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SOUTHEASTERN SPECIALTY CROPS PRODUCERS AND INSTITUTIONAL FOOD SERVICES: SUPPLY CHAIN CONCERNS AND CONSIDERATIONS

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ABSTRACT

The centralized nature of the US food production, processing, and distribution system effectively precludes specialty crop producers, particularly those with small-scale operations, from serving as suppliers to institutional food service operations (schools, hospitals, etc.). Due to age, economic, and/or health status, it is often the clients of these food services who would most benefit from an increase in their consumption of specialty crops. Institutions, however, are often limited in their resources and lack the market-based incentives to incorporate these foods into their menu planning.

This study seeks to identify and suggest solutions to the barriers that limit the ability of small and medium-scale specialty crops producers from serving as suppliers to institutional foodservices. Several common barriers were identified which were consistent with those previously reported in other studies. This study also identified unique marketing challenges with regard to delivery challenges, required certifications and food-safety practices, and insurance requirements. Potential solutions to these barriers are identified and reviewed.

MOTIVATION

Institutional food service is a potentially sizable component of sustainable community-based food systems. In 2007, food expenditures in all non-commercial settings represented approximately 14% of the total food market (ERS, 2009). Some of the commonly reported barriers in direct producer to institution marketing are seasonality, quantity, regulations, and insurance. Most institutions purchase food through contract vendors, who require producers to have implemented Good Agricultural Practices (GAPs), Good Handling Practices (GHPs) and/or Hazard Analysis Critical Control Point (HACCP). Small and medium-scale (SMS) producers have a difficult time overcoming these barriers and as such, are commonly unable to supply institutions. The possible future requirement of traceability within institutional foodservice operations further preclude these producers from accessing this market.

OBJECTIVE

Broadly, this study seeks to: (1) to identify challenges and potential remedies to these challenges of SMS specialty crops producers who seek to serve directly as suppliers to institutional foodservices, and (2) to identify and examine the feasibility of actions that would be required of SMS producers who wish to serve as suppliers to institutional foodservice operations to meet current and anticipated future traceability requirements. The focus of this study is limited to the U.S. Southeastern region which is defined here as NC, SC, and GA

DATA AND METHODS

This study was conducted in two Phases. In Phase I, four focus group discussions were held with SME specialty crop producers to explore the barriers and challenges of direct farm to institution (F2I) marketing. This research phase culminated with a two-day conference with stakeholders throughout the F2I marketing channel in which further explored the marketing barriers and sought to identify practical remedies to these challenges. In Phase II, focus group meetings were used to collect data from producers regarding the likely impacts of potential foodservice traceability requirements. This research phase also culminated in a mixed stakeholder conference which sought to identify and examine practical solutions to foodservice traceability needs. Complementing work reported here was a concurrent series of focus group meetings independently held with institutional foodservice buyers. Focus group meetings and conferences were held throughout the geographic area of interest (Figure 1). In total, twenty-one (21) focus group discussions with producers were held. This data was collected from Fall 2009 through Spring 2011.

All focus group meetings (including conference small-group discussions) were recorded and transcribed, and the data later cleaned, coded, organized using NVivo. Data coding was completed using themes outlined in the study objective and identified through a review of the meeting transcripts. The final coding themes and research phase (I or II) from which they are primarily (but not uniquely) drawn are as follows. Phase I: (1) Barriers in the direct farm to institution marketing channel, (2) Solutions to barriers in the direct farm to institution marketing channel, and (3) Needs identified by small and medium-scale specialty crop producers. Phase II: (1) Motivation to implement traceability, (2) Challenges to implementing and maintaining traceability, and (3) Costs to implementing and maintaining traceability.

