Local Food Systems in the West

Martha Sullins

Colorado State University Extension

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Colorado State University Extension

Characterizing food systems in the West

- What are **local** (and regional) food systems?
- What are the different drivers of change in both direct and intermediated markets?
- Where is there growth in demand and evolving opportunity for producers?

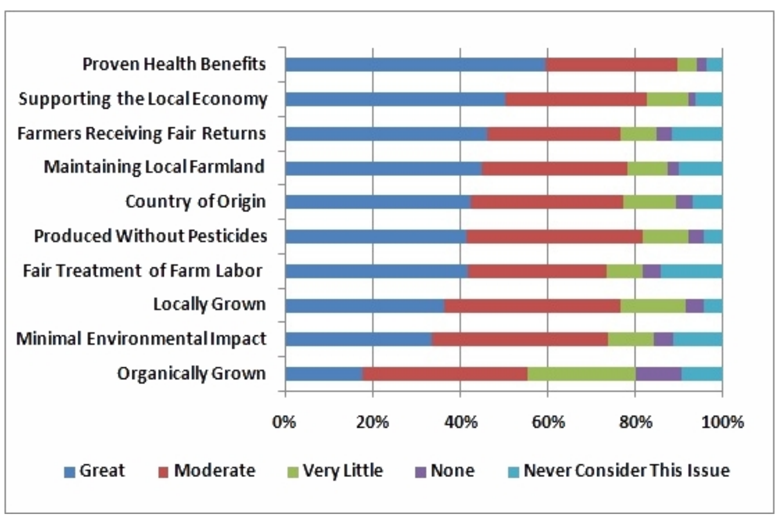
And what is local?

- No widely accepted definition!
  - USDA: within 400 miles from its origin, or within state boundaries (Martinez et al., 2010)
  - National survey (Onozaka et al., 2008) local = within 50 miles of source
  - National survey (A.T. Kearney, 2015) 96% describe local food as products grown or produced within 100 miles from the point of sale
  - Colorado: 69% of respondents in 2012 public attitudes survey indicated local=Colorado
  - In sum, consumer-defined and based on tastes and preferences

- Local food systems:
  - Place-specific clusters of ag producers and the consumers who are engaged in production, processing, distribution and sales of those foods (Low et al., 2015)

What really matters is what is driving demand

- Among those who shop in direct markets, the majority are motivated by values and product attributes (Onozaka et al., 2008)



- 2015 national consumer survey (A.T. Kearney, 2015):
  - 93% of consumers associate local with fresh
  - 78% are willing to pay premium of 10% or more for local food
  - Availability not an obstacle (27% of shoppers indicate local food supply constraints, compared to 47% in 2014 and 57% in 2013)

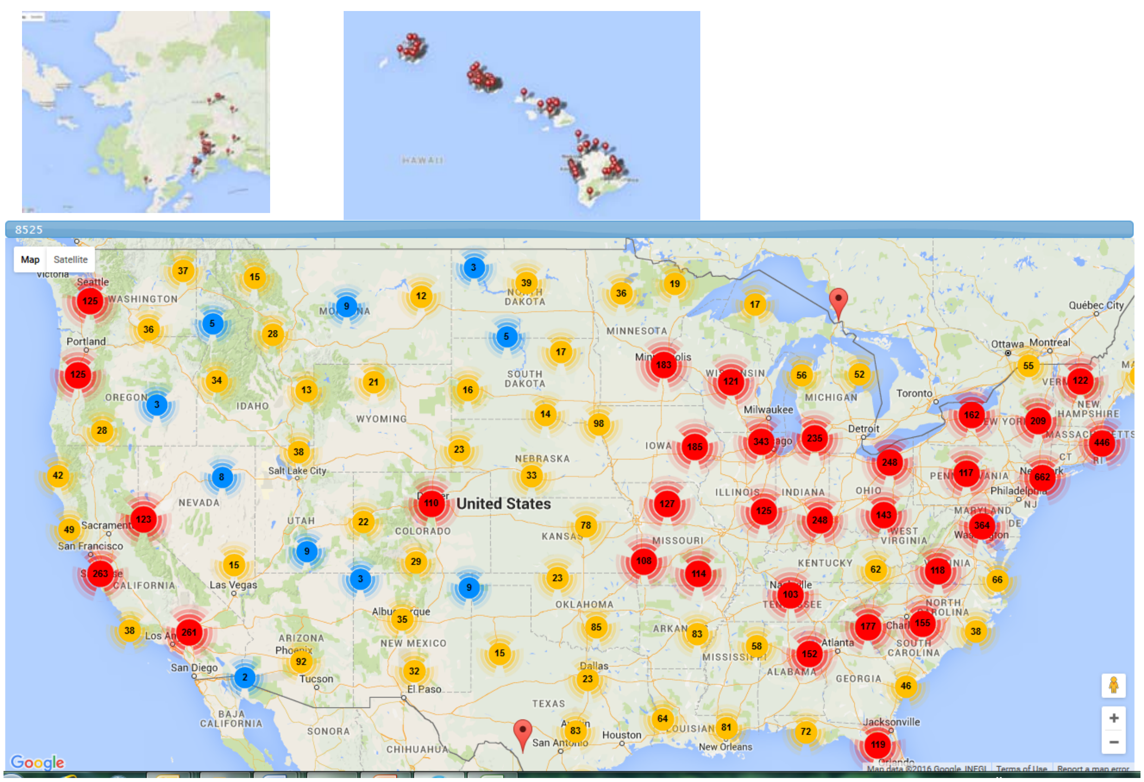
Direct marketing-connecting food producers with consumers

