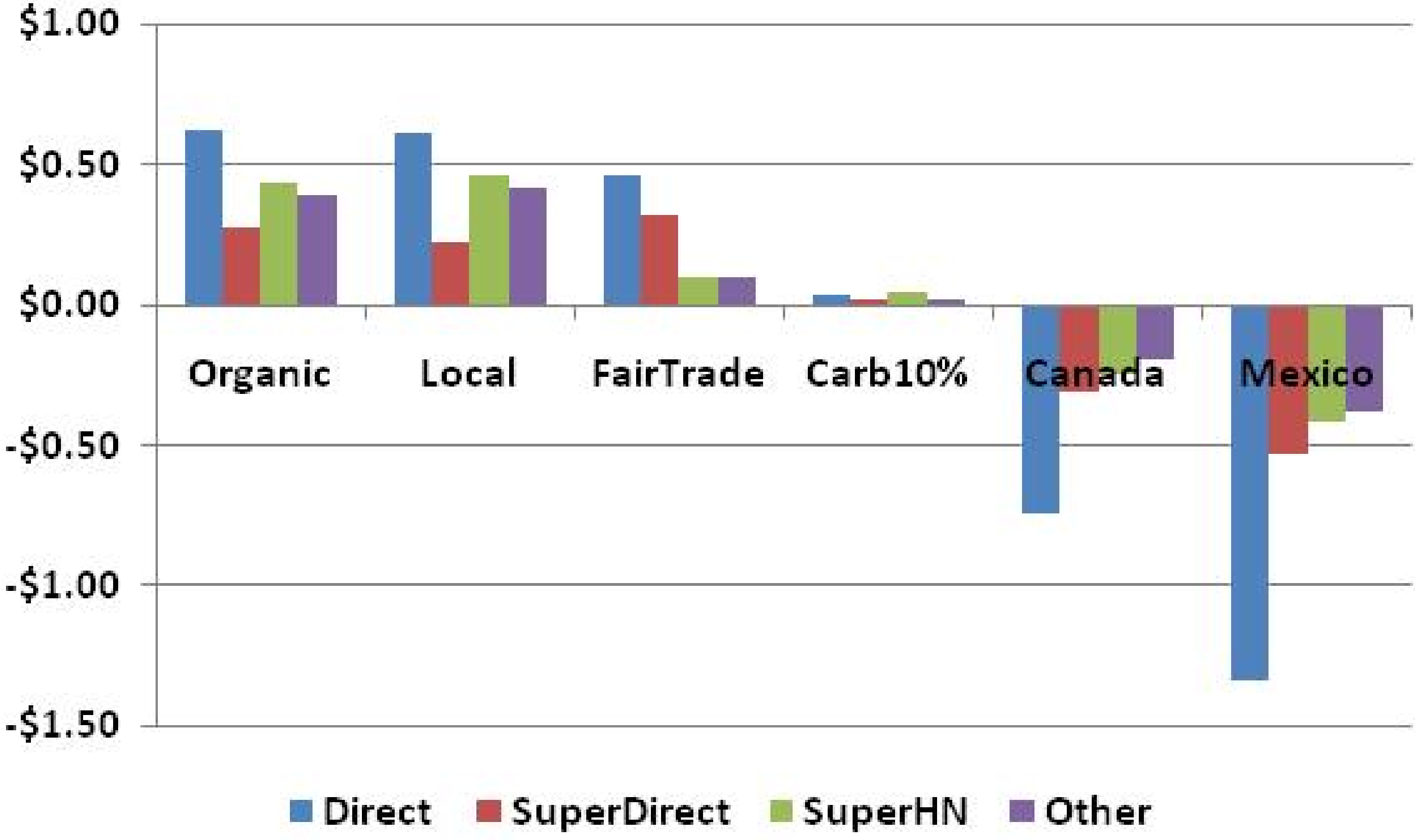
Fall 2008 Local Foods Survey

- Much higher penetration for local foods (over 80%), than organics (over 50%), with significant share buying both (over one-third)
- County and/or 100 mile radius seem to be the majority perception of local
- Expense and availability as most commonly cited “barriers”

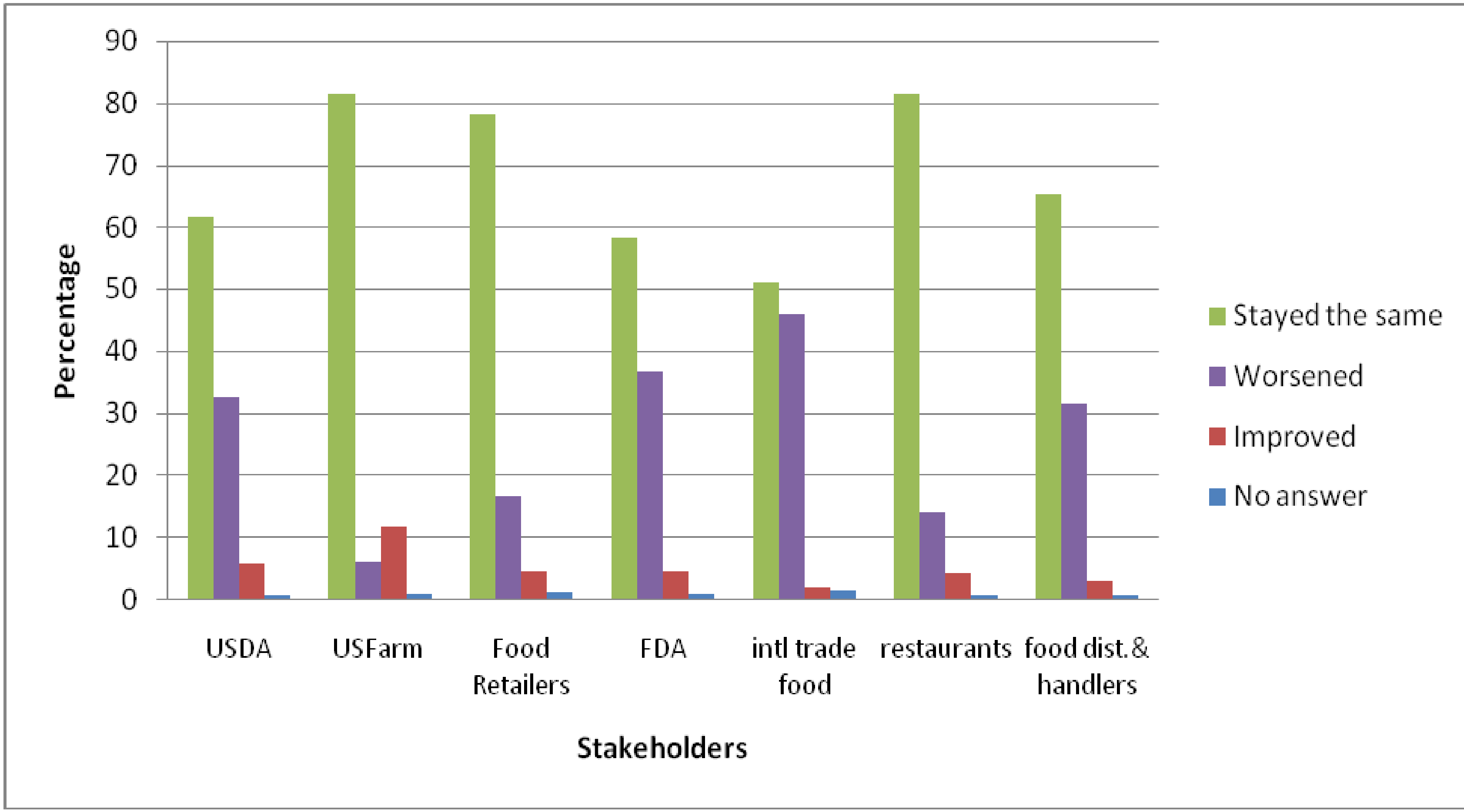
What is “Local”?

