



Challenges & Opportunities for Farm to Institution Supply Chain Participants

A Literature Synthesis Report Prepared for Maine Farm to Institution

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Table of Contents

| | |
|--------------------------|---|
| About the Writers | 2 |
| About the Data | 2 |
| Literature Results | 3 |
| Conclusion | 7 |
| Appendix | 8 |

About the Writers

Michaela Murray is currently a junior at the University of Maine studying for a B.S. degree in Ecology & Environmental Science with a concentration in Natural Resource Management, Sustainability, and Policy. She is also pursuing minors in Economics and Sustainable Food Systems and is a member . She has been involved with the Farm to Institution project since May of 2017 when she was hired as a Sustainable Food Systems Research Collaborative fellow. She worked to collect and analyze both regional and national literature about Farm to Institution, paying special attention to the challenges and opportunities associated with market participation that were discussed. Her extensive literature review served as the foundation of this report.

Hannah Herrick is currently a sophomore at the University of Maine studying for a B.S. degree in Biology with a concentration in Pre-Health studies. A student of the Honors College; Hannah joined this project as a newcomer to the Farm To Institution network. After an extensive review of the literature this report was able to come to fruition.

About the Data

This report was written based upon a literature review of several sources regarding Farm to Institution initiatives and/or local food procurement options across the state of Maine and in the New England region. The sources were compiled by Michaela Murray during the summer of 2017, largely through suggestions from Riley Neugebauer, a MEFTI member and the collaborative stakeholder for the Farm to Institution (FTI) project affiliated with the University of Maine Honors' College Sustainable Food Systems Research Collaborative (SFSRC). There were 22 total sources used, ranging in publication date from 2010 to 2017. Each of the 22 sources used were focused in the New England region, with 13 of those specifically featuring Maine. A complete list of the data sources can be found in the appendix.

Literature Results

Farmers & Growers

Farmers and growers play a substantial role in the fruition and continuity of FTI markets considering their service as product providers for intermediaries and purchasers. Evidence from the literature suggests that this stakeholder group perceives and encounters several challenges associated with FTI participation. Price/costs, availability/scale, infrastructure, interest/awareness and certification requirements seem to be the most pressing concerns. For example, one source suggests that the biggest barriers for farmers are “the seasonality of their products, level of customer interest in their products, and the low purchase price” (*“Producer Perspectives...”*). Another study done in Rhode Island suggests that 29% of producers need higher prices than institutions are willing and able to pay (Pucetti & Clark). Many of the other reports regarding perceptions of food producers reflected similar concerns.

Alternatively, there appears to be potential for mitigating some of these concerns through the various reported benefits and opportunities of FTI. Aggregation techniques, marketing and outreach, the formation and maintenance of relationships, and the use of contracts were presented as possible solutions. For example, one source discussed the need for “strengthening and building local food production and distribution infrastructure” as well as creating “strong coordination among emerging food enterprises” (Meter & Phillips Goldenberg). Another source reports that a majority of farmers participate in FTI “to gain access to an additional market for their products and to build relationships with the community” (*“Producer Perspectives...”*). Actions taken to promote FTI that utilize these opportunities may help to alleviate some of the concerns that have served as stumbling blocks for farmers and growers.

Intermediaries

Intermediaries is an expansive term that can be used to categorize FTI supply chain participants such as food processors, aggregators, and distributors that work to transfer the actual food product from one end of the supply chain to the other. Third party management companies and coordinators can also serve as intermediaries that help to mitigate some of the logistical concerns associated with FTI markets. Both

groups of intermediaries express concern involving availability/scale, price, quality, certification requirements, and contracts. For example, one report states that the largest challenges are “the lack of consistent, year-round supply of local products and the high price point of local products” (Ha-Ngoc). Additionally, processors/distributors/aggregators indicate that low awareness and interest is an issue, especially with consumers. One distributor stated that the “institutional demand [was] not quite there as a reflection of consumer demand and awareness” while another said that a major challenge they faced is “working with customers to grow their interest in local foods” (“Local Sales and Intermediaries...”). Management companies and coordinators illustrate concern regarding infrastructure, stating that there is “limited infrastructure for value-added products and proteins.” This may include inadequate resources for meat farmers to “increase their scale to meet institutional demand” as well the availability of flash freezers for extended availability (Obadia).

