Assessing the Risk and Opportunities of Institutional Markets for Small- to Medium-Size Farms

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Project Introduction

Expended Amount: $40,195

This project prepared small-scale farmers interested in developing new marketing relationships with hospitals, childcare centers, nursing homes and universities to successfully pursue these relationships. These potential institutional customers are interested in acquiring local products but find it difficult to find growers with commercial business skills needed to effectively supply their demand. Institutional buyers’ requirements, taken from personal interviews, were compiled into a marketing manual. In addition to the buyers’ survey summary, the manual included procurement methods, packing, quality assurance, GAPs, certifications and marketing strategies. Marketing information was presented in eight workshops helping small-scale farmers develop business skills and marketing plans so they might meet requirements of institutional buyers. To supplement the workshops, farmers had an opportunity for one-on-one assistance from the Carolina Farm Steward Association, which helped their marketing plans.

Project Area

The Retail Ready for Local Foods workshops were offered in eight locations across North Carolina. We collaborated with Carolina Farm Stewardship Association to offer the Retail Ready for Local Foods workshop during their SAC in South Carolina.

Project Outcomes

As part of the project, we surveyed 26 institutional buyers collecting requirements and procedures of several different potential markets. Survey data collected revealed many institutions are interested in buying local products, but the policies and requirement of several markets are very difficult for many small farmers to achieve. Health care facilities and most universities are managed by outside companies and do not make food purchase decisions. For one project outcome we developed a list of buyer contacts that was helpful for one-on-one market consultations. We met with 22 farmers to help them develop their market plans and evaluate which market channels best fit their farms. At least 12 farmers are selling into new retail markets; we expect the number to grow this year.

These small-scale farmers were growing vegetables and small fruits. There is interest from participants to develop markets for meats and eggs. North Carolina has a growing demand from institutional buyers for locally sourced products. Many institutional markets are actively seeking local products but may not have the farm connections necessary to secure them. The Retail Ready participants understood the need to develop their marketing skills to meet this growing demand.

Project Participants

Many of the project participants were small-scale farmers who were selling at farmers’ markets. Most participants did not have experience selling to the new institutional market. Most small-scale farmers did not have the financial resources or time to research needed institutional buyer information and requirements. Many participants expressed difficulty in accessing institutional market channels but are interested in developing new markets.
We have conducted two additional Retail Ready for Local Foods workshops with 52 attendees in cooperation with the Carolina Farm Stewardship Association and have added a financial and food safety section to the daylong program. The second webinar on food access and community involvement had 33 participants and was completed in December 2014. The webinar explored strengthening connections between local farmers/gardeners and food pantries in order to increase access to fresh produce for low-resource communities. Gini Bell, Executive Director of Farmer Foodshare, described their innovative and replicable Donation Station model, which collects donations of fresh produce at farmers’ markets for local food pantries. In addition, this model brings value to the farmers’ markets by facilitating charitable giving at market for food pantries. Emily Fulmer, Grower Outreach Coordinator for AmpleHarvest.org, explained how her organization’s website is used by home and community gardeners around the country to build relationships with local food pantries so that garden bounty can be shared with those in need.

Quotes

“I think the notebook provided will be an excellent resource that will be of great help. Topic very pertinent; excellent printed resources in notebook. Thank you!”

“Comprehensive coverage of local marketing opportunities outside farmers’ market and roadside stands. I liked it all. For those areas I had knowledge of, it increased my confidence in my practices, be it growing or marketing.”

“Learning about the different market channels and that some are willing to consider small volume from local farmers.”

“Great local lunch. Networking and hearing about new markets. LOVE getting the thumb drive with workshop materials on it.”

“Thank you, Ben, for all the advice and market strategy. I look forward to moving ahead with these suggestions.” – Sincerely, Ava Morgan

“Thank you so much for putting your thoughts together and sharing with us! It was a pleasure to meet you, and very much appreciate your meeting with us, and sharing your thoughts. Your initial plan makes good sense to me, and I really appreciate the contact names and numbers.” – Mike Tate

Project Success Story

Sandy Creek Farm, John and Brenda Garner:

It’s difficult for small- and medium-sized farms to enter larger markets like grocery stores and restaurants because they often don’t know what buyers are looking for or whom to contact. Attending one of the Retail Ready for Local Foods workshops resulted in 12 farmers now selling into Lowe’s grocery. The Lowe’s produce buyer was usually featured on the workshop’s buyer panel. Farmers were able to make direct contact to buyers for potential market channels. Several restaurateurs’ produce buyers and farmers who have been successful at selling in these markets were invited to speak about their experiences.

Sandy Creek Farm is a small, diversified farm that grows shiitake mushrooms, blueberries, flowers and herbs and produces jams, jellies and other value-added products. They sell their products primarily by direct marketing at the farmers’ market and on the farm. They wanted to increase their marketing opportunities and sell to restaurants and grocery stores. Brenda, owner of Sandy Creek Farm, attended the Extension Retail Ready for Local Foods workshop. As a result of attending this workshop, Brenda met the Lowe’s Foods produce buyer and contacted them about buying her blueberries when in season. Lowe’s Foods visited Sandy Creek Farm and contracted with them to supply blueberries for one of their stores near the farm. This will increase their blueberry sales by 20%-25%. Sandy Creek Farm is also working with Lowe’s on selling some of their jams and jellies as well.