

North Country Regional Foods Initiative

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Research Report on the Impacts of Local & Regional Foods
in the Adirondack-North Country Region:

III Impact Analysis Research Brief A: Market Outlets

A. Overview

This brief, one of six in the Research Report on the Impacts of Local and Regional Foods in the Adirondack-North Country Region, presents results from a study of **local/regional foods operations** in Northern New York and is focused specifically *on why and how these businesses started using their current marketing approach*.^{1,2} There are many New York farmers who are interested in direct marketing and local foods. Furthermore, there are many consumers who are interested in knowing where and how their food is produced. The overall goal of this research is to better understand and document the impacts this type of production and marketing has on individual farms and food businesses, and the roles these businesses and markets play in Northern New York community and economic development. Community leaders are also exploring ways to support these local food businesses, wanting to capitalize on ways they can benefit communities. With the goal of helping this region better support farm and food businesses utilizing local and regional markets and enhance the positive ways these businesses contribute to the region, the results of this analysis are intended as a resource for other farmers, food business owners/operators, consumers, policymakers and community & economic developers working to enhance and sustain agriculture in Northern New York.

¹ The North Country Regional Food Initiative, is a one year project dedicated to understanding economic and social impacts of local and regional food initiatives in the Adirondack-North Country and enhancing the ways these initiatives positively contribute to the region. The project is a collaborative effort of the seven Cornell Cooperative Extension Associations of Northern New York (Clinton, Essex, Franklin, Hamilton, Jefferson, Lewis and St. Lawrence counties) and the Community and Rural Development Institute (CaRDI) at Cornell University.

² Although we recognize that “local” and “regional” food systems are not necessarily the same thing and in many, if not most, cases are very different, we couple the words “local” and “regional” herein and throughout the *Research Report on the Impacts of Local and Regional Foods in the Adirondack-North Country Region* for the following reasons: (1) Given the relative size of the Adirondack-North Country region, even a regional food system is relatively local, particularly in comparison to regional foodsheds that encompass multiple states (e.g. the Northeast Region); (2) Many communities in Northern NY border another state or another country, for people living in these communities, depending on whether or not “local” and “regional” are defined by distance or political boundaries, a distance that is local is literally local and regional at the same time (e.g.: When a NY consumer purchases apples from a Canadian orchard 12 miles away, it is a local purchase in terms of distance, though a regional purchase in terms of political boundaries.); and (3) An overarching goal of the NCRFI is to cultivate a regional approach to economic and community development - this goal is based on the understanding that communities conserve resources and gain assets by working together regionally. However, shifting from a “local” to a “regional” approach is not necessarily intuitive; by coupling “local” and “regional” we hope to cultivate a paradigm shift, one in which one’s locality is seen in regional terms.

B. Market Outlets

A summary of responses from qualitative interviews with 15 direct market farmers and food businesses are presented below. Themes common to multiple interviews are highlighted. We use direct quotes (in italics) to place the challenges, opportunities, and strategies faced and employed by these businesses in the context of Northern NY. To respect interviewees' confidentiality, individuals' or farms' names are not used in association with their quotes.

To understand how businesses producing and processing food for local and regional markets start, manage, and plan for the future of their markets, interviewers asked farmers and food business representatives questions such as:

- What market outlets do you use in the North Country?
- How do you find these markets?
- How far are you willing to travel for these markets?
- What advertising methods do you utilize to attract customers to them once established?
- How do you get your products to the markets?
- What determines your pricing strategy?
- Once established, how are you able to adjust your product mix to meet market demand?

Finding markets Most interviewees in this study have been involved in farming and agriculture for twenty plus years, many with their family backgrounds playing a significant role in their decision to pursue agriculture. Use of a local/regional foods component in their farm/food business was of a shorter duration, but not a new concept to these farmers (a majority having used a local/regional foods approach for 5-9 years). The most frequently cited methods of finding a market for products was **trial and error** along with some type of **market research**.

