GETTING IT THERE:

UNDERSTANDING THE ROLE OF NEW ENGLAND FOOD DISTRIBUTORS IN PROVIDING LOCAL FOOD TO INSTITUTIONS

Photo courtesy of the Intervale Food Hub

Farm to Institution
NEW ENGLAND

AUGUST 2016

ACKNOWLEDGEMENTS

ABOUT THE NEW ENGLAND FARM TO INSTITUTION METRICS PROJECT

Farm to Institution New England is a six-state network of nonprofit, public, and private entities working collaboratively to achieve a mission of strengthening the food system by increasing the amount of New England-grown and processed food served in our region's institutions.

Since its inception, FINE has focused on developing cross-sector connections between K-12 schools, colleges and universities, hospitals, and other institutions. Today, FINE serves those at the forefront of the farm to institution movement in the region, providing a forum to connect and share ideas, models, resources, and support. FINE leads projects related to key issues identified by farm to institution leaders and acts as the backbone organization for farm to institution work in the region: we build the network, convene stakeholders, develop and disseminate tools and resources, and communicate with key external audiences.

Additional information on the New England Farm to Institution Metrics Project can be found online at **www.farmtoinstitution.org/metrics**.

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ADVISORS

Molly Anderson, Middlebury College
Courtney Bourns, Henry P. Kendall Foundation
Cris Coffin, Land for Good
Jillann Fitzsimmons, UMass Amherst
Gemma Gorham, Brown University
Christine James, John Merck Fund
Dawn King, Brown University
Jiff Martin, University of Connecticut Extension
Riley Neugebauer, Farm to Institution New England
Jeff Piestrak, Cornell University

PROJECT TEAM

Nessa Richman, Metrics Project Coordinator
Thai Ha-Ngoc, Metrics Project Researcher (Author)
Lydia Oberholtzer, Metrics Project Research Consultant
Jennifer Obadia, Metrics Project Special Research Advisor
Kaitlin Haskins, FINE Communications Coordinator
Peter Allison, FINE Network Director

To learn more about Farm to Institution New England, visit www.farmtoinstitution.org

FUNDERS

EXECUTIVE SUMMARY

Bringing healthy, locally produced food into institutions is an effective strategy to address social, economic, and environmental issues. Existing research suggests that farm to institution strategies may improve nutrition for students and patients, while also supporting local food producers. However, not much work is being done to track the progress of farm to institution strategies on local, state, or regional levels. This report summarizes the results of a 2015 New England-wide survey of food distributors designed to explore their perspectives on institutional demand for local products and identify the challenges and opportunities they face in serving this segment of the food market.

The results of this survey show that responding New England food distributors play a significant role in how people eat both in and outside of institutional dining facilities. These respondents moved over a billion dollars worth of food in 2014. While the proportion of institutional sales to total sales varies widely between individual distributors, larger food distributors generally see institutions as a more integral part of their businesses. All survey respondents who serve institutions offer local products, but vary in their definition of local. Local product sales usually represent a high proportion of gross sales in smaller food distributors. Local sales in relation to gross sales declined as gross sales increased.

New England food distributors generally serve a large number and variety of institutional clients, while procuring local products from many sources including individual producers, producer cooperatives, and local value-added processors.

Overall, survey respondents have an overwhelmingly positive outlook on future sales of local products to institutions, suggesting that institutions will continue to grow and strengthen their farm to institution strategies in the coming years. However, the distributors reported several key challenges and barriers to selling local products to institutions, including the lack of consistent, year-round supply of local products and the high price point of local products for their customers.

The report concludes with recommendations for food distributors, government officials, funders and non-profits, and institutions to further farm to institution strategies in New England.

Photo by Amy Heller at Black River Produce

INTRODUCTION

K-12 schools, colleges, and hospitals play a central role in the well-being of their communities, providing jobs, promoting learning, and delivering critical health services. Institutions also represent an important venue in the discussion of local food systems, as they serve as an aggregation point of many consumers –where students, employees, patients, and other community members purchase and consume food.

Bringing healthy, locally produced food into institutions has been recommended by many as an effective strategy to address the social, economic, and environmental challenges posed by the current food system (Joshi, Azuma, & Feenstra, 2008; Harris, et al., 2012; Clinton, et al., 2014). Policies and programs supporting the procurement of locally produced food by institutions, known as farm to institution, have grown significantly over the past decade, particularly at K-12 schools (USDA FNS, 2013; National Farm to School Network, Vermont Law School, 2015). While this existing research suggests that farm to institution strategies may improve nutrition for students and patients and support local food producers, little work is being done to track the progress of farm to institution strategies on local, state, or regional levels.

The growth of the farm to institution market in New England depends on the hard work of hundreds of dedicated and skilled people, institutions, businesses, networks, and organizations. All stakeholders – from policymakers, to dining service managers and schoolteachers – can utilize data demonstrating the level and impact of local food procurement by institutions across the supply chain. Led by Farm to Institution New England (FINE) in collaboration with key partners, the New England Farm to Institution Metrics Project has been established to collect and provide access to that data for all stakeholders.

In March 2015, FINE partnered with Health Care Without Harm (HCWH) to develop a survey of New England distributors to explore the demand for local products from food distributors and identify challenges and opportunities in the institutional food market. Given that institutions often serve large quantities of food – for instance, the University of Massachusetts Amherst Dining Service provides 45,000 meals a day (UMass Amherst, 2015) – it can be challenging for individual producers to supply large enough quantities to meet institutions' needs. Distributors thus play a vital role in aggregating products from individual local producers, providing institutions with the high volume they need to operate their dining programs (Brayley, Clark, & Anand, 2012).

This report summarizes the results of the survey of New England food distributors. It is the first in a series of reports to be published by the FINE Metrics Project. The following data will be helpful in establishing a baseline of institutional procurement of food for 2014 and allowing for measurement of progress over time. By providing this information, the report seeks to identify ways for practitioners, policymakers, funders, and other stakeholders to further farm to institution strategies in New England.

KEY FINDINGS

- Half of the 56 survey respondents reported that they ***currently sell to institutional food service operations***.
- The 25 respondents who provided gross sales figures accounted for $1.12 billion in sales in 2014. Of these 25 distributors, 23 provided institutional sales figures, totaling $366 million in ***institutional sales***, which equaled 47% of their gross sales.

