Farmer Perspectives on Mid-Tier Values-Based Supply Chains
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Project Objectives

• Analyze the current state of knowledge on Values-Based Supply Chains (VBSCs), including Food Hubs, and their impacts on farmers.

• **Investigate farmers’ perceived benefits and challenges in participating in VBSCs (survey)**

• Engage small and medium-sized farmers and VBSCs in sharing knowledge with other farmers, supply chain organizers, research and extension professionals, and policy makers.
Values-Based Supply Chain:

- Strategic business alliances among mid-scale farms/ranches and other agrifood processing, distribution and retail enterprises that:
  - handle significant volumes of high-quality, differentiated food products
  - operate effectively at multi-state or regional levels, and
  - distribute benefits equitably along the supply chain.

- Based on social and environment values shared collectively by all actors along the supply chain

- Values are both connected to the products themselves and associated with the relationships along the chain
Food Hubs intersect with VBSCs:

For this project, VBSCs operate like Food Hubs
- Aggregate and distribute food regionally
- Serve small and mid-scale producers
- May work with processed food producers (Local Foods)
Survey of Farmers Perspectives and Experiences: Research questions

• What do farmers think about the benefits and challenges in participating in VBSCs?
• What share of their crop do they sell to VBSCs?
• What do farmers think about the impacts of VBSCs on the viability of their farms and farming practices?
Population & mailing list

- Population for study was small to mid-sized farms in the U.S. that work with a Values-Based Supply Chain to sell their crops in 2016.
- 19 VBSCs agreed to share their supplier lists:

<table>
<thead>
<tr>
<th>ALBA</th>
<th>Farmer's Own/Charlie's Produce</th>
<th>Local Foods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Harvest</td>
<td>FEED Sonoma</td>
<td>Organically Grown Company</td>
</tr>
<tr>
<td>Black River Produce</td>
<td>Full Circle</td>
<td>Shepherd's Grain</td>
</tr>
<tr>
<td>Capay Valley Farm Shop</td>
<td>Green B.E.A.N. Delivery</td>
<td>Tahoe Food Hub</td>
</tr>
<tr>
<td>Cherry Capital Foods</td>
<td>Grow Food Carolina</td>
<td>Timeless Seeds</td>
</tr>
<tr>
<td>Co-op Partners Warehouse</td>
<td>Harvest Santa Barbara</td>
<td>Veritable Vegetable</td>
</tr>
<tr>
<td>Deep Root Organic</td>
<td></td>
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The survey...

• Social & Economic Sciences Research Center at WSU
• Contacted a total of 1,954 farms (Feb – May 2017)
  – 460 responded (25.87%)
• Usable:
  – Operated a farm/ranch & sold a portion of products to [VBSC] in 2016 = 298
  – 288 usable responses from top 15 VBSCs (28% response rate)
  – Average of ~19 responses per VBSC
Regional representation

[Map of the United States with regional representation indicated by numbers and color-coded regions.]

Legend:
- Eastern Mountain
- Northeastern
- Southern
- Upper Midwest
- Great Lakes
- Pacific
- Southern Plains
- Heartland
- Delta
- Mountain
- Northern Plains
- Northwest

Numbers indicate the representation count for each region.
## Size of Respondents by Acreage

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total acres operated in 2016</td>
<td>677.7</td>
<td>60.0</td>
<td>0.1</td>
<td>40,000.0</td>
</tr>
</tbody>
</table>
Total gross farm/ranch income in 2016

- $1,000,000 or more: 27%
- $500,000 to $999,999: 12%
- $250,000 to $499,999: 12%
- $100,000 to $249,999: 22%
- $50,000 to $99,999: 5%
- $25,000 to $39,999: 4%
- $20,000 to $24,999: 3%
- $10,000 to $19,999: 2%
- $5,000 to $9,999: 1%
- Less than $1,000: 1%
Marketing Channels Employed

<table>
<thead>
<tr>
<th>Channel</th>
<th>Average</th>
<th>Median</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>%total sales sold to [VBSC]</td>
<td>23.7</td>
<td>10.0</td>
<td>0.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Perceived Benefits

- My commitment to the well-being of my community is...
- My environmental values are communicated to consumers
- Fits with my values
- Strengthened identity in the marketplace
- Strengthened connections with other businesses in the...
- Network with other farmers
- Predictable and/or timely payments
- Marketing services
- Access to new and larger markets
- Technical assistance regarding farming practices
- Receive a premium for my products

Pie chart: yes 90%, no 10%
Perceived Challenges

- Animal welfare standards
- Food safety regulations
- Variable and/or delayed payments
- Organic certification
- Finding enough, qualified labor
- Labor standards
- Quality standards
- Required production practices
- Transportation and delivery logistics
- I don't have enough volume
- They won't take enough volume

Pie chart showing 49% no and 51% yes.
Results by Food Hub

• Huge variability across 15 food hubs
• Food hubs were regional
• Length of relationship with their farmers: 7 yrs (median); range = 2-20 yrs

Economic costs from selling through Food Hubs
• Farmers consistently received lower prices from selling through food hubs compared to direct markets; but labor costs were also lower
• More variable prices from FH compared to wholesale.
Stories from data (from correlations)

• **Ability for the food hub to help create identity** in the marketplace, communicate w consumers
  – Depends on extent to which farmers rely on selling to food hub
  – When a lot of variability = less likely to create identity in the marketplace for those farmers

• **Scale and benefits**
  – Larger farms would like to sell more through FH’s, but Food Hub can’t handle volume
  – Large farms more likely to receive a premium for products sold through FH

• **Production practices and food hubs**
  – Largest change in practices due to selling to FHs = better food safety practices
Other questions you’d like to explore?

• Which farmers are most likely to support various policies
  – Food safety regulations
  – Government support for conservation practices
  – Targeted programs for small and medium sized farms
  – Public ag research research

• Are there distinct differences between food hubs and why?
Thank You!

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