

Investigating Opportunities to Strengthen the Local Food System in Southeastern Michigan

Executive Summary

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Introduction

In 2004, a local food system report, entitled *Toward a Sustainable Food System: Assessment and Action Plan for Localization in Washtenaw County, Michigan*, was released at the conclusion of a master's project conducted by a team of students at the University of Michigan's School of Natural Resources and Environment. This research and report made a compelling argument for the viability of a local food system in Washtenaw County, Michigan, and was the first of its kind to assess the intricacies of the existing local food system within a single county of southeastern Michigan (Davis *et al.* 2004).

Building upon this previous research, in early 2006 a second research team comprised of master's students from the University of Michigan's School of Natural Resources and Environment joined with members of the Food System Economic Partnership (FSEP) to develop resources and tools to identify unmet local consumer demands and opportunities for agricultural economic development in a five-county area of southeastern Michigan (i.e., Jackson, Lenawee, Monroe, Washtenaw and Wayne counties). FSEP, an urban-rural collaboration working to enable strong farms, healthy cities, community wealth, and job creation in southeastern Michigan, was officially launched in the beginning of 2005 to identify economic opportunities and implement creative solutions to chronic issues relevant to the food system in the region. As a new organization, FSEP required additional knowledge and data about the local food system, particularly from system participants, to develop the resources and tools needed to carry out their mission to catalyze change in the food system of southeastern Michigan through research, education and outreach.

Project Overview

The objectives of the research included gathering data to inform the future work of FSEP, identifying potential barriers and opportunities for a localized food system, developing research-based resources for FSEP's outreach to the public and policy-makers, and creating tools to assist FSEP with measuring and evaluating organizational progress. Over the length of the project, the team employed the following research methods: a review of the existing food system literature; the compilation of regional data; the development, implementation and analysis of a multi-sector food system survey within the five-county Study Area; the conduct of interviews with food system stakeholders; and Participatory Action Research through engagement with FSEP's Leadership Team and committees.

In support of FSEP's mission to create local, agricultural economic development opportunities and enhance community viability in southeastern Michigan through creative solutions, outcomes from this venture will inform future efforts to develop food system networks, collaborative multi-stakeholder partnerships, and entrepreneurial opportunities. Major outcomes from this research include:

- A review of local food system research focused tightly on issues and components of local food systems germane to the region;

- A profile of the local food system within the five-county area intended to be distributed broadly to residents within the Study Area as a learning tool for communicating the ideas and concepts underlying a local food system;
- A mechanism for conducting an organizational assessment of FSEP in order to document successes and areas for improvement on an annual basis; and
- A presentation and summary of research findings and data collected from a multi-sector survey and stakeholder interviews.

In addition, this report will serve as a baseline assessment of the local food system for FSEP and will be the initial foundation for a more comprehensive inventory of the food system to be conducted by FSEP over time as they continue to implement their mission and initiatives.

The Study Area

Washtenaw, Monroe, Lenawee, Wayne and Jackson counties (referred to hereafter as the “Study Area”) in the southeastern region of Michigan witnessed much economic growth and urbanization throughout the 20th century. Yet, the region still boasted over 750,000 acres of agricultural lands at the beginning of the 21st century (United States Census of Agriculture 2002). Michigan’s unique geography, including two large, primarily flat peninsulas surrounded by four of the five Great Lakes, contributes to its designation as the second most agriculturally diverse state in the United States. Michigan’s 50,000 farmers grow over 125 crops, engendering a farm industry that contributes over \$50 billion to the state’s economy (Michigan Land Use Institute 2006). However, like many states in the United States, thousands of acres of farmland are converted annually to other uses and family farmers are hard pressed to remain solvent in a sector increasingly dominated by corporate farming and economies of scale. Consequently, development pressures and poor returns on their products are forcing many small and mid-sized farms to dissolve each year.

The Study Area is also home to the largest city and metropolitan area in the state and one of the largest in the nation. Over two million people call Detroit and its surrounding suburbs home, and over 300,000 others live in cities and villages within Washtenaw County, the next most populous county within the Study Area. This population represents a considerable consumer base for the more agricultural counties of Monroe, Lenawee and Jackson. Despite the fact that the region produces a wide variety of commodities, its residents consume only a fraction of that produce. Instead, the majority of food produced is shipped out of the state, leaving food that is grown hundreds, if not thousands of miles away, to be consumed. Furthermore, amidst this large-scale exchange of commodities, thousands of residents in the area lack reliable access to affordable, nutritious, culturally-appropriate foods.

What is a Local Food System?