Photo by A. Perry Heller at Black River Produce

- Respondents with gross sales greater than $10 million made a ***greater portion of their sales to institutions*** (58%) than respondents with gross sales under $1 million (28%) or respondents with gross sales between $1 million and $10 million (11%).
- For the purposes of procuring and marketing their products, the most common ***definitions of "local"*** from respondents were products that were "produced within the state" (31%) or "produced within the region" (27%).
- Overall, respondents made an estimated $59 million in ***local product sales to institutions*** in 2014.
- Nearly 90% of respondents believe ***sales of local products to institutions will increase*** some or significantly over the next three years.
- There is a highly negative ***association between gross sales and percent of local sales***. As the total sales amount increases for a distributor, the percent of local sales decreases. Respondents with less than $1 million in gross sales reported that their local product sales accounted for nearly all (97%) of their gross sales, while for respondents with gross sales greater than $10 million, local product sales accounted for 19% of gross sales.
- In 2014, respondents served an average of ***81 individual public schools, 45 colleges and universities, and 54 hospitals and health centers***. Respondents procured local products from an average of ***46 producers, two farmer cooperatives, and eight local value-added processors***.
- When asked to list the ***top local products where institutional customer demand was greater than supply***, the most common response was that this was not an issue (33%). The second most common response was a lack of sufficient meat products (24%).
- The ***two biggest obstacles for respondents in selling and procuring local products*** are the lack of consistent, year-round supply of local products (50%) and the high price point of local products for their customers (42%).

SURVEY METHODS & PROCEDURES

In developing a survey list of food distributors, the project team used several sources of information, including a previous report on distribution by FINE, the National Good Food Network's Food Hub list (National Good Food Network, n.d.), a distribution and processing report from Farm Fresh Rhode Island (Pucetti & Clark, 2015), and input from a FINE advisory committee. Distributors from the New England Produce Center were also included on the survey list. Given the scope of the FINE Metrics Project, contact information was sought only for businesses with distribution centers located within New England. The survey list included regional distribution centers for large national corporations. These regional distribution centers were only asked to provide responses representing their own regional operations. In total, 86 distributors were contacted for the survey.

The survey's 21 questions were designed to collect data regarding sales, client demographics, supply and demand issues, and perceived trends and challenges in the institutional market. As some distributors did not serve the institutional market or source locally produced food, the survey employed skip logic to collect relevant information from them. An advisory team, consisting of academic, philanthropic, nonprofit, and other stakeholders, provided input and feedback during the development of the survey. Prior to implementation, the survey was tested with three distributors with whom the project partners had prior working relationships.

The survey was implemented online through SurveyMonkey. Potential respondents were sent an invitation over email and given two ways to complete the survey: (1) self-administer the survey through the link provided in the invitation, or (2) complete the survey over the phone with the FINE researcher entering responses into SurveyMonkey. After receiving the initial survey invitation, distributors received a total of two follow-up phone calls and two follow-up emails before being marked as non-responsive. As an incentive, all respondents were entered into a drawing for one of two gift cards worth $50.

Regarding survey limitations, the responding distributors are a self-selected sample of New England food distributors serving institutions and thus may not be representative of the population in terms of size, client base, procurement and sales strategies. This is important to keep in mind when extrapolating from the report's analysis. In particular, only two of the survey respondents operate as regional distribution centers for broadline distributors, which account for the majority of food service sales in the country (see Table 4 for details on respondent operations) (The Hale Group, 2013). Also, the responses are self-reported numbers and, in several cases, estimates; thus individual responses may not be exact.

SURVEY RESPONDENT CHARACTERISTICS

Of the 86 distributors contacted, 56 responded to the survey, a 65% response rate. Respondents were asked to confirm the city, state, and zip code of their company headquarters (Table 1). Over half of the respondents were based in Massachusetts. This was expected given the density of distributors (19 respondents) at the New England Produce Center, the second largest produce market in the country (Refrigerated Transporter, 2010) and the fact that half of the New England population resides in Massachusetts. Of the 30 distributors who were contacted but did not complete the survey, 11 were based in Massachusetts, several of which were located in the New England Produce Center.

Distributors were asked about which states they served. Massachusetts was served by the largest number of distributors, followed by New Hampshire and Connecticut. A significant number of the distributors also provided service beyond New England (Table 2). Notably, respondents typically served just one state or all six New England states, suggesting that the respondent group consists mainly of larger, regional distributors and smaller, local distributors (Table 3), with few medium-sized distributors. The vast majority of distributors who serve all six New England states also provide their services beyond the region, indicating that larger distributors do not limit themselves by the geographic bounds of New England.

Table 1: Number of New England Distributors' Headquarters Surveyed by State, 2015

STATE	NUMBER CONTACTED	NUMBER RESPONDED	PERCENT RESPONDED
Connecticut	8	4	50.0%
Massachusetts	42	31	73.8%
Maine	8	5	62.5%
New Hampshire	6	4	66.7%
Rhode Island	12	4	33.3%
Vermont	10	8	80.0%
Total	**86**	**56**	**65.1%**

Table 2: Number of Surveyed New England Distributors Serving Each New England State, 2015

STATE	NUMBER	PERCENT OF RESPONDENTS SERVING STATE
Connecticut	30	56.6%
Massachusetts	40	75.5%
Maine	28	52.8%
New Hampshire	32	60.4%
Rhode Island	27	50.9%
Vermont	27	50.9%
Beyond New England	22	41.5%

N=53 (Respondents could choose more than one state)

Table 3: Number of States Served by Surveyed New England Distributors, 2015

NEW ENGLAND STATES SERVED	NUMBER	PERCENT OF RESPONDENTS
6 (all states)	21	39.6%
5	1	1.9%
4	1	1.9%
3	6	11.3%
2	7	13.2%
1	17	32.1%

N=53

Table 4: Types of Surveyed New England Distributors, 2015

TYPE OF DISTRIBUTOR	NUMBER	PERCENT OF RESPONDENTS
Specialty - Produce	43	76.8%
Specialty - Variety	6	10.7%
Specialty - Meat	4	7.1%
Broadline	2	3.6%
Specialty - Dairy	1	1.8%

N=56 Note: Surveyed specialty distributors with no obvious primary product type were categorized under "Specialty – Variety."

Survey respondents were not asked to categorize themselves as a broadline distributor or specialty distributor[1]. However, analysis of respondents' websites and survey responses suggests that only two of the respondents operate as broadline distributors, while the other 54 operate as specialty distributors. The majority of those surveyed specialized in produce distribution (Table 4).

Of the 56 respondents, exactly half (28) stated that they currently serve institutions.

