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Creating Sustainable Regional Supply Chains: Challenges of the Middle

Susan Futrell



Creating Sustainable Regional Supply Chains: Challenges of the Middle

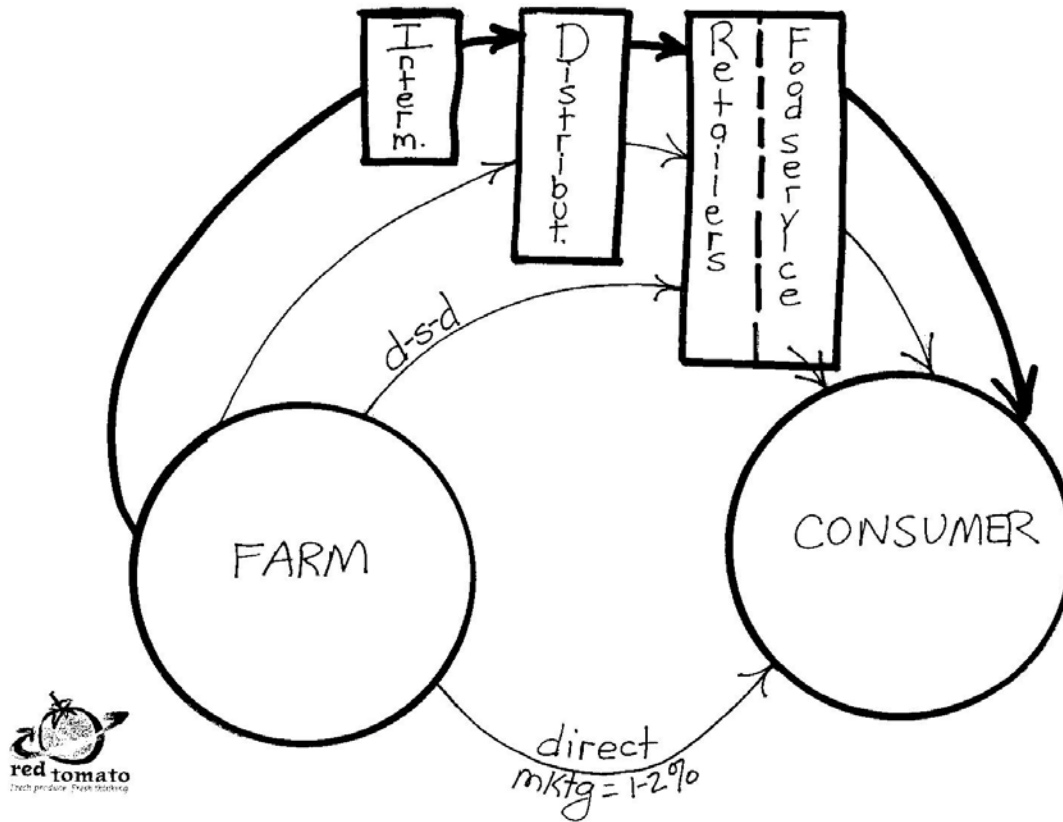
USDA Outlook Forum

Washington, DC Feb 2011



A Picture of Distribution

FARM to CONSUMER — PATHWAYS



- Dramatic, steady loss of farms in the middle, with wholesale capacity
- Picture the middle of the distribution system as the **BOTTLENECK** of an hourglass. Control lies at the bottleneck.

The Undignified Deal

- Large distance between grower and consumer
- No feedback loops
- Risk is not shared
- Remainder pricing
- Externalities are not part of the conversation
- Farmers are not at the table

The Undignified Result

- Ignorance - on all sides
- Lower product quality
- Real costs not reflected in price
- Mistrust
- Price becomes driver—race to the bottom
- Farm loss
- Lacking control/influence at the bottleneck



Red Tomato Basics

- Business fundamentals - right product, right price, on-time, paperwork, insurance, good communication with customer ...
- Product differentiation & brand
 - Packaging, Website
- Unique logistics: virtual food hub
 - Transportation: grower, partner, hired, less-than-truckload (LTL)
 - consolidation at grower or retailer facility
- Product cluster design for gaps and longevity
- Risk management
- Feedback loops



Characteristics of the Dignity Deal

Not a formula, rather a process—our way of doing business

- Close the distance between grower and consumer
- Farm identity preserved
- Feedback loops - constant communication, continuous improvement
- Risk sharing - buyer commitment, advance planning
- Dignity pricing - farmers at the table
- Sustainability - “externalities” part of the conversation:
Eco/organic, food safety, farm labor

Result: Values ~ Continuous Improvement ~ Flavor



How We *Differentiate* Growers & Products



Brand & Storytelling

- Regionally-grown/Farm ID
- Freshness & flavor
- Ecologically-grown
- Fair trade



