

Overview: Distribution and infrastructure in local foods in MN

1. Trends in local food
2. Issues of distribution and energy use in local foods in Minnesota
3. Local food distributors in MN
4. Methods to reduce energy use in local foods
5. Conclusions



Local foods VS (inter)nationally sourced



Goals: To build a local food system in Minnesota that:

- Maximizes energy efficiencies
- Maximizes farmer profits
- Makes it easy for buyers to find and purchase large amounts of food

Trends in fresh food consumption and local foods

Produce is in:

- Average consumer eat 725 lbs of fresh and processed fruits and vegetables, a 23% increase since 1980 (ERS)



Local foods are booming:

- Minnesota farmers markets doubled between 2002 and 2007 (MDA)
- Food co-ops, grocery stores, restaurants, caterers, conferences/banquets seeking and using more local foods (DiGiamico, 2007, Berkenkamp, 2007, IATP 2008).
- The University of Minnesota at Morris plans to purchase more than \$500,000 this year

Distribution challenges faced by family-scale farms selling into the local market

1. **Scattered farms** and long trips to market
2. **Energy and fuel requirements** for driving small, inefficient vehicles with small amount of food to multiple disperse locations
3. **Infrastructure:** Lack of transportation, storage, and processing specifically designed for locally grown foods/small scale producer
4. **Farmer labor time** needed to sell and distribute goods

Methods to reduce energy use in local foods distribution

Backhauling: maximize fleets

- Distributors going back into the Twin Cities can carry product from growers in Greater Minnesota for a fee

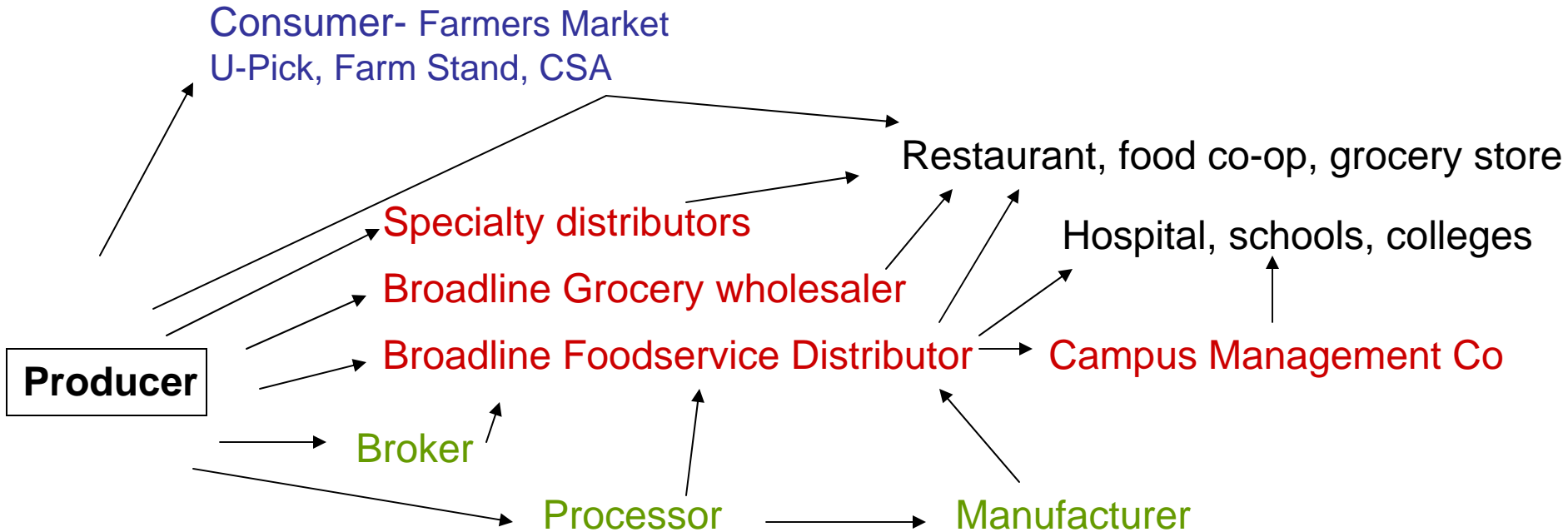
Product aggregation:

- Product is marketed and sold collectively

Improve current distributors or create new:

- Use GIS technology to assess best routes or logical product aggregation stations

Produce supply chain



Intermediaries in the Local Food Chain

Controversial

- Local foods have developed on a direct-to-consumer model

~~MIDDLEMAN~~

Intermediaries may play a role in:

- Reducing energy usage
- Reducing costs for farmers (labor, travel time, time related to selling)
- Allowing more larger buyers to purchase local

But...