Photo courtesy of the Intervale Food Hub

[1] Broadline foodservice distributors traditionally purchase a wide range of products from manufacturers and stock these goods in one of their distribution centers. Specialty foodservice distributors typically do not stock a wide range of products; instead, they operate in niche markets where it is often necessary to have specialized knowledge about product sourcing, handling, and/or service. (USDA ERS, n.d.)

SELLING TO INSTITUTIONS

Food distributors vary in terms of markets served. Institutional clients, such as K-12 schools, colleges, and hospitals, represent one customer segment for these distributors. This section of the report summarizes key characteristics of the 28 New England distributors who responded to the survey and reported selling to institutional clients.

In this survey of New England distributors, respondents selling to institutions reported an average of $45 million in 2014 total sales for all customer segments (i.e., gross sales), including institutions (Table 5). Aggregated across all respondents, New England distributors reported over $1.12 billion in gross sales in 2014.

It is important to note that two of the responding distributors represented over half of the aggregated gross sales.

Institutional sales for respondents ranged significantly, from $1,590 to $296 million. Nearly half (47.8%) of the respondents reported less than $100,000 in institutional sales, while over a quarter (26.1%) reported over $1 million in institutional sales. Sales to institutions averaged approximately $16 million per distributor in 2014, for an aggregated amount of $366 million. Of those providing institutional sales figures (N=23), institutional sales represented 47% of their gross sales (Table 5).

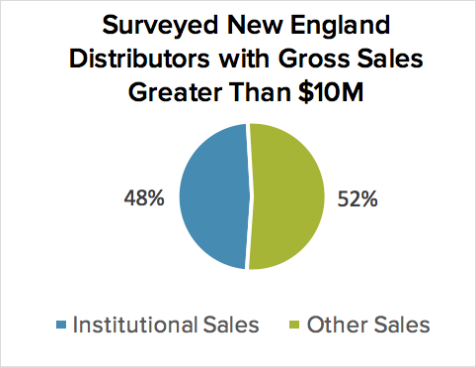
Distributors with over $10 million in gross sales reported that institutional sales represented nearly half (48%) of their gross sales. This contrasted with institutional sales proportions from respondents with gross sales between $1 and $10 million (11%) and less than $1 million (28%)[2]. This suggests that larger distributors count institutional sales more as a core part of their services than smaller distributors (Figure 1 on following page).

[2] Distributor size was categorized based on the distribution of the data.

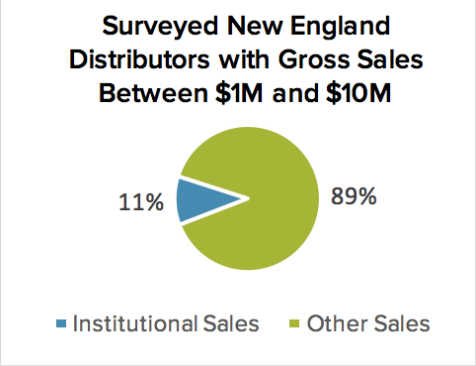
Table 5: Gross and Institutional Sales for Surveyed New England Distributors, 2014

ASPECT	N	AVERAGE (STANDARD DEVIATION)	PERCENT OF GROSS SALES	TOTAL FOR ALL RESPONDENTS	RANGE
Gross Sales	25	$45 million ($100 million)	---	$1.12 billion	$41,000 to $423 million
Institutional Sales	23	$16 million ($62 million)	47%	$366 million	$1,590 to $296 million

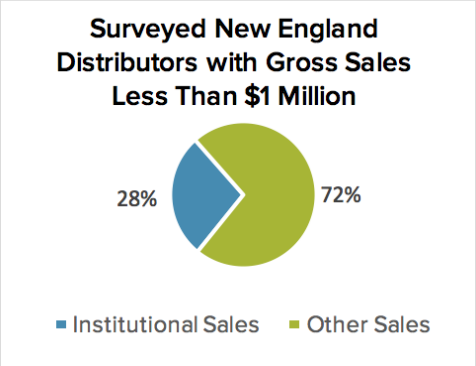
Figure 1: Profiles of Surveyed New England Food Distributors Categorized by Gross Sales, 2014



Sample Size: 6
Institutional Sales (Average): $60,559,167
Gross Sales (Average): $126,333,333
Institutional Sales as a Percent of Gross Sales: 48%



Sample Size: 6
Institutional Sales (Average): $375,983
Gross Sales (Average): $3,501,667
Institutional Sales as a Percent of Gross Sales: 11%



Sample Size: 11
Institutional Sales (Average): $71,101
Gross Sales (Average): $258,474
Institutional Sales as a Percent of Gross Sales: 28%

Respondents served a variety of institutional clients, averaging 81 individual public schools, 45 colleges and universities, and 54 hospitals and health centers in 2014. Respondents also reported serving a number of other institutions, such as correctional facilities, assisted living facilities, and corporate cafeterias. In total, respondents serve 4,471 institutions in New England (Table 6).

Table 6: Number of Institutional Clients Served by Surveyed New England Distributors, 2014

TYPE OF INSTITUTION	N	AVERAGE NUMBER OF CLIENTS	TOTAL NUMBER OF CLIENTS
K-12 Schools	24	81	1934
Colleges	24	45	1080
Hospitals	24	54	1284
Other	16	11	173
Total	-	**190**	**4,471**

N=24 Note: Institutions may have multiple distributors providing their food and thus these numbers may represent duplicate institutional clients.