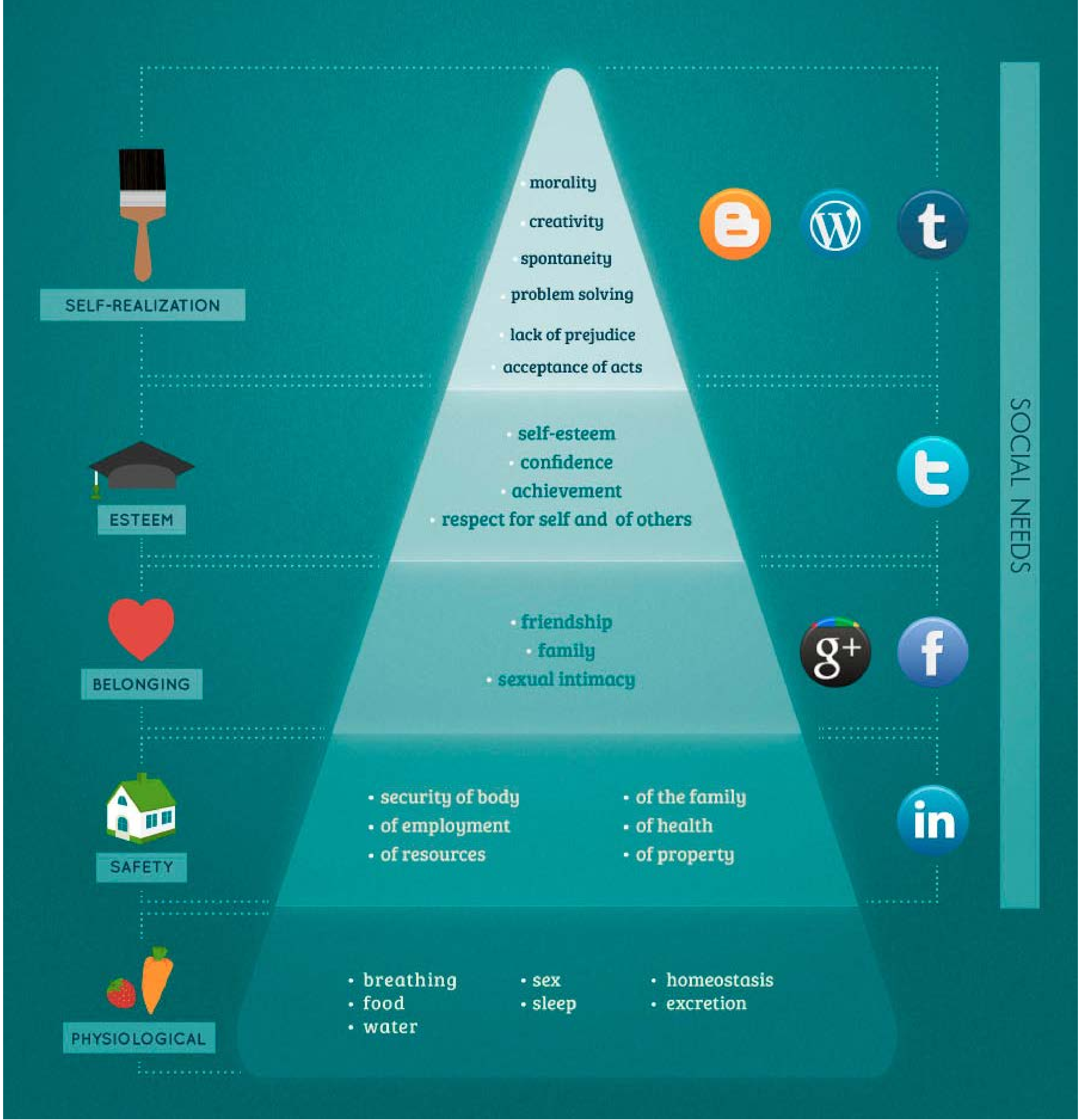


Median WTP Comparisons (Tomatoes)