How We *Differentiate* Service

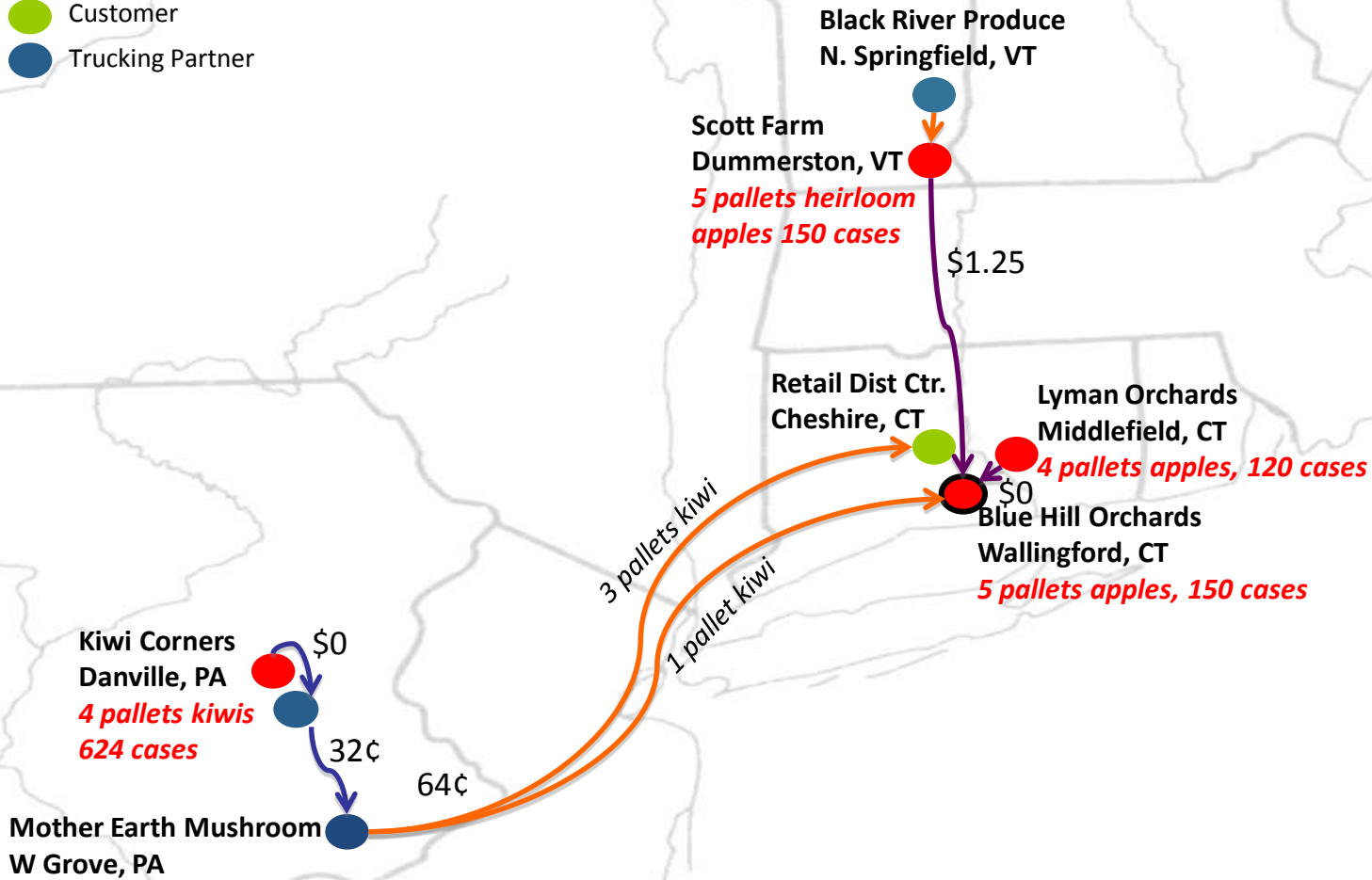
- Virtual Food Hub
- Aggregation and consolidation
- Efficiencies in logistics
- Regional supply



Aggregation: Eco Apple Logistics

Monday
Tuesday
Wednesday

Red Tomato Grower
Customer
Trucking Partner



Aggregation: Eco Apple Logistics

- Monday
- Tuesday
- Wednesday
- Thursday
- Red Tomato Grower Customer
- Trucking Partner