Photo courtesy of Red Tomato

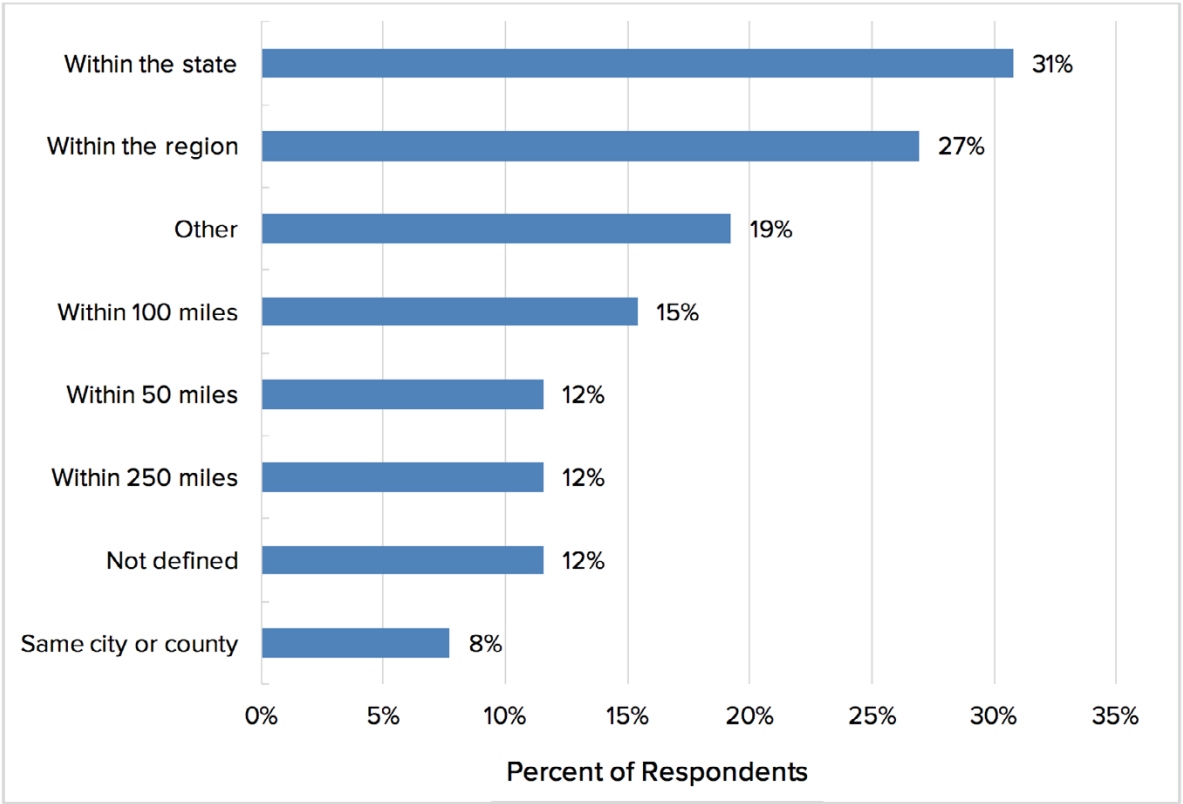
SELLING LOCAL FOOD TO INSTITUTIONS

The availability and product mix of food items varies widely among distributors. Local foods, including fresh, frozen, or otherwise processed products, represent one category of products that distributors can provide. Some distributors focus primarily or entirely on local products. The following information summarizes how the responding New England distributors are procuring and marketing local food to institutions, including their definition of "local," how much of it they are currently selling, and how much they anticipate selling in the future.

As noted in the introduction, there is no consensus on the definition of local food. However, there are commonly used definitions, such as those used by the federal government. The 2008 Food, Conservation, and Energy Act (2008 Farm Act) defined local as less than 400 miles from a product's origin, or within the state in which it is produced (Martinez et al., 2010). All respondents who sell to institutions reported that they promote at least some of their products as "local," though the definition of local varied significantly. For the purposes of procuring and marketing their products, the most common definitions of "local" were products that were "produced within the state" or "produced within the region"[3]. In several cases, a distributor markets their products with multiple definitions of "local," in response to customer needs (e.g., "local" defined as "produced within a state" and "produced within a region") (Figure 2).

[3] Note that distributors were free to interpret the word "produced". Distributors were not asked in the survey to distinguish between locally grown and locally processed products. For example, all of the ingredients of a distributor's particular product may have been grown outside of their local definition's geographic bounds, but the product was produced within the local definition's geographic bounds and has been categorized as local by that distributor.

Figure 2: Definition of "Local" by Surveyed New England Distributors Selling to Institutions, 2015



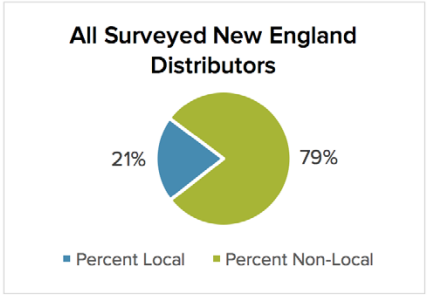
N=26 (respondents could choose more than one definition)

Using their own definitions of "local," respondents reported they had an average of $7.3 million in local product sales, representing an average of 21% of their gross sales (including institutional and all other sales) (Figure 3). When divided into ranges based on gross sales, distributors with less than $1 million in sales reported that their local product sales accounted for nearly all of their gross sales. Distributors with gross sales between $1 million and $10 million also reported a high proportion of local product sales.

However, for distributors with gross sales greater than $10 million, local product sales accounted for significantly less of their gross sales. In fact, a correlation analysis revealed a highly negative association, $r(22) = -0.852$, $p < .001$, between gross sales and percent of local sales, so that as total sales increases for a distributor, the percent of local sales decreases.

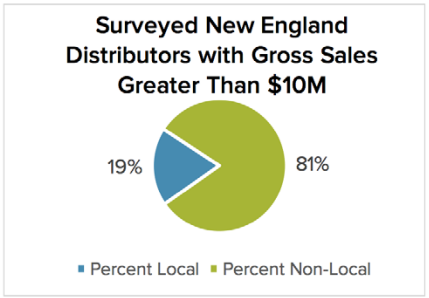
This suggests that smaller New England distributors have a greater emphasis on selling local products, while larger companies are likely serving as full-service providers with a mix of local and non-local products. In total, $176 million dollars of local products were sold (to all clients, not just institutions) in 2014 by New England distributors that sell products to institutions.

Figure 3: Local Product Sales as a Percentage of Gross Sales for Surveyed New England Distributors, 2014



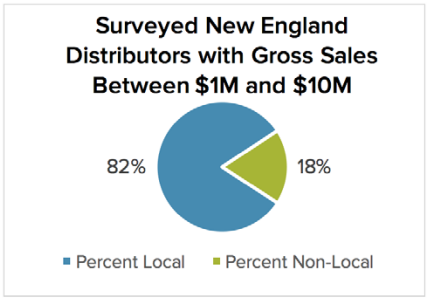
For all clients, including institutions

Sample Size: 24
Local Sales as a Percent of Gross Sales: 21%
Local Sales (Average): $7,341,505
Local Sales (Aggregate): $176,196,111



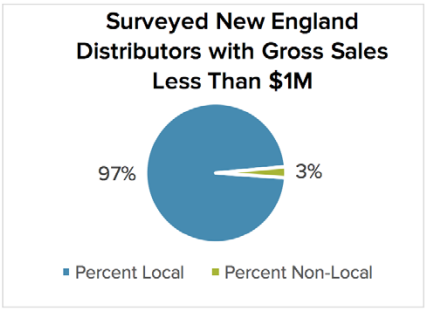
For all clients, including institutions

Sample Size: 7
Local Sales as a Percent of Gross Sales: 19%
Local Sales (Average): $22,326,286
Local Sales (Aggregate): $156,284,000



For all clients, including institutions

Sample Size: 6
Local Sales as a Percent of Gross Sales: 82%
Local Sales (Average): $2,856,900
Local Sales (Aggregate): $17,141,400



For all clients, including institutions

Sample Size: 11
Local Sales as a Percent of Gross Sales: 97%
Local Sales (Average): $251,883
Local Sales (Aggregate): $2,770,711

The survey did not specifically ask distributors for their sales of local products to institutions, as this information was unlikely to be readily accessible and would increase response burden. However, using data from the 2015 FINE Farm to College Survey (to be published), HCWH's 2015 Healthy Food in Health Care Survey (to be published), and the United States Department of Agriculture's Farm to School Census (USDA FNS, 2013), we estimate that approximately 16% of all New England institutional food purchases are local products, resulting in $59 million in sales of local product to institutions for the surveyed distributors.