We keep trying different outlets to see what works (least time, most money, most fun!)

While many farmers stated that they know products should be sold prior to planting, trial and error helps them to determine the market outlet that works best for them and provides them with immediate customer feedback as to preferred product varieties. Often by trying out a market, farmers can determine the trade-offs between economic returns and costs (in time, money, and energy) of a particular outlet. This information helps the farmers and other business owners/operators interviewed to determine whether or not a market is profitable and, in turn, whether or not to modify their market strategies.

Those that utilize **market research** to find their markets mainly use direct connections with consumers to determine potential for sales. They engage current and potential customers at restaurants, stores, civic forums and through advertising at their market outlets, such as a farm stand. By establishing these direct links with customers, the farmers and owners/operators are able to receive immediate feedback regarding prices and types of products, in established markets and, in some cases, at markets they have not yet made a commitment to. In terms of market research, one farmer stated:

[I] looked through the Dining Guide...for high end/premium locations then pursued restaurants.

Another farmer identified the importance of documenting sales in order to compare guaranteed (pre-ordered) sales with those that are not guaranteed; this strategy provides good information in terms of being able to adjust his product mix to best fit each market.

[I] balance guaranteed sales (CSA and farm to school) with market sales (currently three markets/week) and a roadside stand. I track sales very carefully at the market so that I know what sells at each market. And then I adjust accordingly to maximize sales.

Some farmers reported **using existing distributor/marketing networks** to find their markets. These include belonging to producer associations (e.g., maple) and cooperatives, or using established food brokers, farmers' markets and promotions through food shows. Other farmers find market research to be unnecessary; markets come to the business. The following statement reflects this experience:

[My market outlet] was started in part by a customer – through that success other [customers] expressed interest in [my] product; [we], have expanded to other markets based on growing season and need for [sales] when [our original outlet] was not in session.

Other methods farmers reported using to find their markets include general advertising - mailings and lots of emails. Market opportunities are also determined by farmers' **personal preferences** and current market demand. One farmer reported that she does not seek out additional outlets as she feels *compatibility with current growing capacity* is important to her operation. Avoiding fuel costs was a factor in determining markets cited by another farmer. As well they cited the need to diversify outlets according to product supply. Diversifying outlets has been especially important for a meat producer for whom demand for choice cuts required the producer to find additional outlets for cuts less popular with existing markets (e.g. ground beef).

Trade areas Without providing any definition of local/regional marketing, interviewers inquired as to the owners'/managers' own definitions of "trade area" for their farm/food products. The most frequently cited responses incorporate an actual distance and falls within a **25-50 mile** radius, and the second most common response was one or more of the following terms: "**local, regional, national and international.**"

Local, regional, inter-state, other states, anyone with internet access and a sweet tooth!

Those that cited a **local to regional** trade area highlighted the tri-lakes region and Northern NY as well as the Adirondack region. There are two farms that sell only to customers <25 miles from their location, and one for which "**local to state**" is its prescribed trade area. An especially noteworthy description of "trade area" falls within the local, regional, national and international grouping:

Some seasonal mail orders for Christmas [come from] current customers that leave [the] area in winter.

This comment suggests that seasonal direct market connections in the Adirondack-North Country region lead to sales outside of the region when visitors return home.

Delivery methods Of the farms and food businesses that deliver products (five utilized on site **farm stands**), the most frequently cited delivery method is a farm/business-owned vehicle that makes direct **deliveries to stores, restaurants, farmers markets or institutions**. Vehicles range from personal pickup trucks to professional delivery trucks with freezer units and generators. A few farms reported using established **distributors** including those that use mail order shipping through Internet, catalogs, or direct orders.

