New England Retail Food Cooperatives and Our Regional Food System

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Hunger Mountain Cooperative

• Single store in Montpelier, Vermont
• Founded 1972
• 7200+ Member-Owners, 160+ employees
• Central VT = approx. 70,000 people
• Natural, organic, local product mix
• 19,000 square feet
• $22 million sales annually
Hunger Mountain Cooperative
Hunger Mountain Cooperative
Local Foods

• Local Foods = “grown or value-added in Vermont and/or within 100 miles”
• FY2013 Local Food Sales = $6.3 million (retail)
• Largest Categories of Local Foods:
  – Bakery, Produce, Cheese
  – Meat, Deli
  – Dairy, Beer
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Local Foods Operational Implications

- 400+ VT Vendors, 2000+ VT products
- Buyer Relationships
- Receiving, Storage, OOS
- Merchandising: display, pricing, promos
- Marketing: signage, ads, demos, Featured Vendor, events, branding
- Accounting
- Education and Price Image
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Total Local Impact FY2012

- $6.7 million local purchases (wholesale)
- $5.5 million employee compensation
- $1.2 million state and local taxes
- Generated 205 full time positions,
  - Approximately 25% outside the Co-op
  - Approximately 50% more than conventional grocery
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Looking Forward

Grow Coop Sales

- Serve more customers
- Purchase more local product
- Create more good jobs
- More Impact!

Network Partnerships

- Farm To Plate VT
- National Cooperative Grocers Association
- Neighboring Food Cooperative Association
The NFCA in 2012:

- 34 member co-ops and start-ups
- 91,000+ member-owners
- 7,000+ new member-owners
- 1,480+ employees
- $214 million in annual revenue
- $30 million* in local purchases
- $2.2 million* in Fair Trade purchases
- $2 million* in purchases from other co-ops

*incomplete reporting
Vision

Focus Areas

Strategy

Thriving Regional Economy

Network Partnerships

Collaboration among Co-ops

Healthy, Just & Sustainable Food System
Priorities

• Organizational Development
• Shared Marketing & Education
• Peer Collaboration
• Network Partnerships
• Regional Sourcing
1. Core priority: Leverage purchasing power
2. Development of priority product list
   - Products with limited availability regionally
3. Member dialog on regional sourcing criteria
   - Member co-op product priorities
   - Likelihood of success
   - Manageability
   - Alignment with vision
   - Support Competitive Advantage
Members support...

• Regional impact in sourcing...
• ...distribution to all members
• Healthy, organic, non-GMO
• Fair trade principles
• Collaboration with other co-op sectors
• Balance mission, quality, affordability
What We Have Learned

Farm to Freezer
Regionally sourced frozen fruits & vegetables
13,000 lbs of produce in 2013

Pros:
- Innovative, path breaking
- Member benefit
- NFCA co-branded
- Co-op to co-op
- Regional impact
- Potential for income
Challenges & Opportunities

- **Buzz:** Members (and competitors) excited
- **Limited resources** to fully take advantage of the potential for regional sourcing
- Working with co-operative **partners** we have the potential for product development, efficiencies gained through aggregation
- **Major challenge:** **Distribution** (affordability, efficiency, reaching all of our members)
Potential for Collaboration

• **Food co-ops**
  - Aggregated purchasing (efficiency)
  - Coordination of demand (planning, risk mgmt.)

• **Supplier co-ops**
  - Aggregated supply (efficiency, affordability)
  - Coordination of processing

• **Basis for collaboration**
  - Shared principles, values, vision
  - Efficiency, impact of co-op model

• **Volume, efficiency, focus**
Next Steps

• USDA ValueAdded Producer Grant
  ➢ Support from Farmers Union, CoBank
  ➢ Exploration of priority products
  ➢ Co-op structure
  ➢ Feasibility study
  ➢ Business plan

• Work Plan & Timeline
  ➢ 2014 Calendar Year
Discussion

- Feedback
- Questions
- Ideas
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