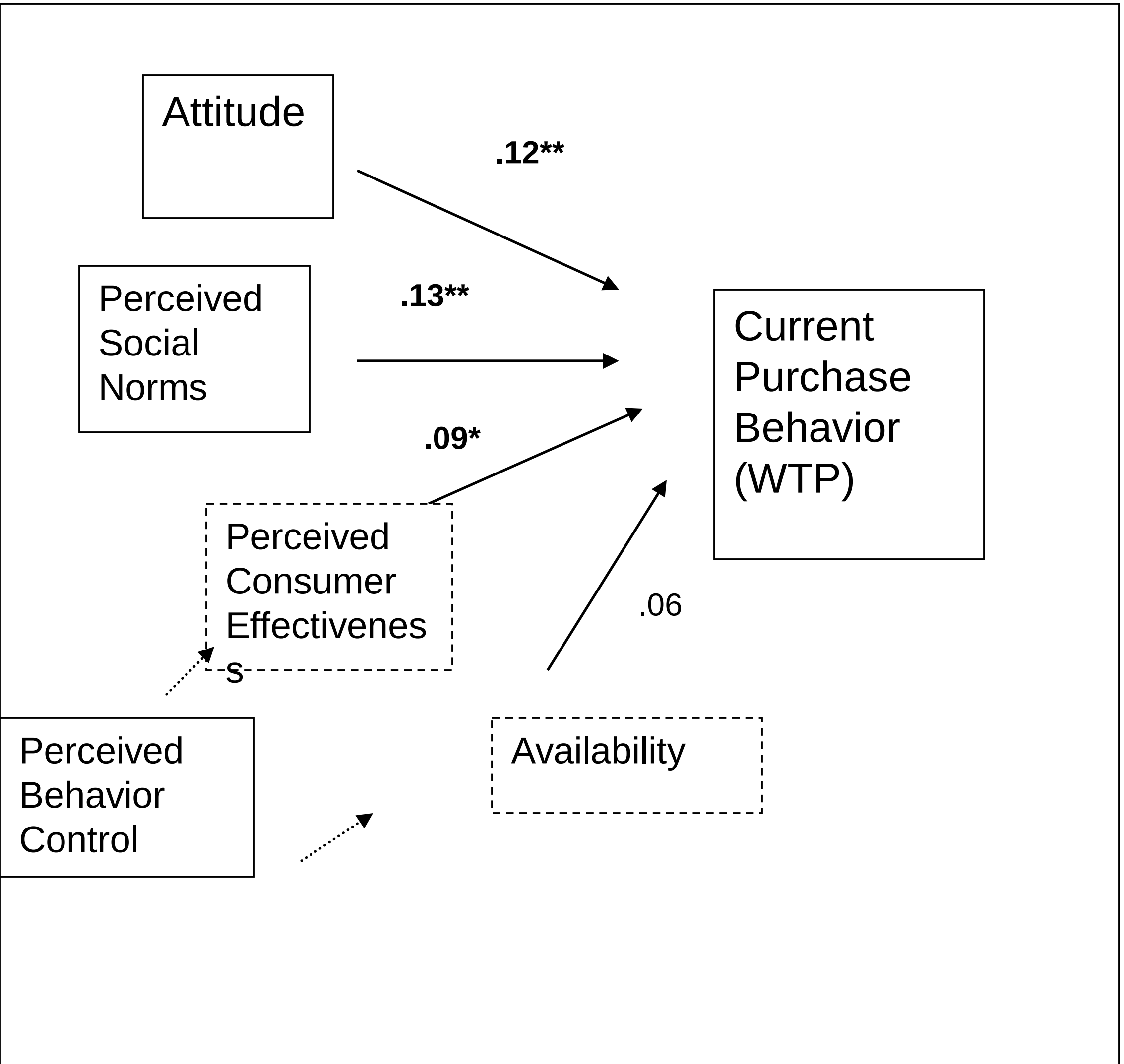


Changes in Perceptions of Food System Partners after 2008 Food Safety Events




SELF-REALIZATION
morality
creativity
spontaneity
problem solving
lack of prejudice
acceptance of acts
ESTEEM
self-esteem
confidence
achievement
respect for self and of others
BELONGING
friendship
family
sexual intimacy
SAFETY
security of body
of employment
of resources
of the family
of health
of property
PHYSIOLOGICAL
breathing
food
water
sex
sleep
homeostasis
excretion
SOCIAL NEEDS

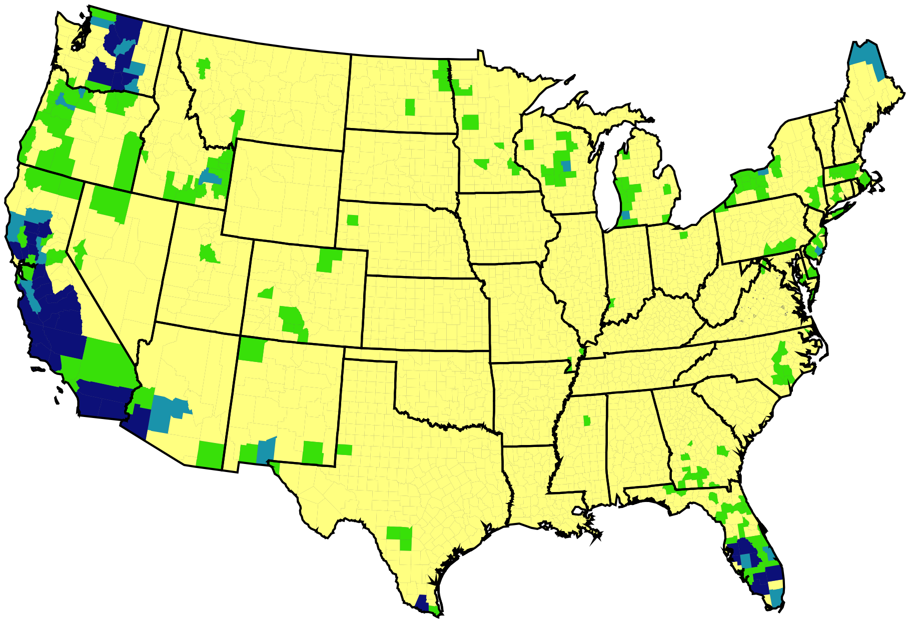
What Does Consumer Psychology Say?

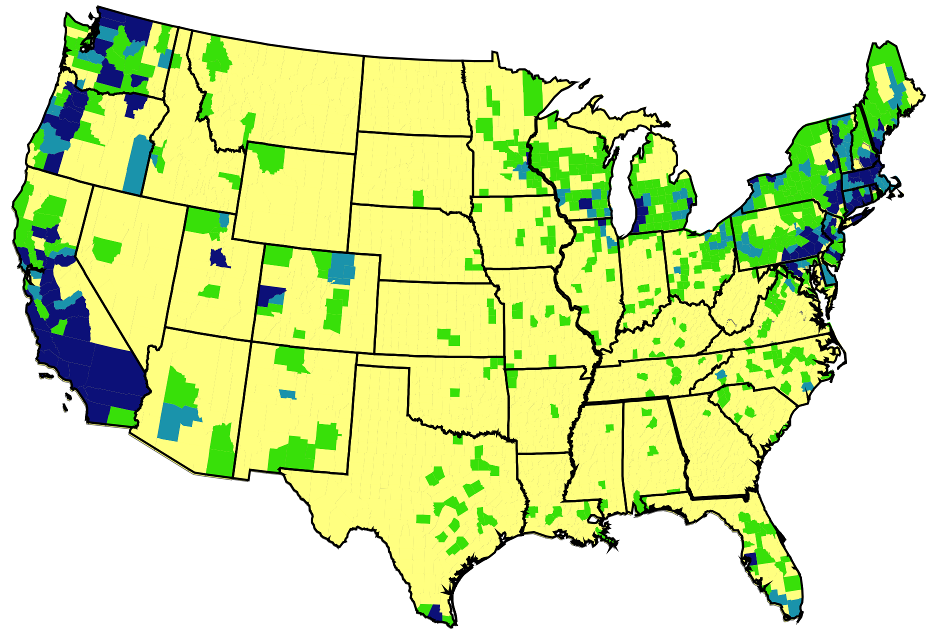


Dimension	Mean
Health	5.43
Impact local economy	5.08
Positive effect on society	4.74
Positive impact on environment	4.33
Statement for social fairness	4.09

Consumer Behavior

- Consumers are more savvy in using their money to make a public statement of activism and pursue “sustainable” consumption
  - Vermeir and Verbeke (2006), among others
- Farmers Markets role in enhancing “perceived consumer effectiveness” (PCE)
  - Extent to which the consumer believes that their personal efforts can contribute to the solution of a problem





Fruit and Vegetable Sales, 2007

County Average: $10.289M

Standard Deviation $82.043M

Below Average

Average to 1 St. Dev above

1-2 St. Dev above average

>2 St Dev above average

Direct Sales, 2007

County Average: $0.373M

Standard Deviation: $0.965M

Pearson correlation coefficient

US County Totals

	Obesity, % of adults	Cardiovascular disease mortality rate
Direct Sales*	**-0.21**	**-0.15**
Number of CSAs*	**-0.19**	**-0.16**
Number of Farmers' Markets	**-0.27**	**-0.14**
Fruit and vegetable sales over total farm sales*	**-0.18**	**-0.09**

Sources: * data from Census of Agriculture (2007)

Number of farmers' markets from USDA-ERS Food Environment Atlas (2010)

Obesity rate from CDC (2006-2008)

Cardiovascular mortality calculated using CDC Mortality Tape (98-00 and 03-05)

Note: Correlations for 2990 US counties for which data were available

Why Do Consumer Motivations Matter?