However, both groups advocate for the strong role that relationships can play in FTI markets, as well as increased marketing and outreach efforts to foster consumer demand. There is discussion about the need for promoting local food options to garner consumer support as well as contractual agreements to build and maintain strong and communicative relationships between supply chain participants (Ha-Ngoc). Management companies and coordinators have also promoted the use of distributors to help alleviate some of the logistical burdens between farmers and purchasers. One source indicated that regional food distributors “have the capacity to develop relationships with individual farmers” and can “enable smaller farms to aggregate their product to meet the demand of institutions” while also carrying the demand of liability insurance (Obadia).

Institutional Purchasers

Purchasers of local food vary from universities to hospitals or businesses. In the context of this review; purchasers refer to organizations rather than individuals purchasing from local farms. Institutions all over New England already tend to buy some local products, as one survey showed over 95% of colleges purchased local food for their dining programs (*Farm to College Survey*). Within Maine there appears to be demand for local food products from purchasers; just within the Bangor area there is roughly a 70% unmet potential market demand for local products (Sprague). Although other regions within Maine have found a lack of clientele (Meter), overwhelmingly

purchasers and distributors are signaling the growth of purchasing local goods. Of the surveyed New England colleges 98% report that they believe their college will increase its local food purchases (*Farm to College Survey*), while even distributors expect an increase in sales to institutions within the next three years (*Food to Distributor Survey*). The apparent institutional demand and expected growth are a strong indication of an opportunity for Farm to Institution expansion.

Despite the demand, there are various challenges purchasers face when choosing to buy local products. Common barriers include: limited seasonality of local products, higher prices, and farms having insufficient volume of products to meet the needs of institutions (*Farm to College Survey*, Carver). While these issues are important, it is hopeful that producers will be able to adjust and meet the demands of purchasers in the future as their relationships become stronger. Institutions choose local food for many reasons, primarily to support local producers, boost the economy, improve public relations and improve relationships with faculty and students (*Farm to College Survey*). With the demand and the interest there, it is reasonable to expect an increase in local food purchasing by institutions in the future.

Consumers

Consumers refer to people who may be employees or students of institutions as well as individuals in a particular community. Consumers in New England and beyond are showing an increased interest in purchasing local foods. Most are even willing to pay a premium of 1-5% to obtain local products (Carver). Within Maine, a survey found that when given the choice between local and nonlocal foods, 80% of respondents chose to purchase the local food item. Within universities, student surveys found strong support of local food because of health and community benefits (Flannery). Others within Maine see local food movements as serving a role in re-invigorating the community (*Lewiston-Auburn Regional Food Hub Feasibility Study*). Due to several benefits, consumers have a clear demand for local products all over the region. Unfortunately various factors limit consumer's and institution's purchasing abilities of local products.

Barriers for consumers vary, availability being one. A study done where participants ate only local foods found the diet to be restrictive. The diet increased their fruit and vegetable consumption but also raised participant's fat consumption, mostly through increased consumption of lard and butter (Viens). Meaning a 100% local diet currently is

not always feasible or healthy. Despite this, switching to a diet more inclusive of local products can still be beneficial. The demand for local purchasing is there, with over 50% of Maine respondents saying they already buy from farmer's markets or stands (Alden).