All of the distributors selling to institutions in the sample were implementing measures of product transparency in their order guides. Over 70% of distributors listed farm name, and town and/or state of origin. In addition, half of the distributors identified specific products as "local" in order guides; 12 of the 13 respondents who did this also provided more detailed product origin information, e.g., farm or town name (Table 7).

Table 7: Product Transparency in Order Guides for Surveyed New England Distributors Selling to Institutions, 2015

PRODUCT ORIGIN INFORMATION	NUMBER OF RESPONDENTS	PERCENT OF RESPONDENTS
None	0	0.0%
Farm Name	19	73.1%
Town or State	19	73.1%
Region	5	19.2%
"Local"	13	50.0%

N=26 (Respondents could select more than one option)

In terms of the top local food items sold to institutions, distributors ranged widely in their responses. The products listed most frequently are displayed in Table 8. Respondents were encouraged to provide as much detail as possible, for example specifying whether their top local product was sliced apples or whole apples.

When asked to list the top local products where institutional customer demand was greater than supply, one-third of the surveyed distributors responded that this was not an issue. One particular distributor expanded on this response, saying that they work with a large number of producers of each local product to avoid running out of supply. The products listed most frequently where institutional demand was greater than supply are displayed in Table 9.

It is worth noting that year-round supply of lower-cost local meat, fruit, and vegetables is a challenge for several distributors. An analysis of key challenges and limitations for distributors, which focuses in on issues related to price of products, is provided in a later section of the report.

Table 8: Top Local Products Sold to Institutions by Surveyed New England Distributors, 2014

PRODUCT TYPE	PRODUCT DETAIL	PERCENT OF DISTRIBUTORS LISTING AS TOP 5 PRODUCT
Apples	Whole or Sliced	43%
Potatoes	Whole or Frozen	43%
Beef	Ground or Portion Cuts	26%
Carrots	Whole or Frozen	26%
Greens	Salad Mix or Head Lettuce	26%
Peppers	Whole, Sliced, or Frozen	26%
Squash	Whole or Frozen	22%
Tomatoes	Various	17%
Broccoli	Including Frozen	13%
Butternut Squash	Including Diced	13%
Cheese	Various	13%
Dairy Products	Various	13%

N=23 (Distributors were asked to list up to five of their top products sold to institutions.)

Photo by A. Perry Heller at Black River Produce

Distributors selling to institutions have a positive outlook on future sales of local foods to institutions, with nearly 90% reporting that they believe these would increase some or increase significantly over the next three years. None of the 26 respondents believed that their local sales to institutions would decrease (Figure 4).

Figure 4: Surveyed New England Distributor Perceptions on Their Sales of Local Food to Institutions, 2015

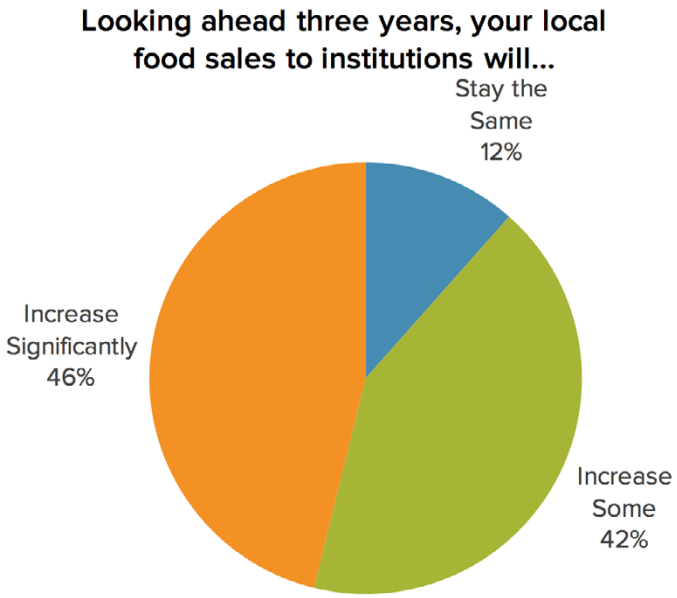


Table 9: Top Local Products Where Institutional Demand is Greater Than Supply for Surveyed New England Distributors, 2014

PRODUCT TYPE	PRODUCT DETAIL	PERCENT OF DISTRIBUTORS LISTING AS TOP 5 PRODUCT
Meat	Unspecified, Pork Shoulders, Chicken Thigh, Whole Primal Cuts	24%
Salad Greens	Salad Mix, Lettuce, Spinach	19%
Berries	Blueberries, Strawberries, General	14%
Melons	Unspecified, Cantaloupe, Watermelon	14%
Broccoli	Including Frozen	10%
Nectarines		10%
Potatoes	Including Frozen French Fry	10%
Seasonal Products	Unspecified	10%
Tomatoes		10%

N=21 (Distributors were asked to list up to five products where institutional customer demand was greater than supply)