There are as many definitions for local food systems as there are examples of them around the world. Generally speaking, “local food system” refers to “new, consciously formed systems, which are characterized by a close producer-consumer relationship” (Vergunst 2001). Local food systems support long-term connections; meet economic, social, health and environmental needs; link producers and markets via locally-focused infrastructure; promote environmental health; and provide competitive advantage to local food businesses (Regional Food Systems Working Group 2006). Of the number of local food systems in place and thriving throughout the United States, the most successful networks boast a common factor: a major metropolitan area within close proximity to fertile farmland. Based on this observation, Southeast Michigan is seen by many to be ripe for the development of a more localized food system (Davis *et al.* 2004).

The potential benefits of such a system are numerous. The local economy is bolstered as less money is diverted to national or transnational corporations based outside of the region and local businesses satisfy

unmet demands or create new or more efficient systems for the production and movement of foods (Regional Food Systems Working Group 2006). These opportunities help to strengthen the local economy by growing the agricultural sector, creating jobs, providing more choices for consumers, contributing to the local tax base, and reinvesting local money exchanged for food back into local farms and businesses (Che *et al.* 2005; Regional Food Systems Working Group 2006).

Through a viable local food system, producers and consumers are linked via efficient infrastructures, which can provide a competitive advantage for local farmers, processors, distributors, retailers, and consumers alike (Regional Food Systems Working Group 2006). Farmers receive a greater return for their produce when there are fewer intermediaries. For example, direct marketing to consumers (e.g., farmers' markets, farm stands, and Community Supported Agriculture) increases returns to farmers, often decreases prices for consumers, and may promote more environmentally-sound farming practices. By sharing the risks and rewards of food production, processing, distribution, and retail with other local partners, farmers and businesses can explore opportunities to produce new varieties of foods or expand existing ventures to meet a local or regional need (Griffin *et al.* 2003).

A strong local food system can also result in positive effects on community development and revitalization (Regional Food Systems Working Group 2006). Consumers receive fresher, healthier food and the opportunity to develop a relationship with the farmers and a connection to the origins of their nourishment (Regional Food Systems Working Group 2006). This, in turn, helps to support the viability of small and medium-sized family farms and foster a sense of place, culture, history, and ecology within a region (Che *et al.* 2005; Regional Food Systems Working Group 2006). Similarly, a strong local food system and informed land use policy and local decision-making can help create healthier communities. The strategic preservation of farmland and the production of healthy and accessible foods can help to combat urban sprawl, obesity, and hunger (Tufts Food Awareness Project 1994; Tauber *et al.* 2002).

Environmental benefits are also numerous; paramount among them is the decreased energy and fuel consumption with fewer miles needed for shipping, depending on the mode of transportation and volume of goods transported per load (The Economist 2006). Local farmers that have a direct connection to the consumer through farmers markets and other networks are also more likely to take greater care to grow fresh and healthy foods. Consequently, farmers that market their products locally do not typically engage in the types of harmful practices common in conventional agriculture. When foods are grown and consumed locally, harmful chemicals are not required to preserve the foods for longer periods of time (David Suzuki Foundation 2004). Since local foods are harvested and then processed or sold to the consumer within a matter of hours or days instead of weeks or months, foods are fresher and often have a greater nutritional value when purchased because they can mature fully before being harvested and consumed (Tufts Food Awareness Project 1994; David Suzuki Foundation 2004). Thus, local food systems can help to meet the economic, social, health, and environmental needs of communities and residents within a region (Palan 2005).

The Demand for a Localized Food System in Southeastern Michigan

In conducting this research, the team found that southeastern Michigan is well poised for the development of an intentionally localized food system. The region boasts a strong agricultural base that includes many farmers who currently sell or desire to sell their products locally, as well as a substantial urban population eager to consume more local foods. While formidable communication and infrastructural barriers exist within the current food system structure, cross-sector demand and the presence of active local food system advocates increase viable opportunities for bridging communication gaps and developing necessary infrastructure through networking, supporting new agriculture entrepreneurship, and developing systems for local food distribution.

Participant stakeholders from five major food system sectors that were surveyed or interviewed directly by the research team articulated some level of demand for a more localized food system. Producers and consumers voiced strong interests in increasing the proportion of products grown and consumed locally in southeastern Michigan. Food system intermediaries, including processors, distributors and retailers, indicated a mild interest in localizing the food system and showed that their level of interest depends largely on their perceived demand from producers and consumers.

Consumer demand

The multi-sector survey conducted by the research team found that consumer demand is shared by individuals representing all socioeconomic groups. Over 45 percent of consumers reported thinking frequently about how and where their food was produced and only 7 percent stated that they “never” think about their foods’ origins. Eighty-five percent stated that it is either very or somewhat important to have local foods available in their community. The increase in farmers markets in the region reflects and also helps to foster growing consumer demand for local food products. Notably, consumers in Jackson, Lenawee and Washtenaw counties perceive greater access to local foods currently than those in Monroe and Wayne counties.