The issue of most concern is making local produce more available to meet the needs of the consumers. While many consumers want to purchase more local products, there are issues with the cost of local products. Many Maine residents who were interviewed saw it as a significant factor when purchasing food (Alden). Other commonly found barriers were: lack of access or inconvenience (Alden). Whether that shows a demand for more farm stands or other creative ways to implement access to local food, there is no doubt that consumers want affordable and accessible local food. At the end of the day, consumers are barred from local food due to the cost, seasonality and access to local products. If these barriers can be adjusted for, consumption of local products is sure to increase, benefiting consumers, purchasers and farmers alike.

Conclusion

Evidence from the literature of Farm to Institution and local food movements in New England suggests that there are both challenges and opportunities to increasing local food procurement. While there is some variance in perceptions between members of the supply chain, certain themes are apparent across the board.

For all parties—farmers, intermediaries, purchasers and consumers—issues of purchasing price and limited availability due to scale and seasonality are of pressing concern. Accordingly, we would suggest that for organizations seeking to help improve the viability of FTI markets, emphasis be put on finding solutions for these two problems. Some methods that could be utilized include aggregation techniques to help mitigate availability concerns, as well as establishing funding opportunities, or price negotiation methods to assist in issues regarding pricing and costs.

There was also some overlap in the mentioning of particular benefits and opportunities to local food purchasing that could be capitalized upon in order to increase the FTI markets within Maine and New England. Most supply chain actors highlight the role that local food procurement has on benefiting communities. Whether for economic or social values, strengthening the sense of a community in a region is a key benefit. Perhaps because of this benefit, purchasers and consumers alike have a demand for local products. This could indicate that there is opportunity for these markets and it would be worth taking action to address the challenges that have impeded FTI expansion thus far. One opportunity to facilitate such expansion is building relationships between supply chain members. Consumers and purchasers alike should approach or express interest to farmers in their products so that farmers have a guarantee for supply and can then expand and grow to meet those demands. Understanding the way that strong relationships have been formed and maintained in successful FTI partnerships would be useful for catalyzing new linkages that could help to expand the local food movement.

With new cooperative measures between the supply chain, farmers can increase their sales, purchasers can acquire more local products, and consumers can enjoy more local products in their homes.

Appendix

Source List

Relating to Farmers & Growers

Growing Maine's Food Industry, Growing Maine. The Maine Food Cluster Project, 2015.

Lewiston-Auburn Regional Food Hub Feasibility Study. Karp Resources with Crossroads Resource Center, 2015.

Maine Food for UMaine: Recommendations. Maine Food for the UMaine System Partners, 2015.

Meter, Ken, and Megan Phillips Goldenberg. *Building Support for Community-Based Foods in the Lakes Region of Maine.* Crossroads Resource Center, Minneapolis, 2016.

Omand, Heather. *Evaluating Different Scenarios of Grass-Fed Beef Production in Southern Aroostook County, Maine.* 2013.

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Pucetti, Cate, and Kimberly Clark. *Rhode Island Farm to Institution.* Farm Fresh, 2015.

Wilson, Rosalie, and Jeffery Roberts. *Action Plan for Agriculture and Food System Development .* Northern Community Investment Corporation, 2014.

Viens, Gregory. "A Growing Town: Developing a Local Food System in Orono, Maine." *The University of Maine*, 2012.

Relating to Intermediaries

Carver, Stephanie, et al. *Local Foods to Institutions: Cumberland County, Maine.* Greater Portland Council of Governments, Portland, Maine, 2015.

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Relating to Institutional Purchasers

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Viens, Gregory. "A Growing Town: Developing a Local Food System in Orono, Maine." *The University of Maine*, 2012.

Relating to Consumers

Alden, Robin, et al. *Consumer Survey Report*. Maine Food Strategy, 2014.
Growing Maine's Food Industry, Growing Maine. The Maine Food Cluster Project, 2015.

Lewiston-Auburn Regional Food Hub Feasibility Study. Karp Resources with Crossroads Resource Center, 2015.

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Viens, Gregory. "A Growing Town: Developing a Local Food System in Orono, Maine." *The University of Maine*, 2012.

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