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# New England Retail Food Cooperatives and Our Regional Food System

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Presentation to the USDA Agricultural Outlook Forum

Friday 21<sup>st</sup> February 2014

# 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

# Hunger Mountain Cooperative 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



# Hunger Mountain Cooperative

## 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

# Hunger Mountain Cooperative 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

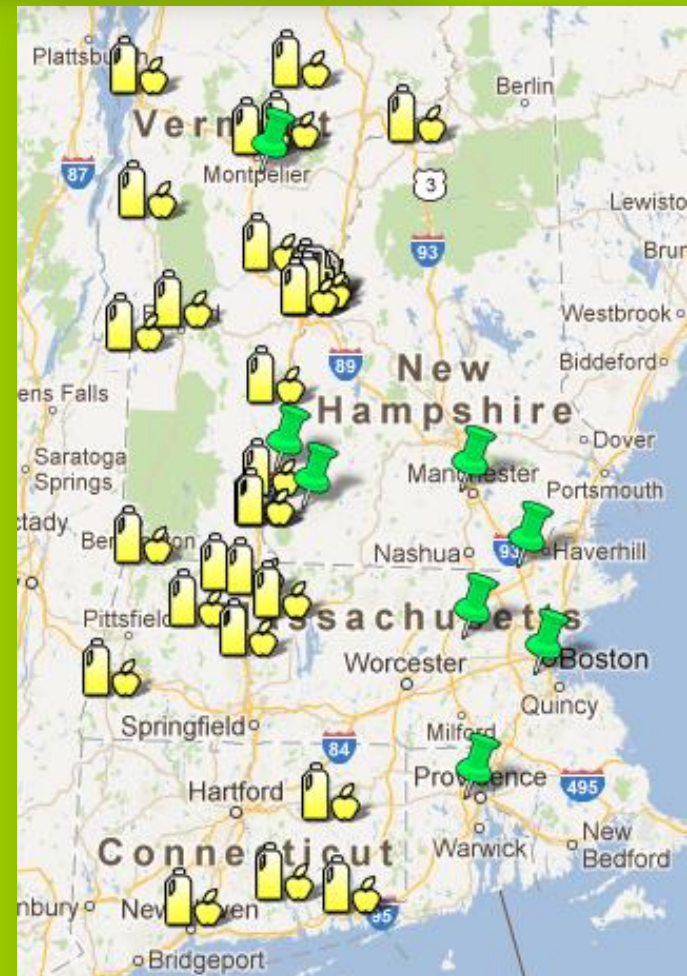




## The NFCA in 2012:

- 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**

**Collaboration  
among  
Co-ops**

**Healthy, Just &  
Sustainable Food  
System**

**Network  
Partnerships**



# Priorities



- Organizational Development
- Shared Marketing & Education
- Peer Collaboration
- Network Partnerships
- Regional Sourcing

# Background to 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

# Exploring Our Priorities

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

# FARM TO FREEZER 2012/13

## 1. Production

Member Farmer

Member Farmer

Member Farmer

## 2. Production Aggregation & Coordination

Sourcing  
Collaboration

Deep Root Organic Co-op

Other Producers

## 3. Processing & Packing

VT Food Venture Center

Farm to Table Co-Packers

Sunrise  
Orchards  
(SRO)

Logistics  
Management

## 4. Storage

SRO Frozen Staging Area

RINO Frozen Storage

## 5. Ordering & Distribution (Including produce)

SRO Trucks

SRO Order Processing

## 6. Demand Aggregation, Coordination, Marketing

Neighboring Co-ops

Logistics  
Agreement

## 7. Retail Sales & Marketing

Member Food Co-op

Member Food Co-op

Member Food Co-op



# 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 Value Added 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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