- Local Markets are Place-based....
  - .....and require place-authentic marketing messages, business models, and community partnerships
- Perhaps the Perception of “making a difference” is linked to social capital you are investing in...
  - ....or farmers and food producers in the system have being invested in their business innovations
- What role can communities play in leveraging the opportunities of altruistic consumers?
  - Rethinking community approaches to food systems

Building Farmers in the West and Colorado Building Farmers

DAWN THILMANY, MARTHA SULLINS, ADRIAN CARD
COLORADO STATE UNIVERSITY EXTENSION
WASHINGTON, UTAH, IDAHO, OREGON, NEW MEXICO, WYOMING, ARIZONA, MONTANA

Colorado State University Extension

Building Farmers in the West

USDA
United States Department of Agriculture
National Institute of Food and Agriculture

The Western Center for Risk Management Education
Washington State University Extension

Funded by USDA Beginning Farmers and Ranchers Development Program (grant award number 2009-49400-05877 and 2012-00712).

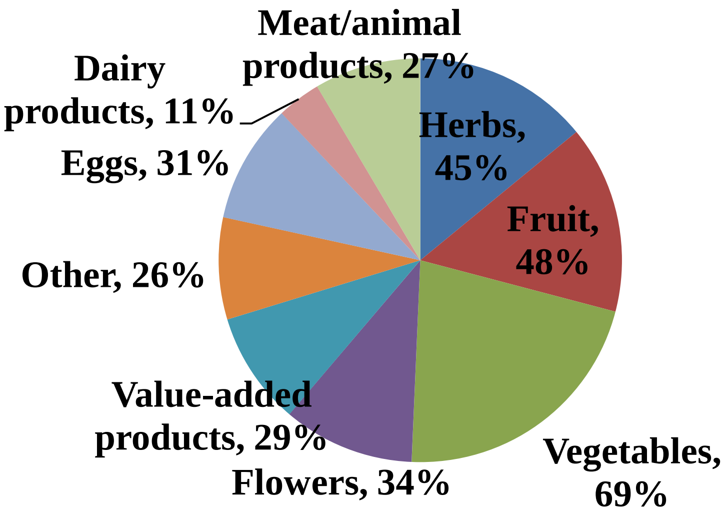
Our farmer/rancher participants said:

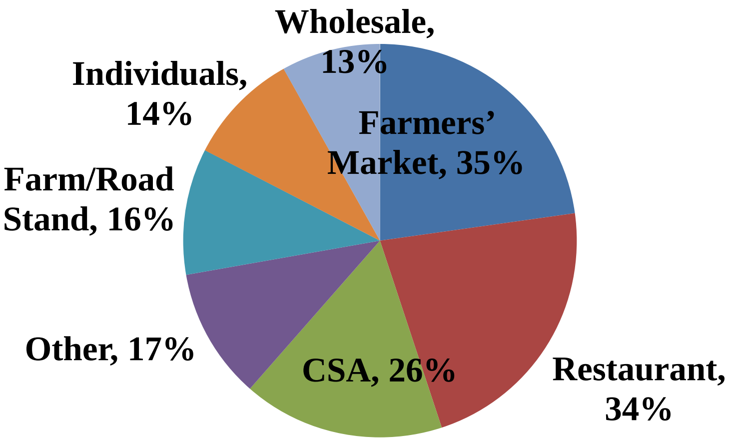
✓ 90% would recommend the program to others
✓ 87% increased their farming
✓ 79% have a network of farmers with whom to work

After the program, participants with a:

• Financial plan	grew by	89%
• Marketing plan		85%
• Business plan		78%
• Production plan		70%

Our participants will produce new products and use new markets





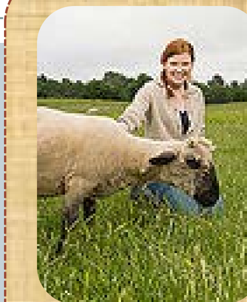
Building Farmer Linkages to the Food System

- Fort Lewis College Farm Incubator
  - Funded by Colorado Dept of Ag Specialty Crops Grant
  - May be an Anchor region for Colorado Land Link
- Northern Colorado Food Cluster Winters Markets
  - FMPP

- Extended Leasing of Boulder Open Space to Small Specialty producers
  - Larimer County exploring similar options
- GreenLeaf and Sprout City Farm
  - Two key Denver urban ag initiatives that won Denver Slow Food micro-grants

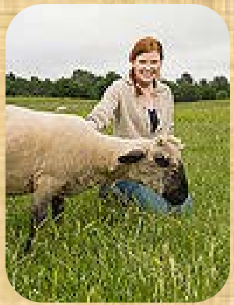
Food Community: Where Cooperation Matters

- Wholesale buyers, driven by consumer demand, have shown a desire to purchase local food
  - In a National Restaurant Survey, #1 trend for 2011 was cited as locally sourced meat and seafood and the number two trend is locally sourced produce (Chef Survey: What's Hot in 2011, 2011)
  - 2,352 farm to school programs (Farm to School, 2011)
  - 164 farm to college programs (Farm to College, 2011)
- The demand exists, the challenge is in the supply chain



What makes a value chain different?

- All actors are seen as partners with each receiving a fair price
- High level of transparency and trust throughout the organization
- Partners in the value chain provide high levels of support, interaction and assistance with one another
- Focus on long-term relationships, creating horizontal linkages to provide adequate volume and partnerships to utilize existing infrastructure and knowledge



A Scan of Colorado-CSU Linkages

- Value-Based Market Development
  - Farm to School and Farm to Seniors
  - Food Bank Partnerships
  - Value Chains and Food Hubs
- Technical Assistance and Partnerships
  - Colorado Farm to Market and Cottage Foods Project
  - Colorado MarketMaker
- Food Assessments to Inform Policy
  - Northern Colorado Food Assessment
    - Pueblo, La Plata, Chaffee, Denver, Routt Counties
  - New Colorado Food Policy Network