Several indicators of direct market dynamics:

1. National data (ARMS estimated local food sales = $6.1 billion in 2012)

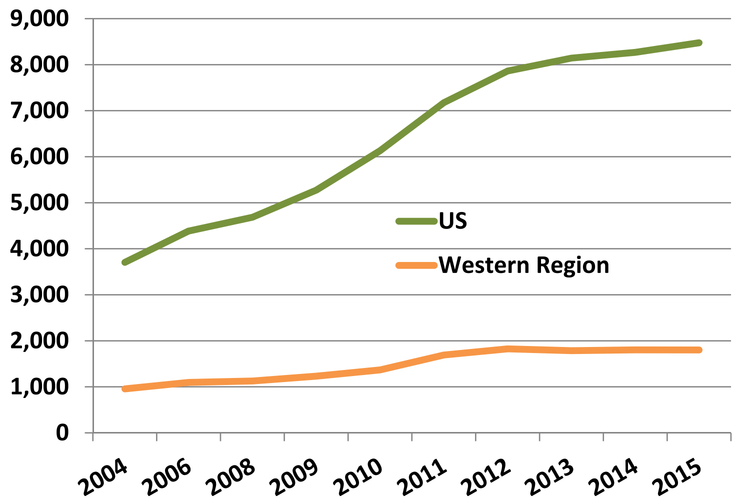
2. Regional shifts in
    1. Farmers markets
    2. CSA farms

Prevalence of farmers markets, 2016



Source: USDA Agriculture Marketing Service, 2016

Growth in farmers markets appears to be waning

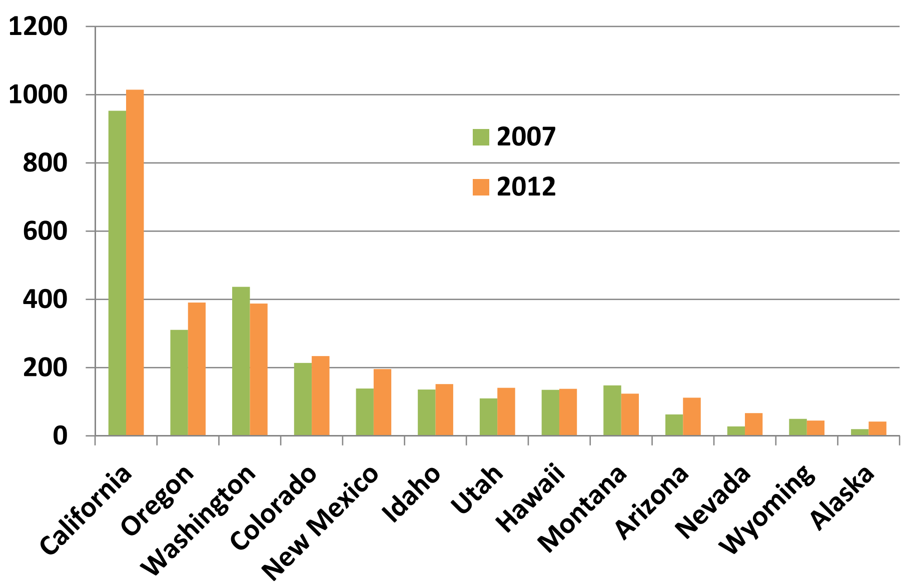


Annual growth

State	2004-2015	2014-2015
Wyoming	20%	0%
Alaska	18%	6%
Idaho	14%	-3%
Colorado	14%	0%
Nevada	14%	-7%
Montana	13%	-3%
Oregon	12%	-3%
US	**12%**	**3%**
Arizona	11%	7%
Utah	9%	0%
Washington	9%	3%
West	**8%**	**0%**
California	6%	0%
N. Mexico	6%	6%
Hawaii	2%	-5%