Advertising/promotional strategies All but one interviewee reported using at least one type of advertising or promotional strategy that goes beyond word of mouth:

Strategy	Number of Farms/Businesses that reported using this strategy
Buy Local, Farm and Shopping Guides: • Adirondack Harvest (8) • Local Food Guide (4) • Local Harvest (3) • Shopping guide (1) • Pride of NY (4) • NOFA NY listing (1)	13
Word of mouth	9
Website	7
Brochures	7
Unpaid press coverage	6
Point of Sale (e.g., restaurant advertising (on menus))	5
Displays at events	5
Donations/Sponsorships	5
Labels	4
Mailings/Newsletters	4
Newspaper ads	3
Signs	3
Other: Radio/TV ads, church bulletins	1

Establishing prices A variety of methods are used to determine how much to charge customers for products. Many businesses reported utilizing more than one method. Most methods are **related to cost of production**. As one farmer described it, the costs to consumers are based on

production costs: fertilizer + seed + labor + profit margin.

Additional methods include: **Looking at other (farm) markets and grocery stores**, or **talking with customers**. Some producers **utilize national average price publications**:

[I] check the publication “Growing for Market” which lists current national average prices.

[Others look] on-line [at the] USDA terminal prices [and] Rodale organic prices

One farmer reported that *suppliers often give [him and his partner] an idea for prices*, or they refer to *past prices charged*. A particular farm identifies the gross projected income she expects per acre then breaks it down per bed and per bunch of produce. In this way, she projects the income she needs to keep the farm viable although the actual income attained is dependent on sales.

Adjusting to market demand When asked about how their farm is able to adjust to market demand, the most common response from those interviewed was by **regular assessment**. The farmers and food businesses reported ongoing methods to determine the success of different products, measured both in terms of profit and effort/cost required to grow that product. Some emphasized profitability as foremost

in planning for future growing seasons; others factored customer demand (that is actually meeting with customers ahead of time to plan crops). Mainly interviewees reported seeking a balance between profit, demand, their own capacity for production, and their desire to have an operation that can be managed by their family. Some interviewees found that through **market expansion** they were ‘maxed out’ and thus want to

stay the same; [we are] maxed out [in] acres and time; we are bigger than we want to be.

Diversifying the operation is another strategy farmers use, both in terms of product mix and market strategy.

[We] have always been [a commodity crop producer], [we] needed to diversify [our] operation/expand – so [we] started other business ventures: We started a direct market business when [we] sold veggies to campers in the area on their request, and word of mouth expanded it from there.

Seasonality also plays a role in most interviewees’ farm operations. Peak tourist times require some growers to adjust their operations so as to maximize production to coincide accordingly with an increased customer base. For others, particularly those selling to k-12 schools, the school year requires that they tailor production and distribution to a shorter window with higher volume in late summer/early fall for fresh produce and season extenders for earlier spring production. Products that can be produced year round and those with a long shelf life (meat, maple, honey) also help to maintain customers despite Northern New York’s limited growing season.

C. Challenges³

Advertising Farmers feel that in many settings customers do not recognize that the food they are eating or being served is locally sourced and, thus, see a need to educate consumers. Advertising challenges relate to many outlets – point of sale materials for schools and institutions as well as limited or a lack of educational outreach at farmers markets and CSAs; in the case of the latter, interviewees fault vendors and the markets for not, themselves, doing enough in terms of education. A few interviewees also commented on the need to address **sale of non-local products at markets**, that is vendors bringing products produced outside the region into Northern New York and selling them as ‘farm fresh’ at roadside stands, farmers markets and even restaurants. From the perspective of some of those interviewed for this study, this behavior results in unfair competition for those producing and selling products locally and needs to be curbed.

³ Although we did not specifically ask study participants to identify challenges, opportunities, and strategies potentially impacting the future of their local/regional food market enterprises, all three were clearly articulated in their responses to the questions posed. In general, the challenges shared are of a specific nature in the sense that they relate to the individual topic addressed in each Research Brief on the farm and food business operations (not the one on organizational support for these operations): *Market Outlets, Training and Educational Resources, Farm/Food Business Economics, Collaborations, and the Roles of Local/Regional Food Businesses in Northern NY* in this report. Conversely, the opportunities and strategies that were identified are of a general nature and, as such, are equally relevant to all five research briefs included in the report. Thus, while the “Challenge” sections of these five research briefs are different, the “Opportunities” and “Strategies” sections, are verbatim.