Market Development

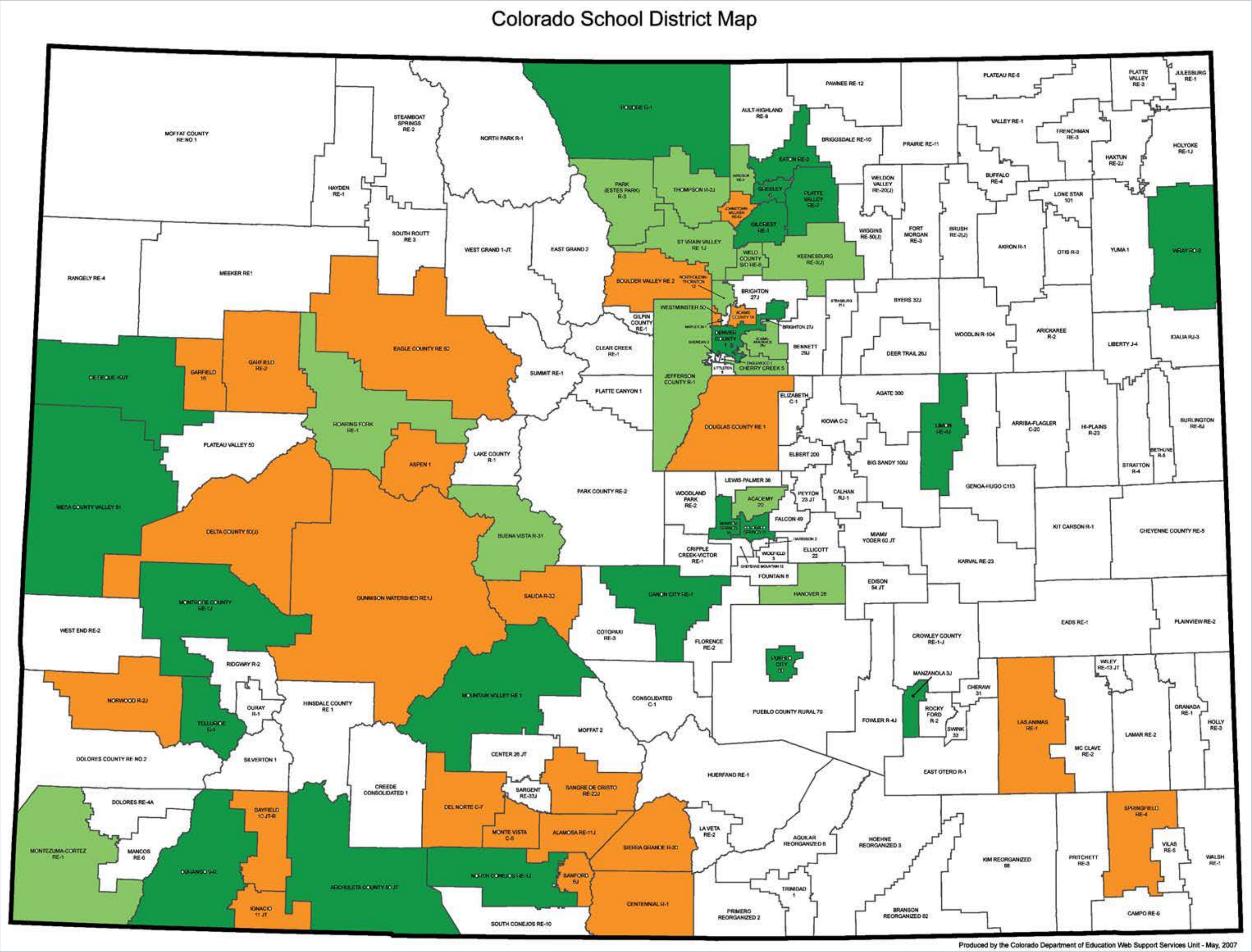
AN OVERVIEW OF INNOVATIONS





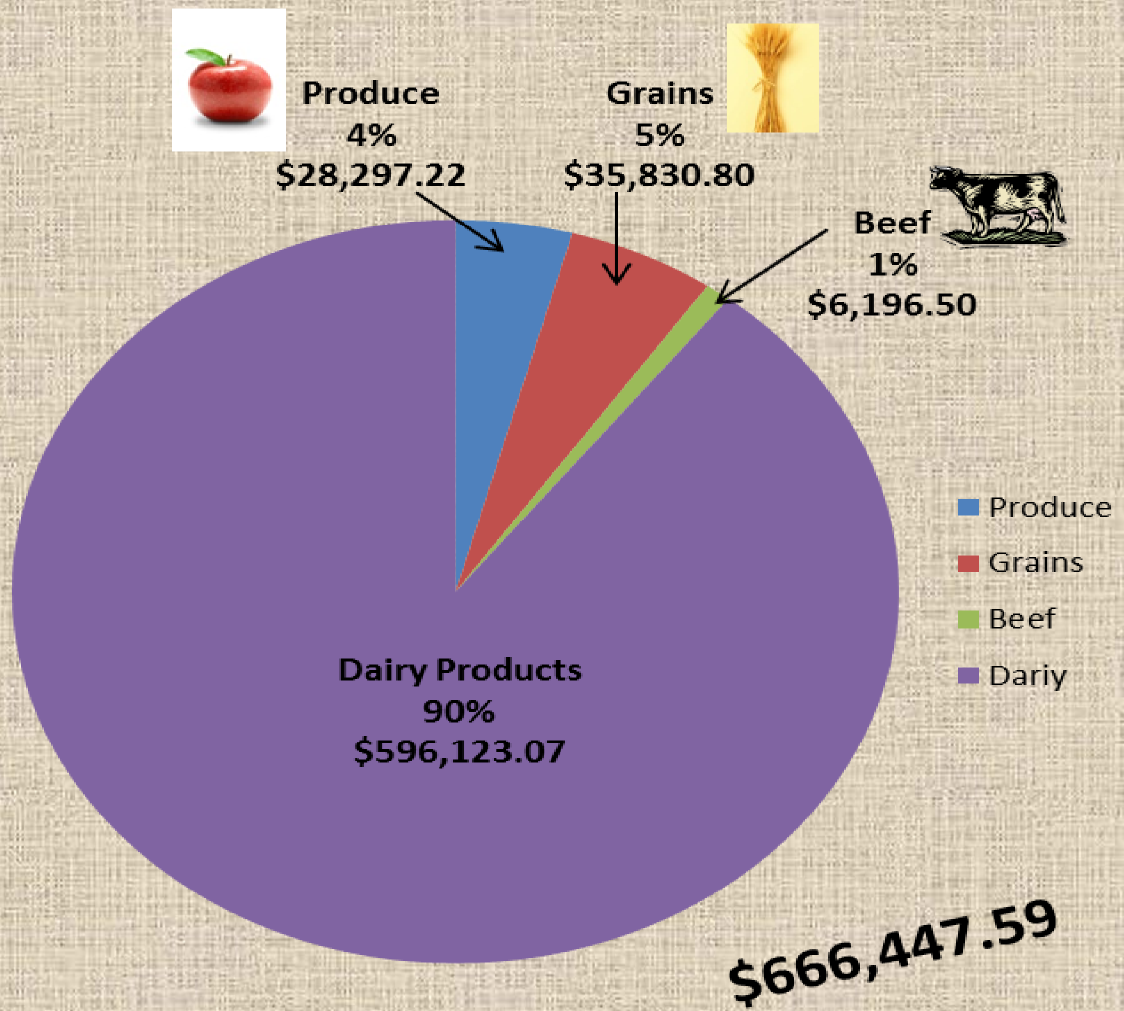
FARM TO SCHOOL IN COLORADO

FTS Efforts as of 2012



District 6 Local Purchases

Actual Purchases – 2011-2012 SY