Source: USDA Ag Marketing Service, 2016

Numbers of CSA farms grew by 11% in the West



In the US, growth was at 1% from 2007 to 2012

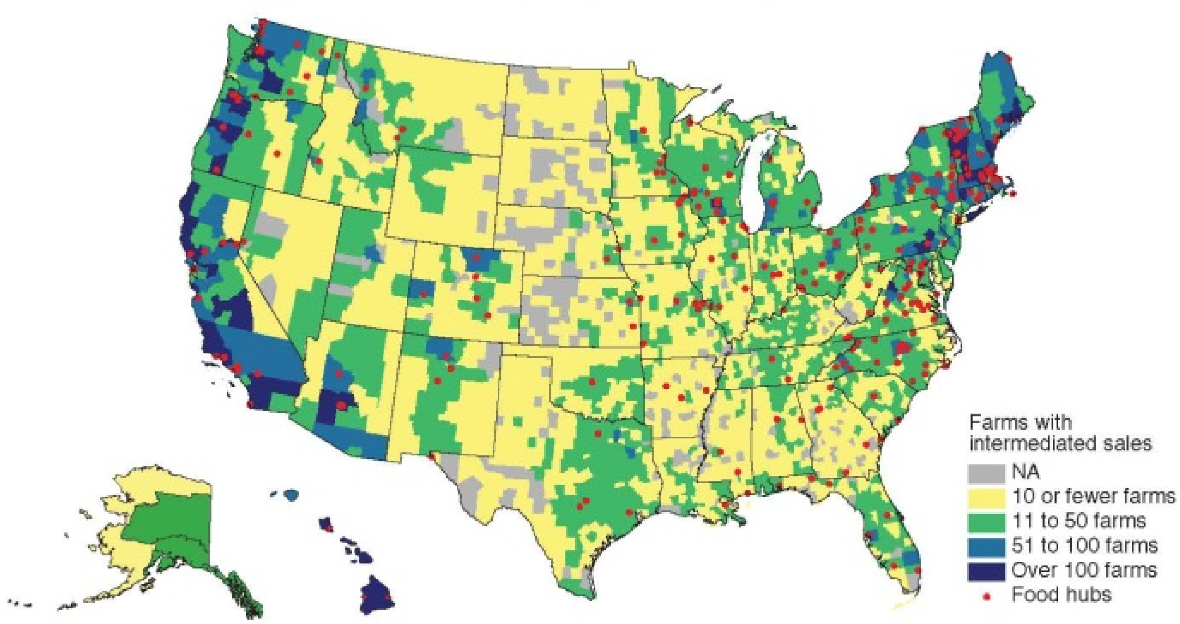
Source: US Census of Agriculture, 2007 and 2012

Intermediated markets-where growth is occurring?

- Food hubs and aggregators
- Farm to school and to other institutions
- Sales to other buyers such as grocers, restaurants, other retail

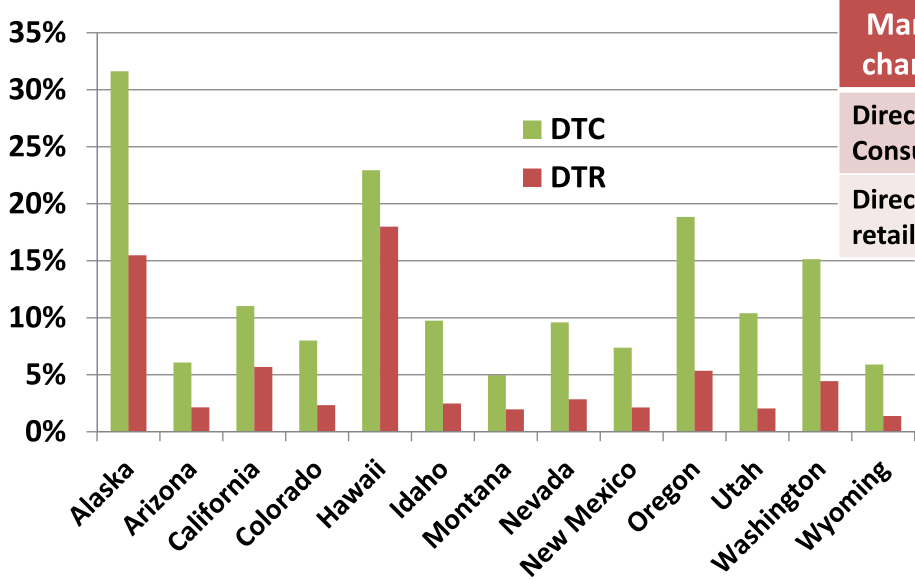
Western region farms with intermediated sales are clustered primarily in coastal states

Farms with direct sales to retail or restaurants, 2012, and food hubs, 2014



Source: USDA Economic Research Service, data from Census of Agriculture, 2012; USDA Agricultural Marketing Service, 2014.