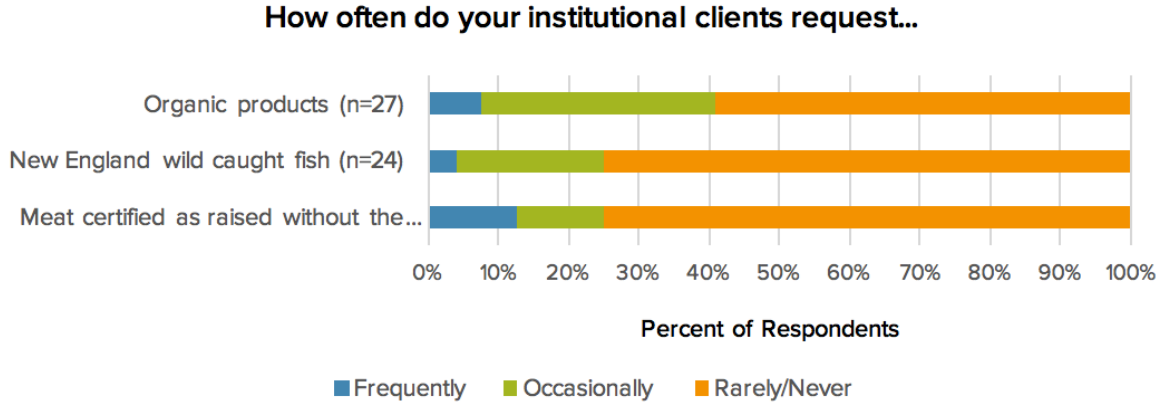
Photo courtesy of Red Tomato

SALES OF & DEMAND FOR SPECIALTY PRODUCTS IN INSTITUTIONS

Our survey asked questions regarding the demand and supply of specific specialty products: (1) organic products, (2) New England wild caught fish, and (3) meat certified as raised without the routine use of antibiotics (e.g., certified organic or humanely raised). These specialty product categories represent potential areas for growth in New England institutional procurement, as there are producers in the region who are already supplying these products to other markets. Aside from the three specialty products highlighted in the survey, there are certainly other product categories that also represent potential areas of growth, and further research is needed to help provide more insight as to the best opportunities and areas of focus.

Surveyed distributors were asked how often they were contacted by their institutional clients about the three specialty products (Figure 5). In general, they reported being contacted rarely by their clients for organic products, New England wild caught fish, or meat certified as raised without the routine use of antibiotics.

Figure 5. Institutional Demand for Specialty Products Reported by Surveyed New England Distributors, 2015



Distributors were also asked whether they sold these specialty products to institutions. The majority of respondents sell at least some organic products, while distributors selling meat certified as raised without the routine use of antibiotics and New England wild caught fish were less common (Table 10). Of the thirteen distributors selling meat certified as raised without the routine use of antibiotics, six respondents stated that it represents a significant portion their total sales of meat products (over 75%), indicating that this specialty product is an area of focus for them.

Table 10: Availability of Specialty Products by Surveyed New England Distributors, 2015

TYPE OF PRODUCT	NUMBER OF DISTRIBUTORS SELLING PRODUCT TO INSTITUTIONS	PERCENT OF RESPONDENTS SELLING PRODUCT
Organic	23	88.5%
New England wild-caught fish	7	26.9%
Meat certified as raised without the routine use of antibiotics	13	50.0%

N=26

WORKING WITH LOCAL VENDORS

New England distributors who sell to institutions are procuring their local product in different ways and have varied what requirements for local producers and suppliers. Local food sales and procurement information can be used to highlight specific areas of greatest potential, such as types of distributors whose local food sales have room for growth.

When categorized by sales, distributors with gross sales less than $1 million procured their entire inventory from New England-based farm and food businesses (Table 11). There was a highly negative association, $r(22) = -0.862$, $p < .001$, between gross sales and percent of New England procurement. As total sales increases for a distributor, the percent of New England procurement decreases. Respondents with gross sales greater than $10 million procure an average of less than one-fifth of their products from the region.

Table 11: New England Products as a Percentage of Total Procurement for Surveyed New England Distributors, 2015

SIZE OF DISTRIBUTOR BY GROSS SALES	N	AVERAGE PERCENT OF NEW ENGLAND PROCUREMENT
Less than $1 million	11	100%
$1 million to $10 million	6	77%
Greater than $10 million	7	19%

Table 12: Number of Local Producers, Farmer Cooperatives, and Processors Used by Surveyed New England Distributors to Procure Local Foods, 2014

TYPE OF VENDOR	AVERAGE NUMBER OF VENDORS	TOTAL NUMBER OF VENDORS
Local Producers	46.0	1103
Local Farmer Co-ops	1.7	40
Local Processors	7.8	186

N=24 Note: These are not unique values as producers, cooperatives, and processors usually sell their products to more than one distributor.

