Exploring Regional Food Systems
An Overview
Exploring Regional Food Systems
Part 1: Regional Food Systems Overview

Local/Regional Food Systems:

• Definition and Components
• Marketing Channels
• Trends
• Farmers’ Markets
• Food Hubs
• Impact on Communities
• Challenges
• Supporting Policies and Programs
The Food System and Its Components

Two major types of food systems:

- Global food system (only one)
- Local/regional food systems (many)
Local vs. Regional Food Systems - Is There a Difference?

• “Local” or “regional” has a geographic connotation, but no consensus.

• 2008 Farm Act definition of “local” or “regional” foods:
  • Less than 400 miles from its origin, or
  • Within the State in which is produced

• Other definitions:
  • Local ownership of the farm
  • Food is associated natural or organic production practices
Are These the Same?

Local  =  Healthy  =  Sustainable
Two Types of Marketing Channels

Direct to Consumer (DTC)

Intermediated
Local/Regional Food Marketing Channels

Food Marketing Channels

Intermediated
- Farm gate
  - Assembler, wholesale, or processor
  - Hub or distributor
  - Retailer or restaurant, or mobile market
  - Consumer
  - At least one intermediary *within region*

Farmer-to-Consumer
- Farm gate
  - Direct sale, *within region* and no other intermediary
  - Examples: Farmer Market, Roadside Stand, CSA, Ag-tourism
  - Consumer
  - *Region defined as locations within 400 miles of production"

Illustrative examples only (storage also qualifies)
Local & Regional Food Trends
Local/Regional Food Marketing Channels

Increase in local & regional marketing channels

Since 2007, growth in--

- Farmers’ markets (2014)
- Regional food hubs (2014)
- School Districts with farm to school programs (2011-12 school year)

Percent change

Sources: USDA, Agricultural Marketing Service, Food Nutrition Service; National Farm to School Network.
Comparison: Food Sales

% Local Food Sales by Gross Cash Farm Income (GCFI)

% Local Food Farms by Gross Cash Farm Income (GCFI)

2012
Comparison: Market Channels

Local food farms and sales by farm size and market channel use

Number of local food farms

<table>
<thead>
<tr>
<th>Farm size (Number of farms)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCFl less than $75,000</td>
<td>70%</td>
</tr>
<tr>
<td>$75,000 - $349,999</td>
<td>20%</td>
</tr>
<tr>
<td>$350,000 or more</td>
<td>10%</td>
</tr>
<tr>
<td>All LF farms</td>
<td>80%</td>
</tr>
</tbody>
</table>

Local food sales (billion $)

<table>
<thead>
<tr>
<th>Farm size (Food sales)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCFl less than $75,000</td>
<td>80%</td>
</tr>
<tr>
<td>$75,000 - $349,999</td>
<td>10%</td>
</tr>
<tr>
<td>$350,000 or more</td>
<td>5%</td>
</tr>
<tr>
<td>All LF farms</td>
<td>90%</td>
</tr>
</tbody>
</table>

Note: The share of farms by farm size and marketing channel use are based on 2012 Census benchmark counts; the shares of total value of local food sales by farm size and marketing channel use are synthetic estimates. DTC = direct-to-consumer; GCFI = Gross cash farm income. Source: USDA, ERS/NASS, ARMS data, 2008-2011; USDA, NASS, 2012 Census of Agriculture.
Comparison: Farm Type

Local food farms and sales by market channel use and farm type

Note: The share of farms by marketing channel use and farm production type are based on 2012 Census benchmark counts; the shares of total value of local food sales by marketing channel use and farm production type are synthetic estimates. Source: USDA, ERS/NASS, ARMS data, 2008-2011; USDA, NASS, 2012 Census of Agriculture.
Trends in the Number and Value of Sales of Direct-to-Consumer Farmers

2002-2007
- 17% increase in number of DTC farms
- 32% increase in value of DTC sales

2007-2012
- 5.5% increase in number of DTC farms
- 1% decline in value of DTC sales
Farmer’s Markets
Farmers’ Markets - Trends

National Count of Farmers Market Directory Listings

Source: USDA-AMS-Marketing Services Division
Farmers Market information is voluntary and self-reported to USDA-AMS-Marketing Services Division

1.5% Increase
Farmers’ Market Benefits

**Consumers gain:**
Access to locally produces specialty food items
Increase access to variety of fresh affordable produce

**Farmers gain:**
Ability to produce and sell in relatively small volumes that provide more income than would be possible through other channels

**Communities gain:**
- Connections of communities to farmland
- Greater local food security
- Enhanced community economic development and agricultural diversity
Farmers’ Markets – Key Factors

• Market organization and structure

• Market management

• Market location

• Identifying, recruiting and retaining vendors

• Attracting and retaining customers

• Recruiting community partners
Food Hubs
Food Hubs:

Aggregate
Distribute
Process
Locally Sourced Food

To meet demands of:

Wholesale
Retail
Institutions
Individual
Food Hubs

Since 2006, the number of food hubs in the U.S. has increased by 288% to 302

Source: USDA, Agriculture Marketing Service, 2014
Food Hub Infrastructure
Food Hub Legal Structures

- Cooperatives
- Public/Private Partnerships
- For Profit
- Nonprofit
Local/Regional Food Systems Impact on Communities

Positive community impacts include:

- Economic Development
- Health and Nutrition
- Food Security
- Social Capital
- Environmental
Local and Regional Food Challenges
Challenge #1: Food Safety Regulations

Requirements from:

• Government regulations:
• Food Safety Modernization Act (FSMA)
• Local food buyers
• Large foodservice establishments

Sources of assistance:

• USDA Agricultural Marketing Service’s:
  • Good Agriculture Practices (GAP)
  • Good Handling Practices (GHP)
• Private consulting firms – may be costly
Challenge #2: Competition & Market Access

Logistics

- Cleaning
- Distribution
- Packing
- Aggregation
- Storage
Supporting Policies and Programs
Supporting Policies and Programs

- Production
- 2014 Farm Bill
- Consumption
- Marketing
Supporting Policies and Programs: Production

- Value-Added Producer Grant
- Rural Business Development Grants:
  - Rural Business Opportunity
  - Rural Business Enterprise
- Farm Storage Facility Loan Program
- Local and Regional Food Enterprise Loan Account
- National Organic Certification Cost-Share Program
Supporting Policies and Programs: Marketing

• Farmers’ Market Promotion Program (FMPP)

• Local Food Promotion Program (LFPP)

• Specialty Crop Block Grants (SCBG) Program
Supporting Policies and Programs: Consumption

- Food Insecurity Nutrition Incentive Grant
- Healthy Food Financing Initiative
- Senior Farmer’s Market Nutrition Program
- Fresh Fruit and Vegetable Program
- National Farm to School Program
Supporting Policies and Programs: Other Sources

- State Local Food Policies and Programs
- Government and NGO Collaboration
- Private-Public Food Policy Councils
- Sub-state Policies and Programs