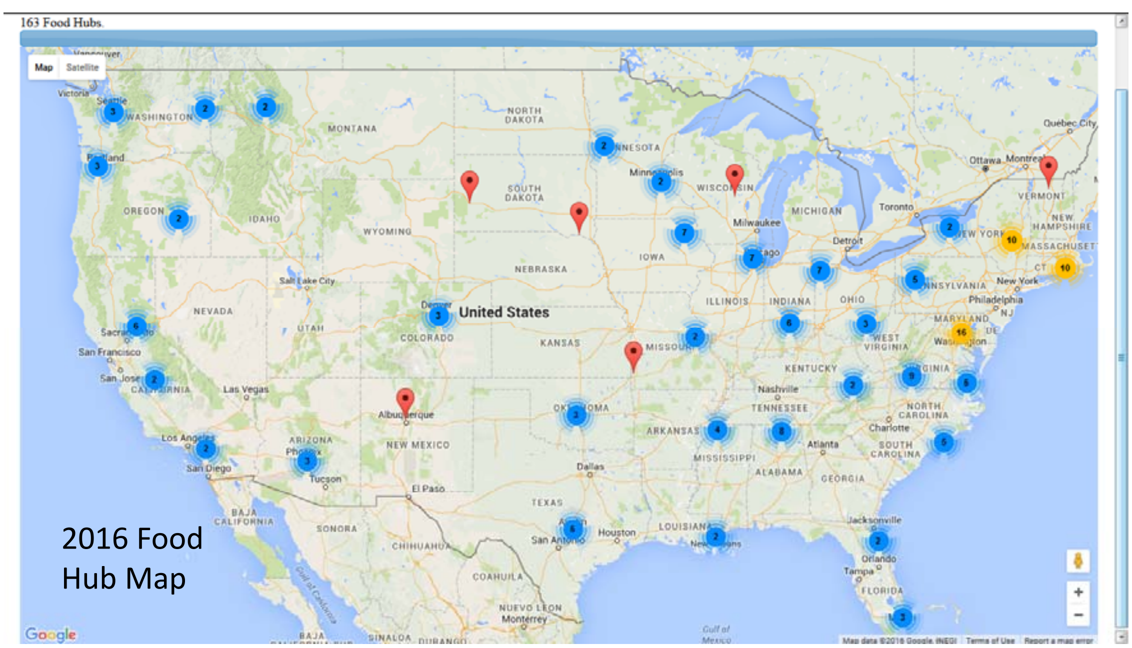
Farms predominantly reported DTC sales in 2012



Market channel	% Western farms	% US farms
Direct to Consumer	11	7
Direct to retail	4	2

Source: US Census of Agriculture, 2012

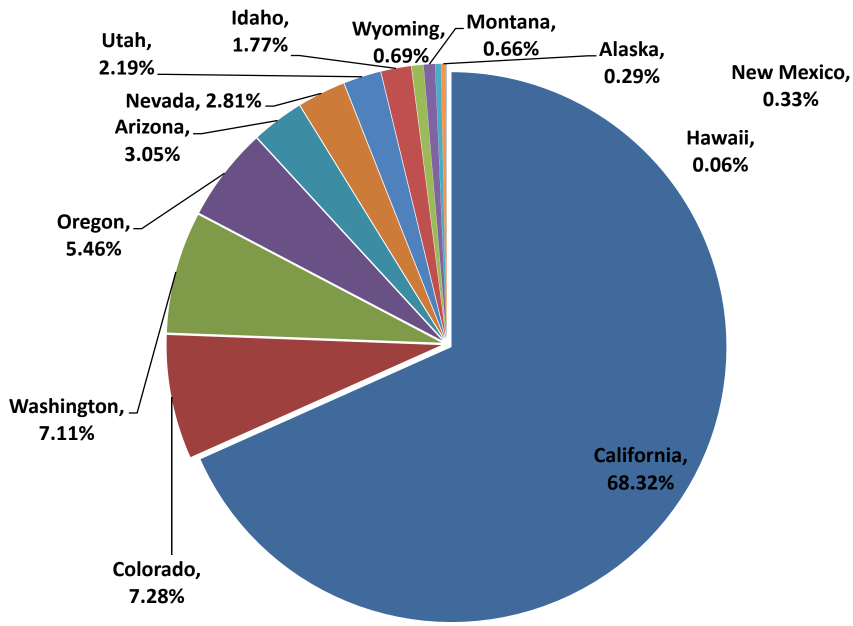
Food hubs are spurring growth and pointing to additional needed investments