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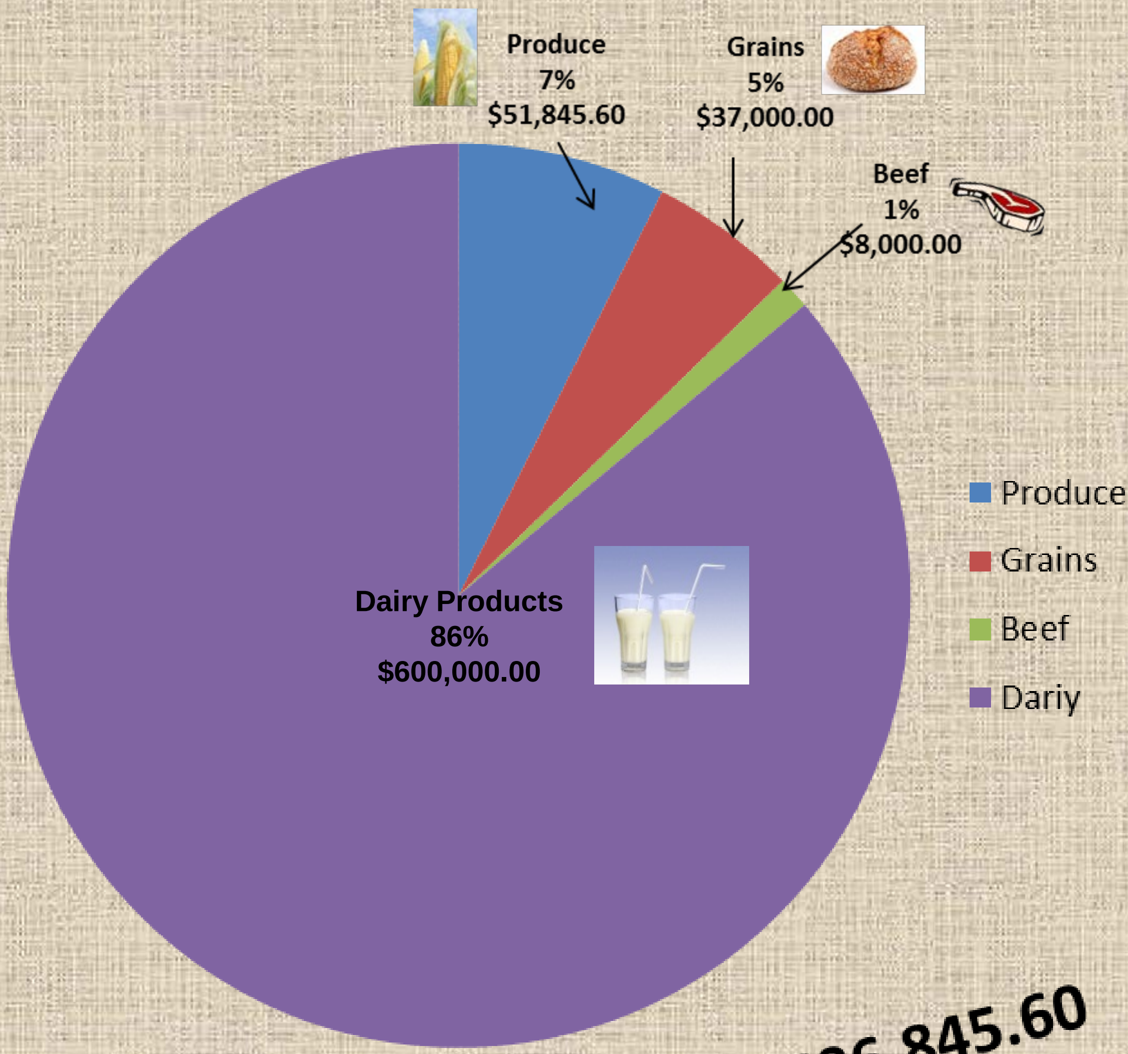


$696,845.60

Anticipated Purchases 2012-2013 SY

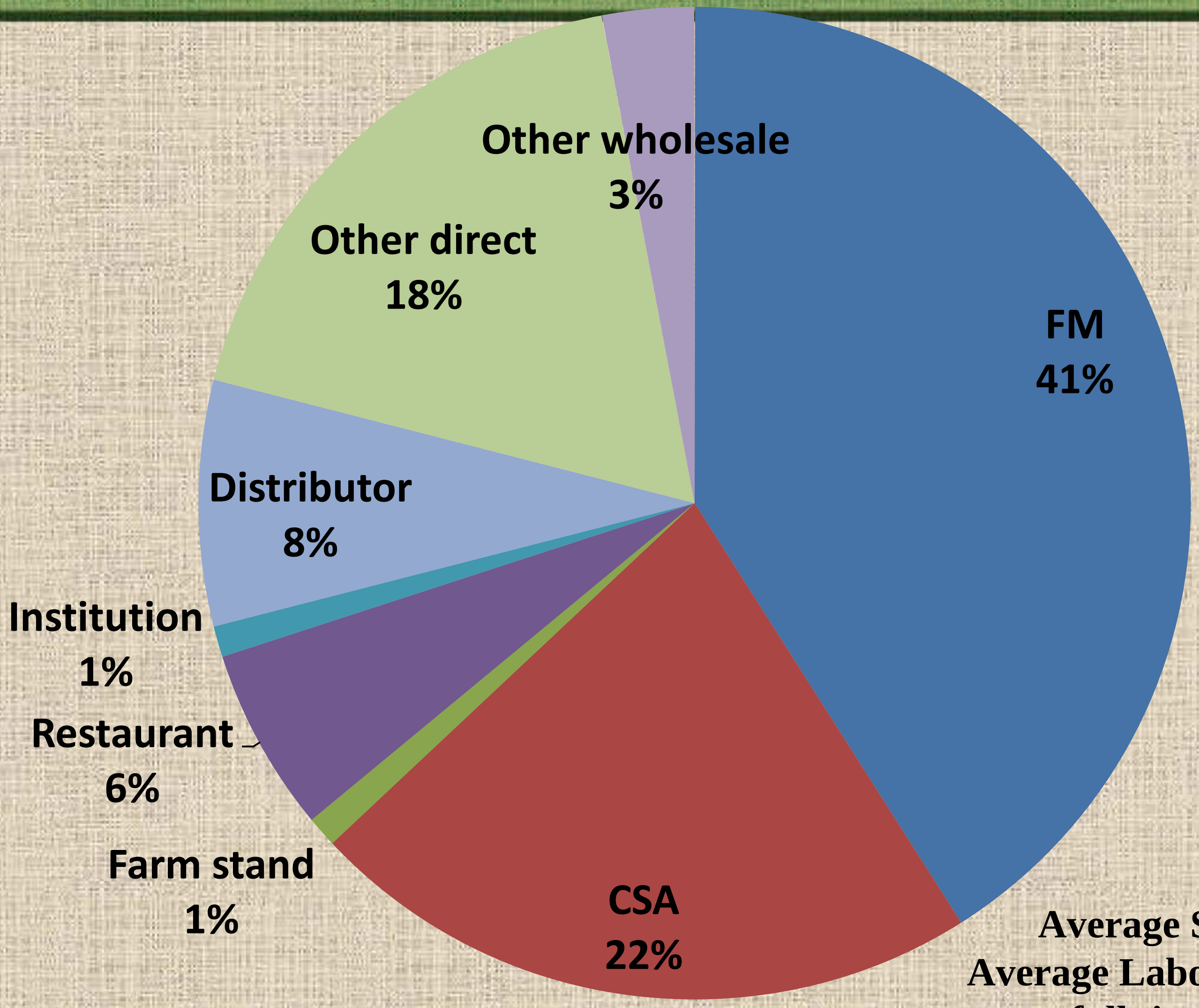
22% of all food purchases from local sources!