Nearly half of all consumers surveyed were willing to pay a premium for local foods and would pay prices at or above the grocery store levels to which they are accustomed for particular food items. By a substantial margin, consumers are most interested in local produce, but also expressed notable interest in local dairy, meat and grain products. When purchasing food, consumers tend to make choices based on taste, quality, price and nutritional value. People who regularly buy local foods tend to value taste and quality, while rare local food buyers prioritize price. Outside of grocery stores, a large proportion of food is purchased at restaurants for consumption both in and outside of the home. When surveyed, over half of shoppers would select dishes prepared with local foods at restaurants when available.

Producer demand

Over half of the producers surveyed currently sell some of their products directly to consumers. While many farmers sell their products within the region, a substantial portion of food grown in the area is sold in distant markets. Seventy-three percent of the producers surveyed are interested in increasing their direct sales. Those more interested in local food sales tended to operate small or medium sized farms and part-time farmers showed consistently higher interest in increasing their local sales.

Grain producers in the region are particularly interested in more options for marketing their products. They desire alternatives to the dominant grain elevators and general commodity markets. Many producers also noted heritage and agricultural tourism as opportunities for sustaining the local food system in the region. Heritage and agri-tourism are gaining state and national support and some opportunities exist to support farmers in these endeavors. Producers who desire to keep their land in farming into the future noted a stronger interest in strengthening the local food system.

Intermediaries

Although the sample of local processors surveyed was small, there was a strong interest in processing local food products, which suggests the need for a subsequent, broader-reaching survey. Of those surveyed, about half noted that they had received requests from customers for local foods including requests for dairy, produce, meat, snack foods and poultry. Respondents were able to satisfy only some of the demand.

Eighty percent of distributors surveyed carry at least some local foods currently and almost all reported that the proportion of local foods distributed has remained constant or increased in the last five years. Over half of the distributors noted that they received requests for local foods from clients. Of those,

about half were able to satisfy most of the demand, while the other half were not able to meet the demand. Though they noted insufficient demand from retailers and consumers, distributors felt the strongest demand for local produce and were, thus, most interested in distributing local produce.

The majority of retailer respondents receive regular requests for local foods. Forty percent of retailers surveyed indicated a high or very high interest in carrying more local foods. Notably, the number of requests received per month was positively correlated with the level of interest in increasing the number of local goods carried.

Turning Barriers into Opportunities: The Food System of Tomorrow

Although this research points to an articulated demand for a more localized food system within southeastern Michigan, system participants in each sector identified key barriers to increasing the proportion of locally-grown foods that stay in the region. Meeting the demand for a more localized food system in the region will require creative, collaborative action to turn the barriers into opportunities. Working together, organizations like FSEP, other food system-focused groups, new and existing entrepreneurs and local governments have the capacity to make many of the necessary changes.

At either end of the complex food system, producers and consumers in the region were most interested in localizing their food sales and purchasing. In order to strengthen the local food system, it is critical to address the barriers identified by these key stakeholders.

Consumers

The barriers articulated by consumers to purchasing local foods revolved around availability, convenience and information. Based on this analysis, consumers in southeastern Michigan will be likely to purchase more local foods should they be available and advertised at common, convenient points of purchase, namely supermarkets. While local foods are already available at other retail outlets such as farmers' markets, food cooperatives and farm stands, the research team feels that the greatest potential for increased consumption of local foods lies within grocery stores and supermarkets.

Producers

Among producers, the key barriers to selling more products locally included the lack of local processing facilities, the time it takes to sell locally and the lack of distribution system for local products. These three barriers are interrelated and aptly reflect the interdependence of the food system where producers are limited to the available services and priorities of processors and distributors. Within the existing infrastructure, there are few options for food processing – which can make locally-grown raw agricultural products more useful to local consumers – and for locally-focused distribution of both raw and processed products.

Intermediaries

A number of interesting barriers were identified by the intermediate sectors of the food system revealing a strong need for improved communication among sectors. For processors, barriers to increasing the proportion of local foods they process include price, communicating with local producers, and insufficient demand from distributors. Among distributors, communicating with local producers, the amount of time it takes to accommodate local foods and the perceived lack of consumer and retailer demand for local products were the top reasons against distributing more local foods. Retailers reported insufficient supply/seasonality, price, and connecting with producers as the largest barriers to increasing local foods in their inventory.