- US growth--50 hubs in 2000; 236 in 2014

Sources: USDA AMS, Local Food Directories, 2016; Low et al., 2015

Western states' investment in farm to school — $245.4M in 2015



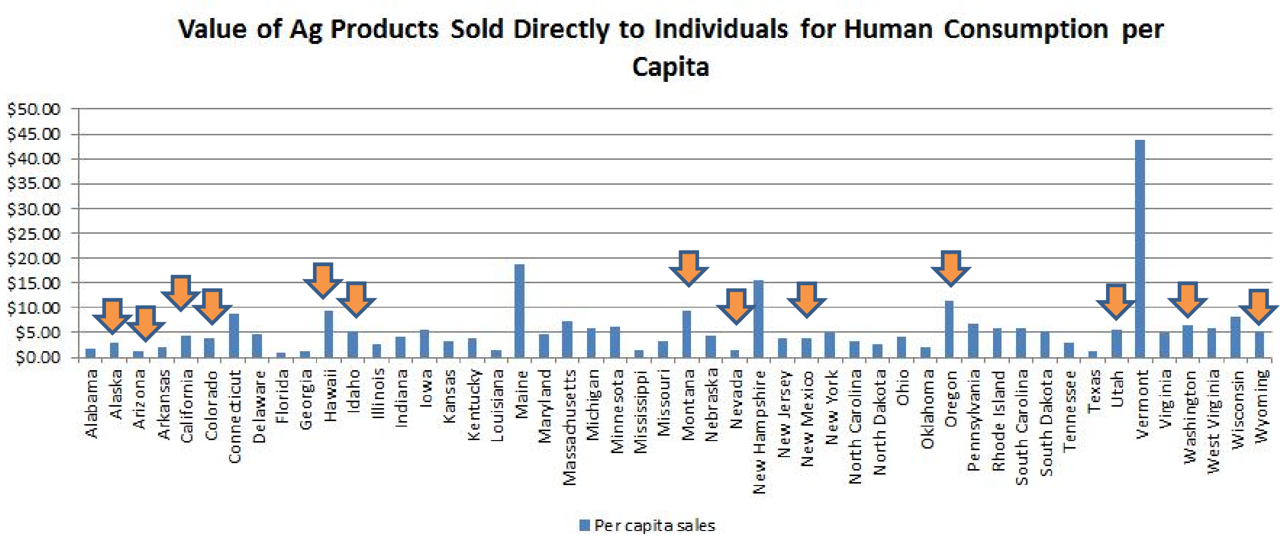
States with greatest school district participation:

1. Alaska – 76%
2. California – 55%
3. Oregon – 55%
4. Washington – 49%
5. Hawaii – 47%

*Up from $110M in 2011/2012

Source: US Farm to School Census, 2015

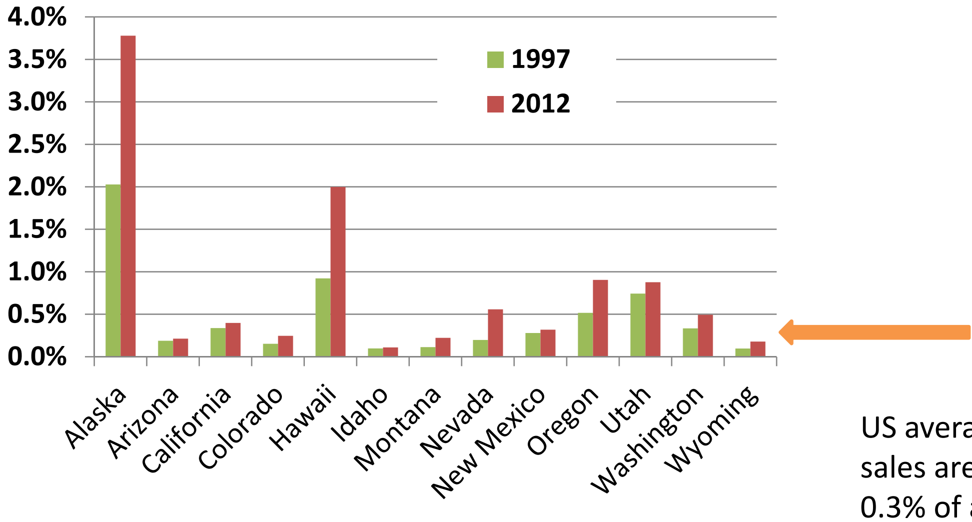
Untapped consumer demand: food-at-home spending was $2,273 per person in the U.S. in 2012