The Burrito Story…

Before: 35+ ingredients
532 MG of Sodium

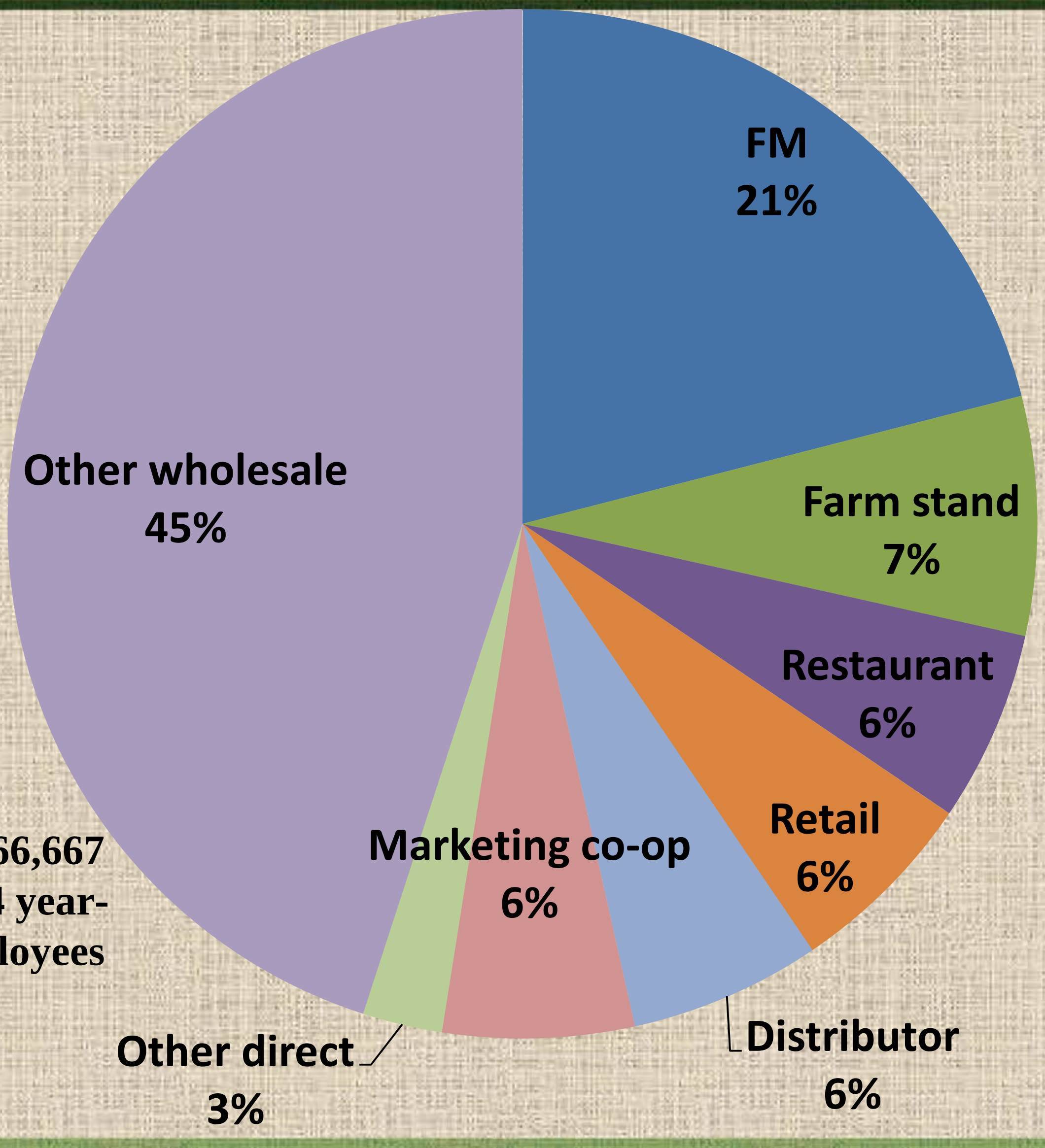
After:
12 ingredients
406mg NA

Small Farms by Market Outlet



Average Sales: $24,000
Average Labor: 1.7 year-round full time employees
N=8

Large Farms by Market Outlet



Average Sales: $5,466,667
Average Labor: 15.4 year-round full time employees
N=3

New York Food Systems:
Expenditure Patterns

				New York ARMS				
	Capital District			Local Food Sales			No Local Food Sales	
Item	All	F/V/Crop		All	F/V/Crop		All	F/V/Crop
All livestock related	6%	1%		18%	1%		**29%**	**2%**
Seeds and plants	10%	10%		3%	5%		4%	9%
Fert and chem	8%	10%		7%	10%		8%	21%
Labor	22%	24%		18%	29%		14%	14%
Fuel and oil	9%	9%		7%	9%		7%	10%
Rep and Maint	8%	8%		11%	11%		9%	10%
Custom work	2%	1%		2%	2%		**4%**	**3%**
Utilities	6%	7%		4%	3%		3%	3%
Other var exp	16%	15%		16%	18%		**10%**	**10%**
Tax, land, prop.	7%	7%		9%	2%		**6%**	**10%**
Insurance prem	5%	5%		3%	4%		3%	5%
Rent and lease	2%	1%		1%	2%		2%	3%

NY ARMS: Bold indicates statistical difference in means at significance level of 10% or lower (Local food sales vs. no local food sales

Jablonski and Schmit 2014

Food Assistance as a Partner

- VOA currently serve 5,100 meals per day
  - Integrate local produce/lightly processed into a variety of meal programs:
    - Congregate Senior Meal Sites
    - Meals on Wheels
    - MOMS Meals (Third Party)