- Intermediaries take a “cut”
- Farmers may enjoy direct-to-consumer sales and friendships
- *Relationship*, consumers know the grower
- Can local foods still work when using a distributor or middleman?

What distributors exist in Minnesota that carry local foods?

Cooperative Distributors

Pastureland Butter and Cheese
Whole Farm Coop
Southeast Minnesota Food Network
Whole Farm Coop
Thousand Hill Cattle Company
Big River Foods
Coop Partners Warehouse

Traditional Food Distributors

Sysco Minnesota
BIX produce
Northwestern Fruit company
Alberts Organics
J and J Produce
H Brooks and Company
Stockyards Meat Packing Company

Whole Farm Coop

- Cooperative model established 1997
- Transport food from 30 farmers located in Central Minnesota to Twin Cities
- Sells to churches, low-income communities, food co-ops in the Twin Cities, restaurants
- Use internet for purchases and transactions



Big River Foods

- Housed at the Minnesota Food Association near Stillwater, MN
- Sells product from Minnesota Food Association's New Immigrant Agriculture Program:
5 farms
- Sells to Chipotle, Kowalskis in Twin Cities
- Uses rented courier trucks to ship produce
- Specializes in heirloom tomatoes, peppers



Coop Partners Warehouse

- Founded by Wedge Coop in Minneapolis in 1999
- Warehouse in St Paul
- Farmers sell goods to CPW or pay a delivery fee



- Delivers across Minnesota to food coops, grocery stores, and restaurants
- Certified organic produce warehouse, also carries dairy, dry goods, locally made value-added, frozen
- Majority of produce is local in season
- In winter supplement with produce from broadline organic distributors from California

Sysco

- \$30.5 billion dollar company
- Supplies 400,000 restaurants in the US
- “One stop shopping” for all goods
 - Flour, rice, fresh produce, paper goods, soaps



- In MN, 1000's of customers, hundreds of trucks on road
- Has stated policy to “prefer” locally raised foods when in season
- Has insurance, volume requirements that small farms find difficult to meet



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Bix Produce

- Purchases local produce in season direct from farms at warehouse in St Paul
- Less stringent minimum volume requirements
- Promotes local use in season as way to differentiate



Why would a farmer prefer to sell to a distributor?

Access new markets:

- Small to medium scale farms cannot access larger buyers

Reduce labor time needed to sell goods:

- Allows farmers to farm, not sell
- Reduce fuel and labor outlays

Gain access to knowledge and expertise

- Farmers are not marketers

Why would a buyer prefer to purchase from a distributor?

Time:

- Reduced staff time required to buy local: invoicing from multiple farms can be prohibitive

Contracts:

- Schools, institutions like hospitals, nursing homes often have contractual obligations that prevent them from buying direct from farmer

Food safety:

- GAP/HACCP requirements

Insurance:

- many large institutions require \$5 M per farm insurance coverage

Comparing models: pros and cons

Traditional distributors:

Pros:

- Already on the road
- Large institutions, restaurants already use them
- May increase the total amount of local foods available

Cons:

- Exclude small farmers due to minimum order sizes, insurance requirements
- Pay less than direct, less “loyal”

Cooperative distributors:

Pros:

- Provide distribution for smaller, more diverse farms
- “Loyal”, operate to help farmers

Cons:

- Expensive to operate and staff
- Purchase smaller amounts
- Cannot provide “one-stop” shopping for customers

Conclusions

Local foods are extremely “hot” in food distribution, food service, and food retail locations

We need to maximize efficiencies to make local food production, distribution, and retailing:

- More profitable for farmers
- Less energy intensive
- Easy for big buyers



Product aggregation may be one method