- Value of direct to consumer food sales represents a small portion of total consumption

Sources: US Census of Agriculture, 2012; ERS Consumer expenditures, 2012

On the supply side, local DTC foods sales are still a small proportion of all ag sales



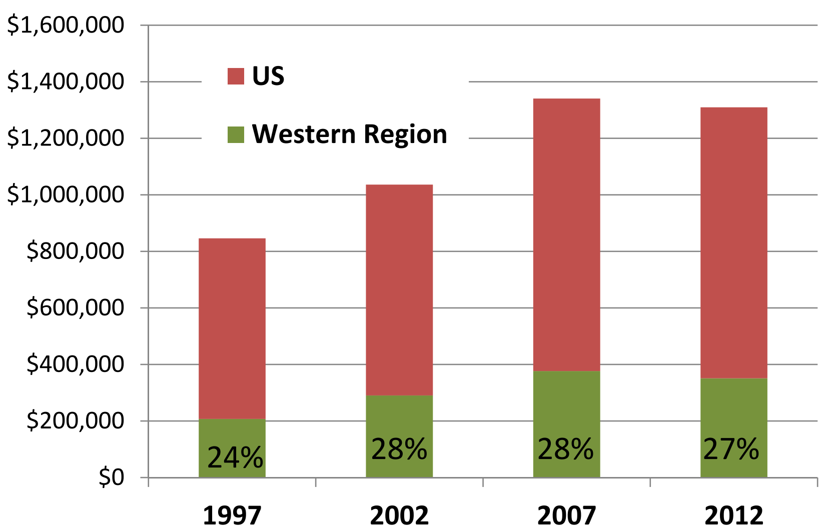
US average DTC sales are ~ 0.3% of all sales

Source: US Census of Agriculture, 2012

Value of DTC sales in 2012

Are local food sales tapering off in some markets?

(in $1000s)



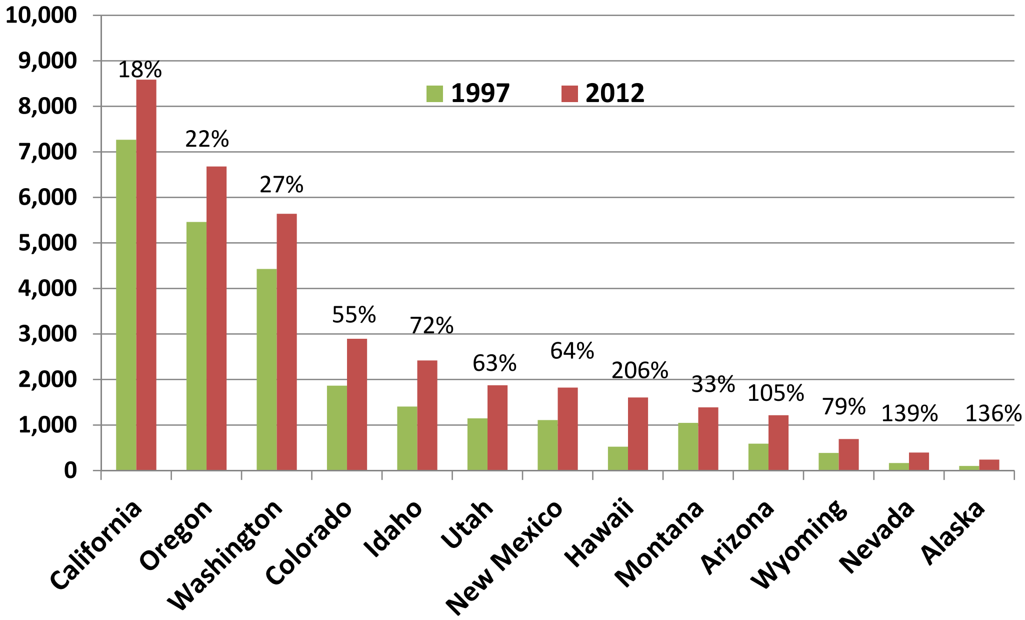
Top 5

1. CA =$169.9M
2. WA=$45.1M
3. OR=$44.1M
4. CO=$19.2M
5. UT=$15.9M

Western US total = $351.1M in 2012, up from $207.3 M in 1997; measured as those farms reporting the value of agricultural products sold directly to individuals for human consumption