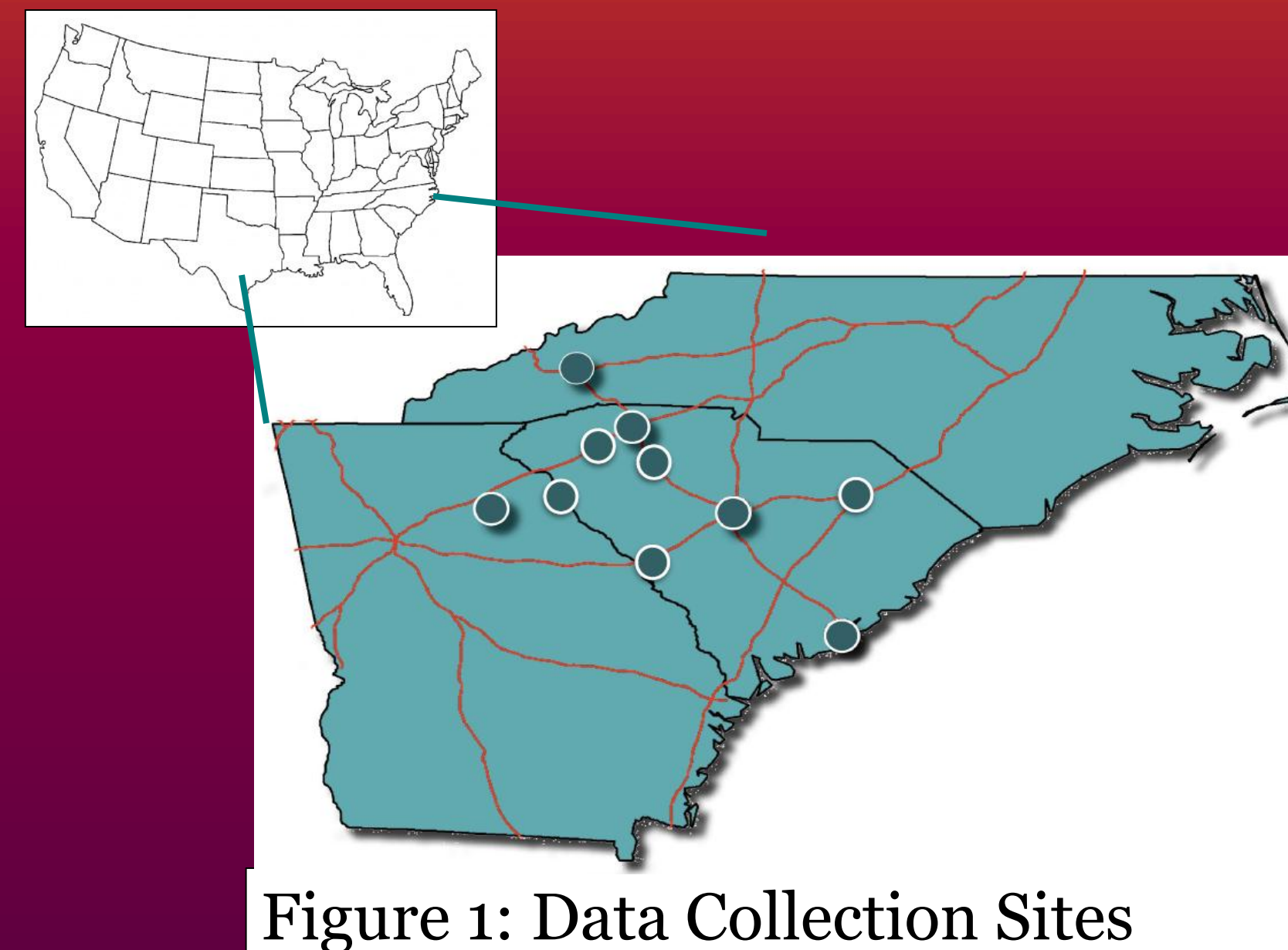


Figure 1: Data Collection Sites

Table 1. Focus group meetings: Type and location

Focus Group #	Phase	Date	Type of Group	Location
FG1	I	11/13/09	Producers	SC –Charleston (Low Country)
FG2	I	12/5/09	Producers	SC – Columbia (Midlands)
FG3	I	11/6/09	Producers	SC – Clemson (Upstate)
FG4	I	12/5/09	Producers	NC – Hendersonville
FG5	I	11/16/09	Producers	GA – Athens
FG6	I	2/26-27/10	Producers	SCRI Conference – Clemson, SC
FG6	I	2/26-27/10	Producers	SCRI Conference – Clemson, SC
FG7	I	2/26-27/10	Producers	SCRI Conference – Clemson, SC
FG8	I	2/26-27/10	Producers	SCRI Conference – Clemson, SC
FG9	I	2/26-27/10	Producers	SCRI Conference – Clemson, SC
FG10	I	2/26-27/10	Producers - Berry/Fruit	SCRI Conference – Clemson, SC
FG11	I	2/26-27/10	Producers - Leafy Greens	SCRI Conference – Clemson, SC
FG12	I	2/26-27/10	Producers - Herbs and Bulbs; Tubers and Root Veg., Legume Producers	SCRI Conference – Clemson, SC
FG13	I	2/26-27/10	Producers - Tomato and Pepper Producers	SCRI Conference – Clemson, SC
FG14	II	3/11/11	Producers	SC – Aiken (Midlands)
FG15	II	3/18/11	Producers	GA – Athens
FG16	II	4/1/11	Producers	SC – Anderson (Upstate)
FG17	II	4/16/11	Producers	S-SARE – Florence, SC
FG18	II	4/16/11	Producers	S-SARE – Florence, SC
FG19	II	4/16/11	Mixed Stakeholders	S-SARE – Florence, SC
FG20	II	4/16/11	Mixed Stakeholders	S-SARE – Florence, SC
FG21	II	4/16/11	Mixed Stakeholders Group	S-SARE – Florence, SC

RESULTS

Results revealed that the barriers to F2I marketing are numerous. Price received for produce, and the often long delays in receiving payment from institutions were identified as serious concerns. Seasonality was also a large concern, especially with schools, due to conflicts between the standard growing season of the Southeastern producer and the academic calendar. Quantity and specific product attribute concerns were also prevalent among producers; institutions require large quantities and often require that products be relatively homogeneous in their size, shape, color and/or ripeness. Producing such large quantities of a single product for delivery at a specific point in time to a single customer is logistically difficult (if not impossible) for many SMS producers, and adds significant production and marketing risk. This study also identified marketing challenges that were either not previously reported and/or are unique to the Southeast region. These potential marketing barriers include delivery challenges, required certifications and food-safety practices, and insurance requirements.