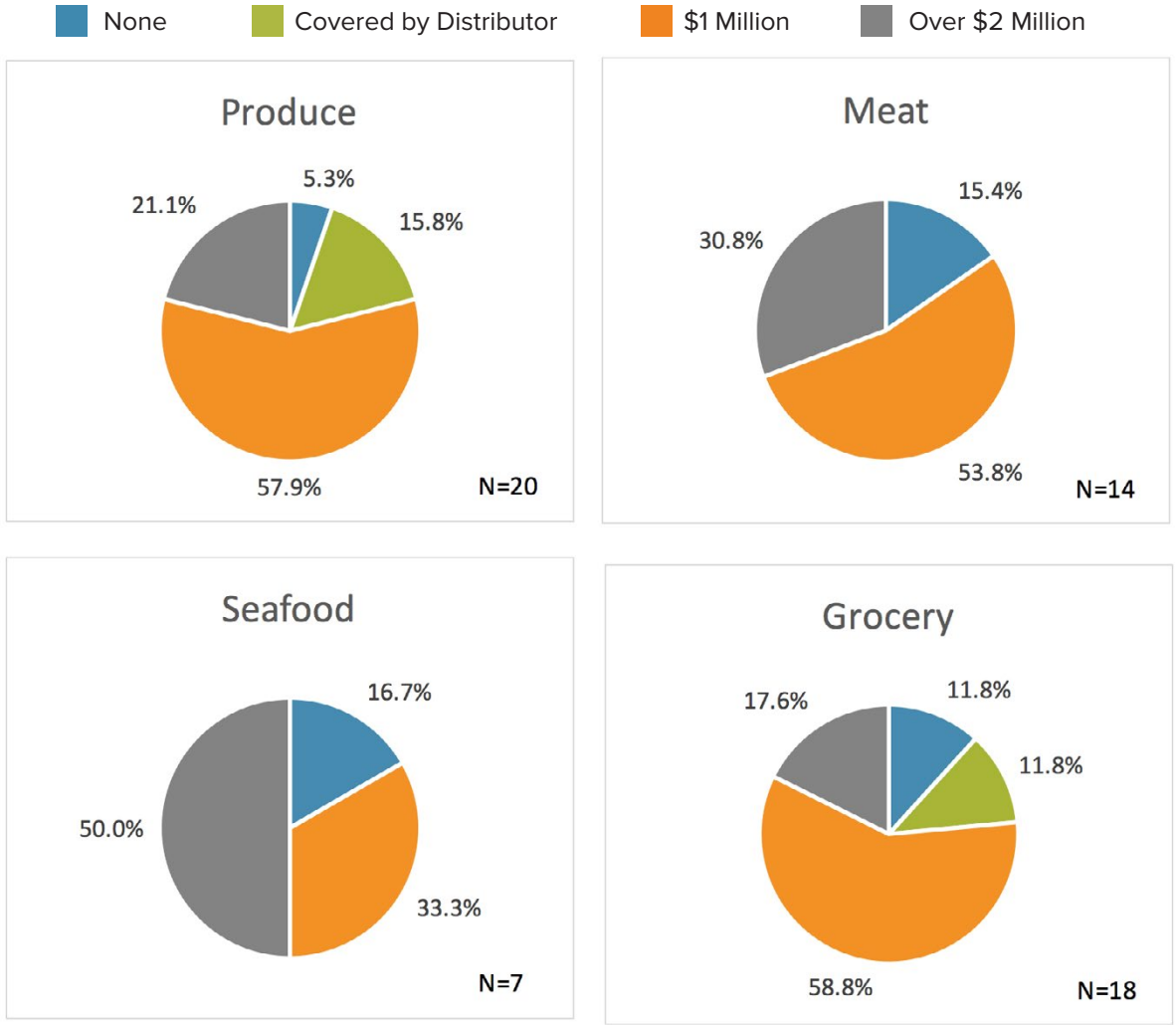
Photo courtesy of Mass Farm to School

Vendors usually sell their products to more than one distributor. Taking this into account, our respondents reported that they procured their local products from an average of 46 producers, two local farmer cooperatives (which represent multiple farmers), and eight local processors (Table 12). In total, respondents sourced from over 1,100 producers, 40 local farmer cooperatives, and 186 processors.

When asked about levels of liability insurance, at least half of respondents required no more than $1 million for suppliers and producers of produce (57.9%), meat (53.8%), and grocery items (58.8%) (Figure 6).

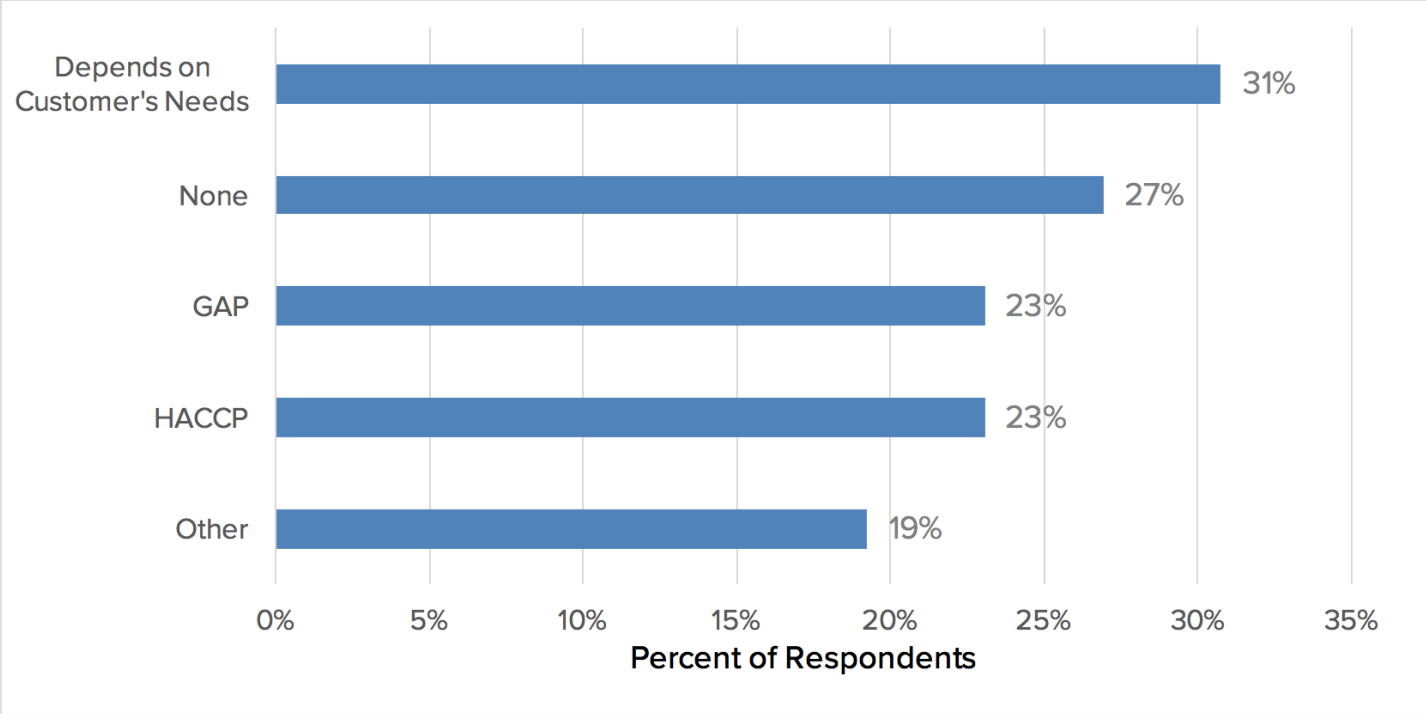
Photo courtesy of Red Tomato

Figure 6: Required Level of Liability Insurance for Suppliers and Producers Working with Surveyed New England Distributors Selling to Institutions, 2015



In terms of required certifications for suppliers and producers, less than a quarter of respondents required USDA's Good Agricultural Practices (GAP) or USDA/FDA's Hazard Analysis and Critical Control Points (HACCP) certifications. A more common response from respondents was that certifications required for suppliers and producers depended on specifications of the distributors' customers, whether it was GAP, HACCP, or another certification (Figure 7). Among some of the other certifications required by distributors were "certified organic" and "rGBH hormone-free".