Source: US Census of Agriculture, 2012

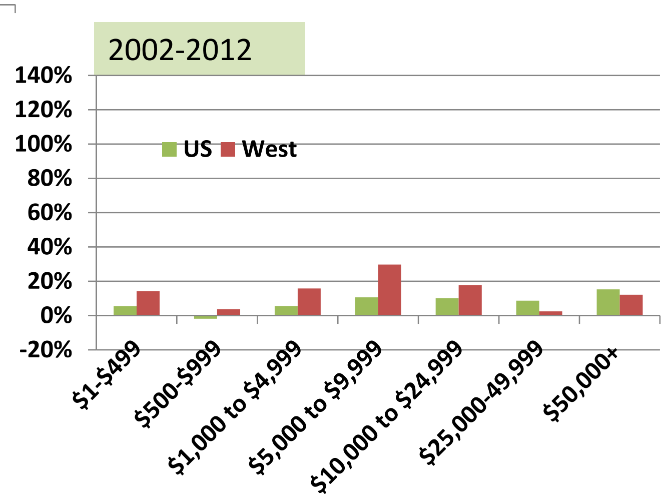
The number of direct market farms continues to grow in each state



From 20,909 farms in 1997

to 35,485 farms in 2012

But growth in sales has been fastest among DTC farms with sales between $5K-$10K

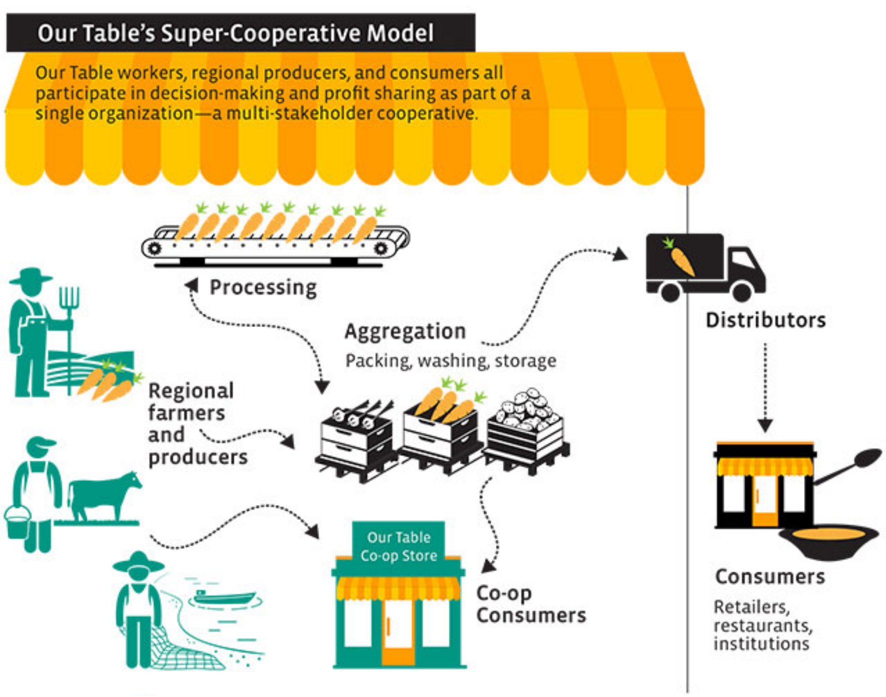


Source: US Census of Agriculture, 2012

What is supporting the growth of the local food economy in the West?

- Innovative projects and partnerships
- Market information and tools
- Public policy and investments

Regional food systems: a super cooperative



New production facilities

Jackson WY

Montrose CO

Community-based investing

Market information and tools

Market information from:

- Farmers markets
- Farmers auctions
- Farm-to-school
- Food hubs *(coming)*
- Other direct to consumer
- Retail

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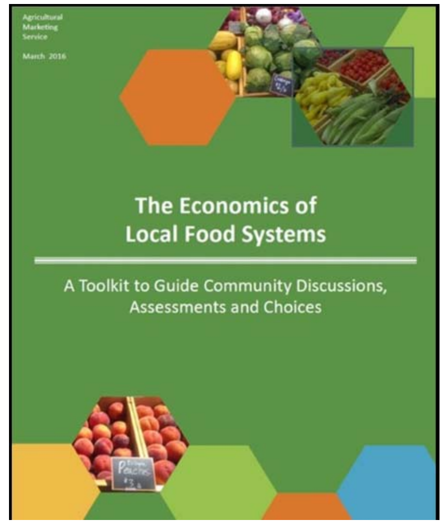
Economic Impacts of Local and Regional Food Systems