Black River Produce
N. Springfield, VT

Scott Farm
Dummerston, VT
*5 pallets heirloom
apples 150 cases*

\$1.25

Retail Dist Ctr
Cheshire, CT

Lyman Orchards
Middlefield, CT
4 pallets apples, 120 cases

Blue Hill Orchards
Wallingford, CT
5 pallets apples, 150 cases

\$0

Kiwi Corners
Danville, PA
*4 pallets kiwis
624 cases*

\$0

32¢

64¢

Mother Earth Mushroom
W Grove, PA


\$3.40

*14 pallets apples
1 pallet kiwis*

To Retail Distribution Ctr B
arrives on Thursday

N

The Eco Apple Story




**eco
apples™**

BORN AND RAISED HERE™

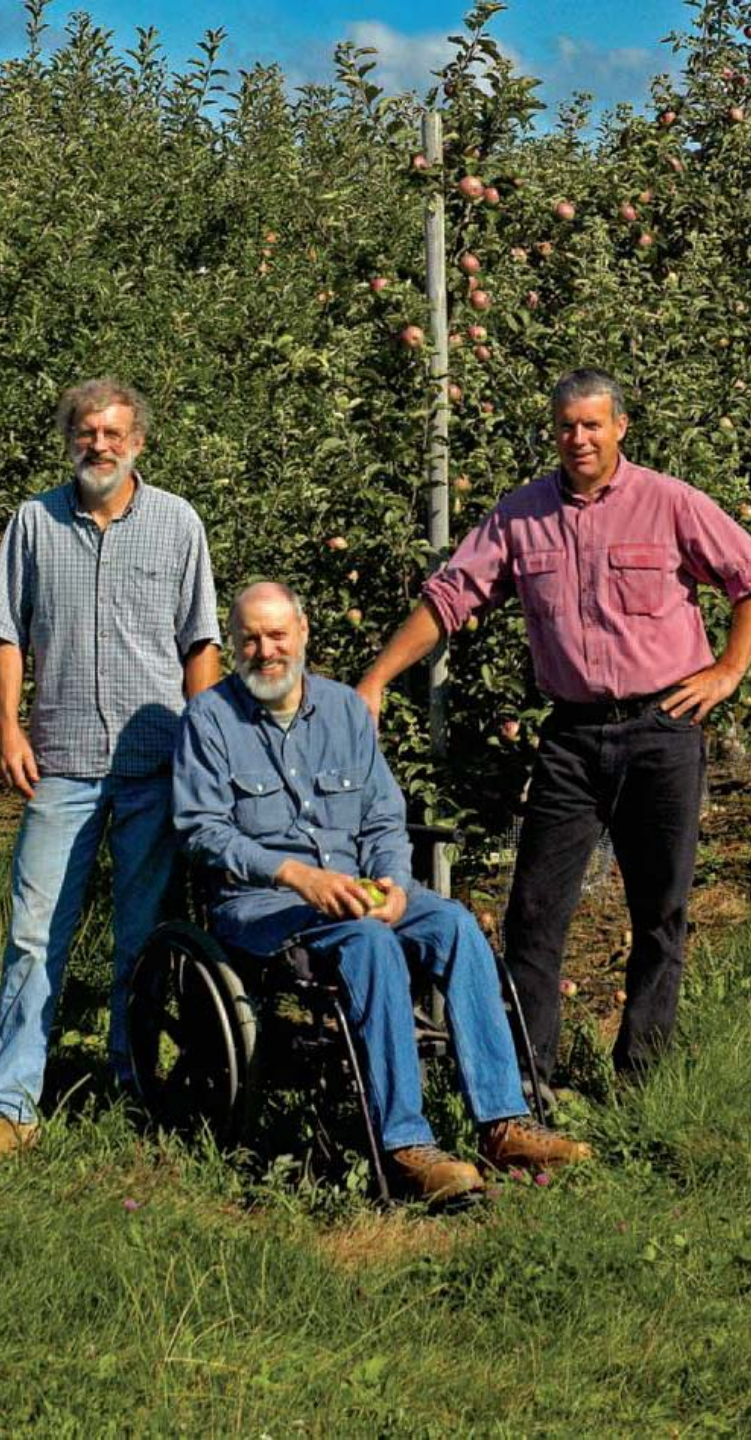
Grown on Northeast family farms, by stewards of land, water and wildlife, using natural methods and minimal spray, closing the distance from farm to table.

Trust the Farmer. Know the Orchard. LOVE the Fruit.



red tomato
Fresh produce. Fresh thinking.





Meet the growers

Northeast family farmers
like:

- Brian, Aaron, and Dana Clark
- Clark Brothers Orchard
- Ashfield, MA
- 100 acres diversified apples
- 3rd generation growers

2010 Program:

- 14 Orchards
- 787 acres certified Eco Apple



Ecologically-grown: Advanced IPM



Lyman Orchards Middlefield, CT



2005 (1st yr) = 18,000 cases, \$400,000

2009 (5th yr) = 56,800 cases, \$1.4 million



For more information:

www.redtomato.org

1033 Turnpike St.
Canton, MA 02021
781-575-8911



www.redtomato.org