Figure 7: Supplier and Producer Certifications Required by Surveyed New England Distributors, 2015



N=26 (Respondents could select more than one option)

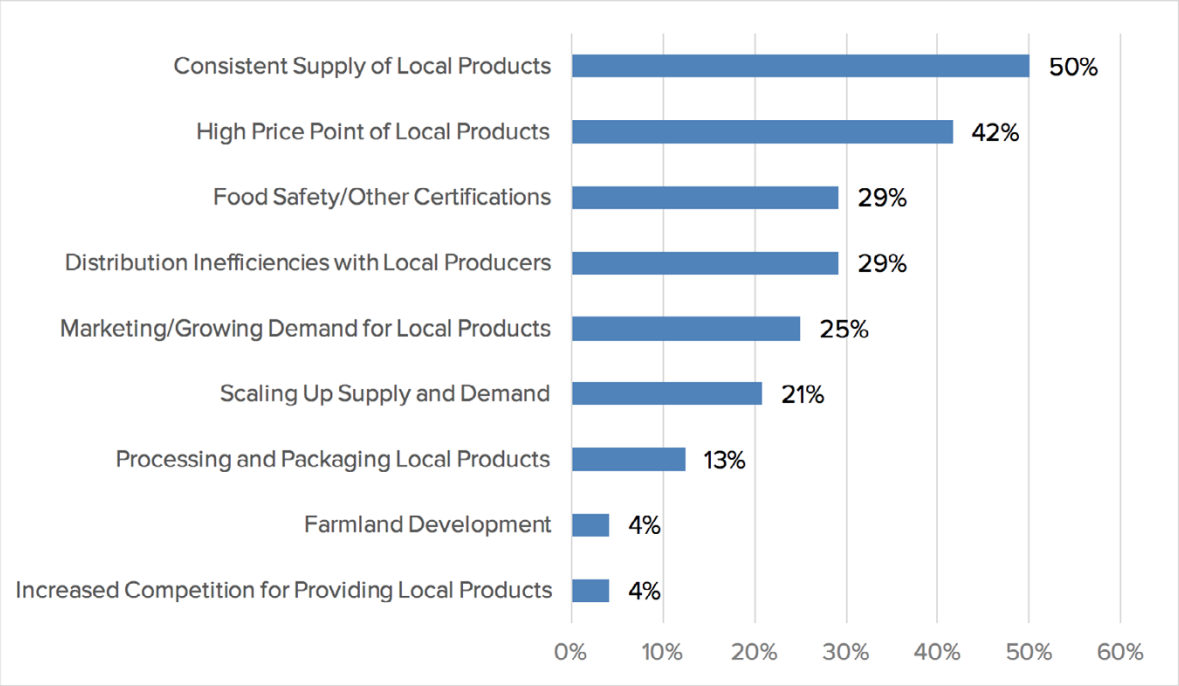
In terms of challenges: "Customers, particularly institutions, feel that our prices for local products are too high despite the fact that they want to feature local in their offerings" – a New England food distributor

KEY CHALLENGES & LIMITATIONS

Institutions often face challenges when they seek to procure local foods. These barriers have been highlighted frequently by stakeholders at FINE and HCWH events, and have been well-documented from the perspectives of farmers and institutional food service departments (Huff, 2015; Matts, et al., 2015; Oberholtzer, 2010). However, additional information is needed from the perspectives of distributors to understand the challenges across the farm to institution supply chain.

This survey provided an opportunity for respondents to comment on key challenges and limitations with procuring and/or selling local products, both in reference to institutional sales, as well as across all customer segments. This was an open-ended question, which was coded for analysis.

Figure 8: Key Challenges and Limitations for Surveyed New England Distributors in Procuring/Selling Local Products, 2015



N=24 (Respondents could provide more than one response)

The two biggest obstacles reported by distributors were the lack of consistent, year-round supply of local products and the high price point of local products for their customers (Figure 8). As for the challenge of local products having a higher price point than non-local products, one particular distributor stated, “Institutions are not willing to pay what it costs to grow local food.”

Another common response relates to the distribution challenges of working with small, local producers and large institutional customers. One respondent noted “there are many challenges with selling local food, specifically with institutional accounts. They are used to a system where they order today and receive tomorrow, and that is difficult for local food systems to manage.”

RECOMMENDATIONS

As demonstrated in this report, interest in local food is strong across all institutional sectors. However, distributors still face significant barriers to meeting the growing institutional demand for local food. The following recommendations were collaboratively developed using the findings of the New England Farm to Institution Metrics Project, and are designed to strengthen the distribution link of the farm to institution marketing chain.

FOOD DISTRIBUTORS

- **Small and medium-sized distributors:** Promote available local food products to nearby schools, colleges, hospitals, and other institutions
- **Large distributors:** Promote the local food options you have available to your clients
- **Large distributors:** Invest in local food logistics, tracking, and marketing systems and communicate clearly about local purchases with institutional clients
- **All distributors:** Cultivate multi-year contracts, seasonal agreements, and other buying commitments for local food from institutions and regional agricultural producers/ producer cooperatives
- **All distributors:** Consider lowering insurance requirements for small and medium-sized food producers to make them more affordable
- **All distributors:** Gather information about what area institutions require from distributors regarding food packing, shipping, invoicing, and safety certifications

GOVERNMENT OFFICIALS

- Prioritize implementation of farm to institution elements of state food plans and create farm to institution working groups in state food policy councils
- Allocate a portion of your public grant programs to farm to institution and season extension projects and research
- Invest in a regional tracking system for state agency and institution local/regional food procurement
- Measure the baseline and set percentage goals for local/regional food procurement at state agencies and institutions
- Support producer wholesale readiness workshops, and ensure that workshops are informed by distributor input
- Promote increased production and create opportunities for producers, distributors, and institutional buyers of specific food products found to be in high demand and low supply (e.g., meat, poultry, and eggs) to meet and make plans to increase supply

FUNDERS & NONPROFITS

- Support and promote innovation in institutional local food procurement programs
- Assist small and medium-sized distributors in expanding to serve institutional markets
- Promote training and technical assistance for institutional food buyers to effectively develop and use contracts with producers to support more local procurement
- Help producers get “wholesale ready” so they can serve institutional markets
- Fund additional research on the economic feasibility of institutional markets for food producers
- Connect retiring producers with new producers to keep farmland in production and increase the amount of local food being produced
- Fund more training and professional development for food service staff to ensure that they are equipped with the skills needed to prepare local food from scratch

INSTITUTIONS

- Ask your distributor how they define local products and communicate to your distributor how your institution defines local products
- Before selecting your distributor, ask them about their capacity to track and report local purchases
- Track your local food purchases. You may be able to use data from your distributors to do this
- Communicate with your distributor regarding preferences related to delivery schedules, invoicing, packaging, and or certifications that support your local food goals
- Consider working with small distributors like food hubs, as they carry a much higher percentage of local foods than larger distributors
- Include local food purchasing goals and values in RFPs and contracts with distributors

Photo courtesy of Red Tomato

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FOR MORE INFORMATION

Please visit our online dashboard at dashboard.farmtoinstitution.org (preview below) for even more farm to institution metrics and related resources.

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