Phase II specifically focused on marketing challenges due to food-safety requirements. Producers report that, at present, their primary motivation to implement traceability systems was to reduce risk and limit liability. For SMS producers, this is not without challenges. The financial outlay and time to develop, implement and maintain a traceability system were frequently cited as barriers to adopting these practices. Many producers also expressed concern that implementation would require costly reorganization of their production activities and/or technology upgrades. Many producers reported that these barriers were substantial enough that they would adjust the channels that they marketed through rather than implementing traceability programs.

Respondents also suggested several possible remedies to the noted challenges. In many cases these suggestions would require significant capital and/or public infrastructure and, as such, are unlikely to be made available in the near-term. For several others of the noted challenges, however, information and/or tools to offset these barriers are already available through various extension systems. In the Southeast region, additional effort is needed to advertise the availability of these resources. Further there is an obvious role for extension services to help develop a traceability program and documentation system that has low technology requirements, is cost effective, and would be suitable for mixed output production practice.

CONCLUSIONS & FUTURE RESEARCH

Results from this study revealed that the barriers to F2I marketing are numerous. Several of these marketing challenges are well documented and potential solutions for Southeast region producers can be drawn from other US regions. Other reported marketing challenges were not previously identified in the literature and, in some cases, may be unique to the Southeastern region (i.e. localized aversion to marketing cooperatives).

The research reported herein is based of qualitative findings. Future research is needed to obtain quantitative data from a wider number of producers to obtain more generalizable results. Further, additional research is needed regarding potential solutions to the marketing challenges reported herein. While a significant number of potential solutions to the marketing channel barriers were identified, their relative cost-effectiveness needs to be considered before useful recommendations for policy and/or funding priorities can be made. Future research efforts should also pair these results with purchasing constraints identified from the institutional buyer's perspective. This research is currently underway and will offer a unique and holistic perspective of these issues.