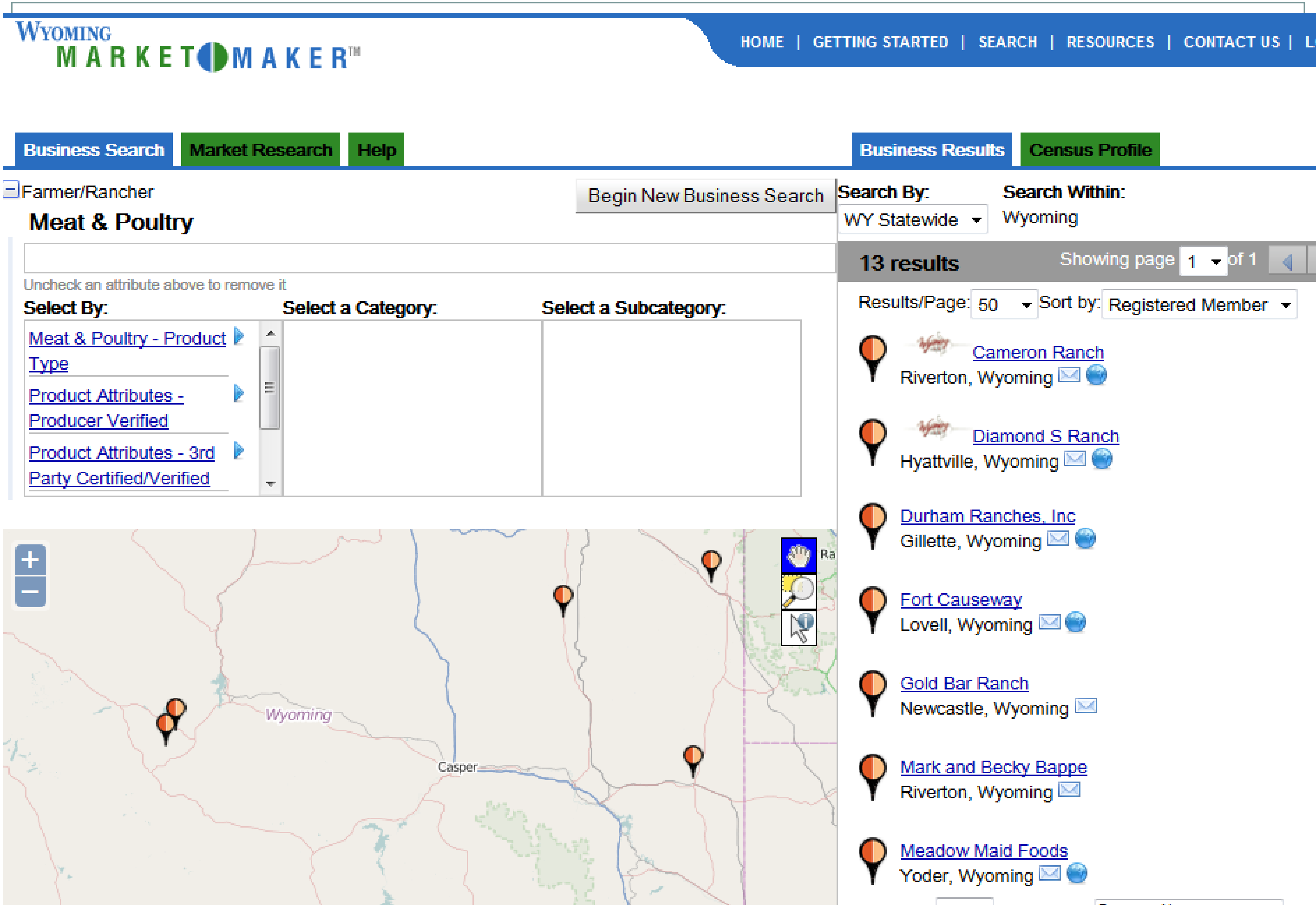
- Coordination of Incubators
  - Food Bank of Larimer County
  - Produce Bounty of Durango
- Urban Agriculture

Colorado MarketMaker

- Colorado MarketMaker:
  - 5 taste of the states featured on website
  - 9 business spotlights featured on website
  - 12 businesses featured in CSU Extension Local Foods Newsletter
- Most comprehensive online directory for food related businesses in the state
- Farm to School profiles
- Used in CSU agribusiness mktg

Profiles and Users	
Agritourism	185
Buyer	24
Eating & Drinking	13,774
Farmer/Rancher	549
Farmers Markets	105
Fisheries	7
Food Retailer	6,898
Processor	1,893
Wholesaler	1,199
Wineries	83
2012 Averages	
Total Users	16,000
Website Hits	229,000

COLORADO MARKETMAKER™
www.comarketmaker.com


WYOMING MARKET MAKER™
HOME | GETTING STARTED | SEARCH | RESOURCES | CONTACT US | LO
Business Search
Market Research
Help
Business Results
Census Profile
Farmer/Rancher
Meat & Poultry
Begin New Business Search
Uncheck an attribute above to remove it
Select By:
Select a Category:
Select a Subcategory:
Meat & Poultry - Product Type
Product Attributes - Producer Verified
Product Attributes - 3rd Party Certified/Verified
Search By:
WY Statewide
Search Within:
Wyoming
13 results
Showing page 1 of 1
Results/Page: 50
Sort by: Registered Member
Cameron Ranch
Riverton, Wyoming
Diamond S Ranch
Hyattville, Wyoming
Durham Ranches, Inc
Gillette, Wyoming
Fort Causeway
Lovell, Wyoming
Gold Bar Ranch
Newcastle, Wyoming
Mark and Becky Bappe
Riverton, Wyoming
Meadow Maid Foods
Yoder, Wyoming
Wyoming
Casper

Colorado Farm to Market

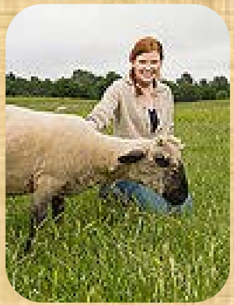
http://cofarmtomarket.com

- *This site was developed to familiarize Colorado food producers and food product manufacturers with federal, state and local food licensing regulations and to help ensure that the path food travels from farm to fork is safe.*

Envisioning the Northern Colorado Food System

www.larimer.org/foodassessment/

- Understand the local food system as it relates to public health, economic development and quality of life
- Identify economic development opportunities resulting from current gaps in the food system
- Document needs and possible projects to strengthen the local food system



USDA Programs that Support Food Hub Development

- **Rural Development**
  - Rural Business Enterprise Grant
  - Rural Business Opportunity Grant
  - Value Added Producer Grant
  - Business and Industry Guaranteed Loan Program
  - Community Facilities Program
  - Rural Economic Development Loan and Grant Program
- **National Institute of Food and Agriculture**
  - Community Food Projects Competitive Grant Program
  - Sustainable Agriculture Research and Education (SARE)
  - Organic Research and Extension Initiative
- **Agricultural Marketing Service**
  - Farmers' Market Promotion Program
  - Federal-State Marketing Improvement Program
- **Farm Service Agency**
  - Farm Storage Facility Loan Program
- **Natural Resources Conservation Service**
  - Environmental Quality Incentives Program
  - Conservation Innovation Grant
- **Risk Management Agency**
  - Risk Management Education

2011-2012 – 76% of federal food hub $ came from Depts. of Commerce, Transportation, Treasury, HHS, and HUD.

Market Development and Applied Research

- Colorado Dept of Ag Specialty Crops
  - CSU Program for Smaller Projects
- Rural Development:
  - Value Added Producer Grants
- Ag Marketing Service:
  - Farmers Market Promotion Program
  - Federal State Marketing Improvement
- NIFA
  - Economic Viability of Small & Mid-sized Farms
  - SARE and WCRME regional grants
  - Community Food Projects
  - Beginning Farmer and Rancher Development