Limits to production - Multiple reasons were given as to why farmers are unable to meet customer demand. The most frequently cited of these reasons is the lack of **labor**, especially competent labor that is worth the employing farm owners' investment. Those interviewed seek more

time to manage production, harvest, and marketing. Each is a full-time job.

Another highly cited limitation is **infrastructure/equipment**, examples of this include: *production/processing equipment, conveniently located USDA-inspected facilities, transportation, regulations. Specifically in regards to sales to schools, storage facilities and delivery capacity are perceived limitations.* Other challenges include the growing season, space – particularly cleared space -pests, and climate.

Weather – both the length of the growing season, and actual weather events – dry, wet, etc.

D. Opportunities

While every challenge can also be seen as an opportunity, opportunities specifically identified by study participants include the new and expanding interest in local/regional foods, in New York, and nationally, and room for growth of this market in Northern New York. Citing the nationwide trend towards increased awareness regarding food sources, many farmers see the opportunity for more farms to become involved in local/regional food markets and the need for more farmers to meet this demand. They also see opportunities for collaboration: Shared purchasing of supplies, equipment, and marketing materials were all suggested as specific collaborative opportunities. Interviewees also see the emergence of more support groups as an opportunity, viewing these groups as important to their success.

E. Strategies

What should communities do through local officials and community & economic developers in collaboration with agricultural organizations to better support farm and food businesses utilizing local and regional markets to sell their farm and food products?

Based on these interviews, two types of strategies are needed to encourage further growth of a vibrant local food economy in the Adirondack-North Country region: **education** and **infrastructure development**. Interviewees seek **consumer education** that: (1) addresses the importance of healthy diets (not just low fat) and the relationships between healthy diets and local foods; (2) identifies sources of local foods, and recognizes local foods as valuable, quality products and a community resource. Interviewees also seek educational materials that offer assistance with **enterprise and market analysis**, particularly regarding pricing strategies and expected profit margins for specific market outlets. They also seek educational opportunities, ranging from fact sheets to demonstrations, that share successful farm models and help them better understand production, equipment, and insurance concerns.

In terms of **infrastructure development**, producers seek support for working together to strengthen production/storage/transport/handling linkages. From their perspective, collaboration in the development of these types of infrastructure would benefit local and regional food producers and the communities they reside in through increased enterprises, market outlets, and export opportunities.

F. Conclusions

The farms and food businesses explored herein represent a small subsection of agriculture in the Adirondack-North Country region. However, local and regional farm and food businesses are filling a growing niche in the region's agriculture and business sectors through the products they supply and the lifestyles they offer farmers and business owners/operators.⁴ The market outlets employed by local/regional farms and food businesses are diverse but also tailored to the needs and interests of their owners/operators as well as their customers. In this way they are people-oriented and involve relationship building, both of which are an important part of community and economic development. Communities across the country can and are working together to strengthen these businesses. This research suggests Northern New York should consider exploring ways to support relationship building and tapping into relationships within the local/regional foods arena as a means to broader community and economic development. In the *Conclusions and Recommendations* section of the *Research Report on the Impacts of Local and Regional Foods in the Adirondack-North Country Region* we share several recommendations designed to help Adirondack-North Country communities work together as a region to support these enterprises and capitalize on the ways they contribute to life in Northern New York.

⁴ To learn more about these businesses refer to the other Research Briefs in Section III of this report at: www.nnyregionallocalfoods.org.

Prepared for the North Country Regional Food Initiative by Katherine Lang (Cornell Cooperative Extension) & Heidi Mouillesseaux-Kunzman (Community and Rural Development Institute), Cornell University. For full report visit www.nnyregionallocalfoods.org.

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