Recommendations

Based on the research conducted by the team in 2006, the following recommendations were proposed by the team in support of a strengthened local food system in southeastern Michigan:

Improve communication among sectors/food system actors

One key finding of the research was that there is a notable disconnect between consumer and producer demand for local food and the perceived lack of demand among food system intermediaries including processors, distributors and retailers. As concluded by the research team, **this is likely the crux of the food system challenges currently experienced within southeastern Michigan**. Producers have demonstrated an interest in producing more local foods and consumers have indicated that they would purchase these items if they were more available and convenient to purchase. Yet, supermarket food buyers do not recognize that demand exists for local products.

There are many challenges for intermediaries within the food system; however, the research team recognizes a clearly defined role for food system advocates in working to educate these key stakeholders of the importance linkages they may provide within the existing local food system. Many grocery stores within southeastern Michigan are owned by large corporations that may or may not be located within the region. Thus, it will be essential to increase communications with these stakeholders and begin to bring these players to the table. Corporate purchasing policies will not be changed easily, but local food advocates must be willing to seek out the appropriate audiences and make the case for increasing local food availability within the region.

To achieve this, producers must also be willing to come to the table to address production and supply challenges that have historically been obstacles for partnerships with large retail outlets. The research team believes that a great opportunity exists for local producers and entrepreneurs within the region, but technical assistance, education, adequate planning, and funding will also be necessary to achieve this outcome. The Michigan State University Extension can play a critical role in this regard.

Support development of local food processing facilities

Many producers surveyed and interviewed noted the lack of processing facilities as a key barrier to a local food system. In fact, producers rated “lack of local processing facilities” as the most significant barrier to their future participation in the local food system. Meat producers lamented the paucity of small-scale processors in the area and noted the relatively high per head cost of small-scale livestock processing due in part to the lack of competition. In the multi-sector survey, processors indicated that the key barriers to processing more local foods were price, lack of interaction or correspondence with local producers and insufficient demand from distributors. In general, the research team recommends both the facilitation of communication between producers and processors, as well as the development of local food processing facilities in southeastern Michigan. These facilities may include both on-farm processing, and autonomous food-related businesses.

Local products can also include some mildly processed food products such as jams and sauces, made from local agricultural products. The benefits from processing local foods are two fold: 1) products have a longer shelf life and are easy to serve during the off-season, thus allowing for a season extension for many varieties of local produce, and 2) in some cases, processing local foods is a valued-added opportunity to farmers or local processors, allowing them to reap a greater financial return from their products while providing the ability to tap into additional markets. (Harmon, 2004)

Develop local food distribution systems

Like local processing facilities, without local distributing networks the regional food system will experience a break in the local foods chain-of-custody. This critical distribution link poses the need for

creative solutions and innovative delivery methods. The following are a few possible solutions: 1) opportunities may open up for local entrepreneurs to begin *new* ventures in the local food distribution business; 2) in some cases, minor adjustments to *existing* distribution channels could prove an effective way of hiring local distributors to move and broker local products; 3) with a critical mass of demand for a distributor in a given area, farmers and processors may strategize to collectively hire a local distributor to meet their common needs concerning transport and brokering; 4) while many national distributors' current practices are not conducive to local distribution and transportation, some businesses' pick-up and drop-off points may be fairly close to local producers' routes and, therefore, would not take much extra time and resources for a larger distributor to take on.

Promote local foods through advertising and education

Food system advocates must continue to play a role in helping to educate consumers of the benefits of purchasing local foods and the power of their pocketbooks. If consumers learn to demand more local food items at their supermarkets, purchasers will begin to realize the potential of local food sales. This will not happen overnight; however, our research shows that large chains may be more amenable to working to overcome the challenges of offering local foods if they can recognize a net gain in return.

Additional in-store advertising is also likely to increase the purchases of local food items. Branding programs like *Select Michigan* have been successful in Grand Rapids and a few locations in Detroit in advertising locally-grown products in grocery stores (Michigan Department of Agriculture 2006). Our research strongly supports the expansion of the *Select Michigan* program throughout southeastern Michigan to meet consumer demand for local produce, in particular.

Areas for Future Research

Due to limited resources, the research team was unable to address all angles of the existing food system within southeastern Michigan. However, the team has identified a number of opportunities for future research to further strengthen this system:

- Ethnic and socioeconomic differences in consumer habits and demand for local foods;
- Marketing to different populations who demand local foods in different ways and for different reasons;
- Policy connections and influences on local food systems;
- Input from focus groups within each food system sector;
- More specific geographic analysis to identify specific needs, challenges and opportunities for various segments of the population (e.g., urban versus rural, specific communities, etc.);
- Food security and food access issues that may be addressed by local foods; and
- Local distribution solutions.

The research team recommends that future research in these areas be conducted by FSEP, its partners and others stakeholders to address these additional needs and potential barriers for the local food system.

Resources

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