Localfoodeconomics.com

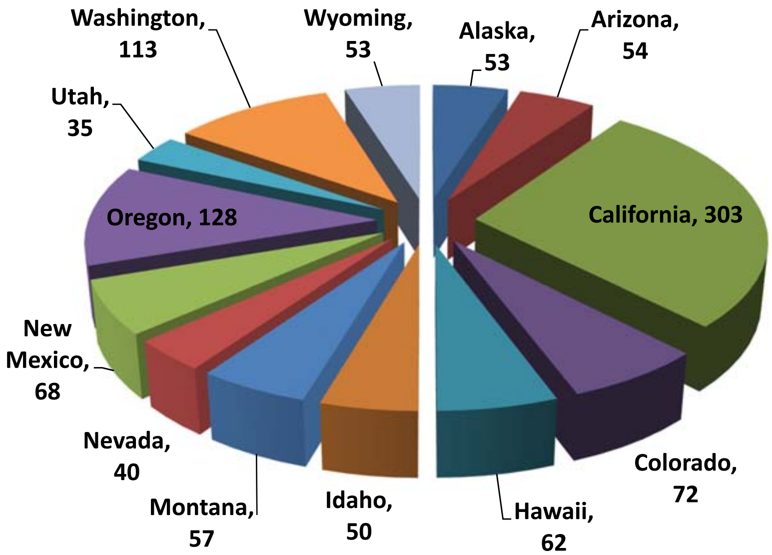


2009-2015 USDA invested **$1 billion** in >40,000 local and regional food businesses and infrastructure projects

2014 Farm Bill **tripled** funding available for marketing and promotion of local and regional foods

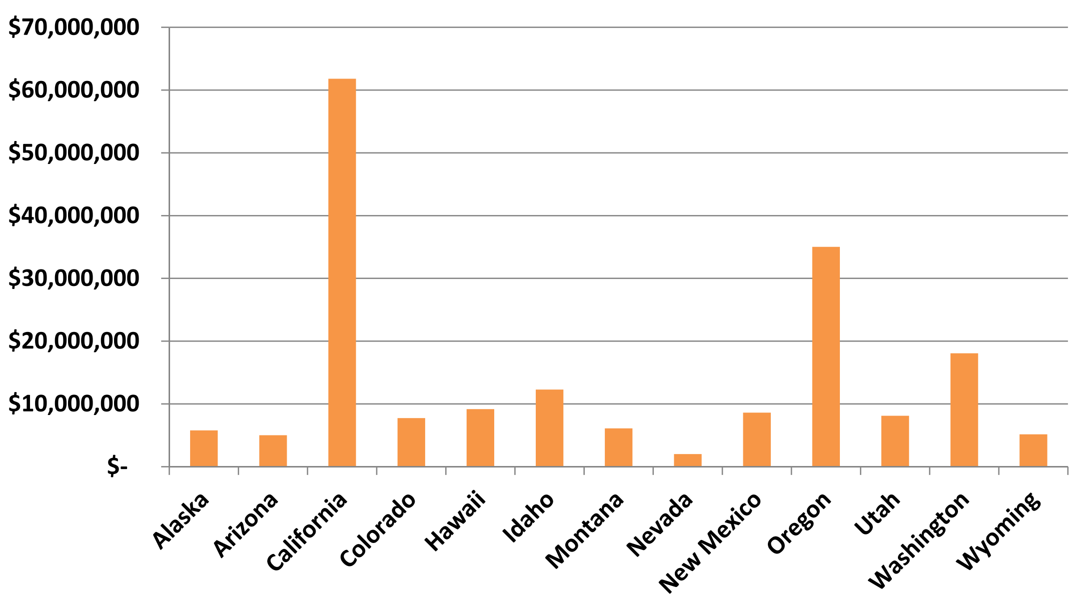
Federal investment in food systems

Distribution of projects across the West



Source: USDA Food Environment Atlas, 2016

The West has garnered nearly one-third of federal food systems investment



With 52% invested in two states alone…

Source: USDA Food Environment Atlas, 2016

Resources

- https://www.ams.usda.gov/ (grants, market information, directories, toolkits)
- https://nifa.usda.gov/ (grants, data sources)

- https://www.agcensus.usda.gov/

- http://www.ers.usda.gov/topics/food-markets-prices/local-foods.aspx

- http://www.localfoodeconomics.com/ (EI toolkit, secondary data sources)

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Economic Impacts of Local and Regional Food Systems