

Department of Agriculture, Trade and Consumer Protection
Division of Agricultural Development
Agricultural Development & Diversification Program (ADD)
Grant Project Final Report

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Grant Project Title: **Just Local Food Market Development**

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The Just Local Food Market Development Project was intended to boost the progress of marketing and planning for the Just Local Food Cooperative's local food sales. The objective was to lay a groundwork of research to enable the coop to grow sales of existing products and add suppliers and products of local and regional farms. Specifically, we wanted to increase numbers of both customers and suppliers through increased marketing and sales. Our work was important in establishing a year round retail market for a variety of locally produced foods. By working nearly exclusively with Wisconsin farmers, cooperatives and small businesses our impact on Wisconsin's economy was felt more than once.

We engaged in regular communication with our customers and suppliers, listening, educating, and acting on what we learned. First was to educate ourselves (the staff) to the variety and abundance of local farms. We went on farm visits, took pictures and shared the information with one another. That allowed us to accurately represent the food and it's origins to the customers. This proved very valuable as customer satisfaction and referrals are the cornerstone of our marketing strategy. Once educated, we were able to pass that information on through one-on-one visits with customers, at presentations and conferences, and at our retail farmers market and pilot store location. By cooperating with our vendors, we were able to open a pilot retail store ahead of schedule by opening the front half of our delivery warehouse. The retail outlet allowed more intensive customer education because we always had a knowledgeable worker/owner on hand to describe and sell the products.

One of the challenges faced was pricing and payment for farmers. Some farmers were very cooperative in their willingness to consider how their own retail and wholesale pricing structures worked. We found that many farmers undervalued their own marketing efforts by deflating their retail prices, with wholesale prices not much lower. Others understood the time and effort taken to market their items (8 cold hours at an October Farmers Market, for instance) and actually raised their own retail prices to reflect their marketing efforts. Many farmers offered extended terms to allow for our storefront startup, while others offered equipment and marketing assistance. As delivery sales stabilized, our retail storefront picked up as we were able to show the year-round bounty of local farms in a one-stop shop. We continue to offer several practical ways for consumers in the Chippewa Valley and beyond to enjoy local, Wisconsin Grown food in our store, home and office delivery service and farm market stands.

There are a few things we might do differently. One would be to do more planning and negotiations with farmers regarding fresh vegetables, fruits and berries. This is a high loss category, particularly with produce generally picked ripe and heirloom varieties NOT designed for shelf life and handling. Another compliment, which we intend to add to our store soon, is a deli which can incorporate the losses from the produce section into value

added products that help market the fresh produce further. Doing more research on similar business models is still required to help organize and plan for success and growth.

There is also a great deal of education needed at the farmer/supplier level on a few topics. Many farms need assistance with basic bookkeeping – including invoicing and billing. Most farmers also need to understand the value of marketing and how to price their products for their own direct sales versus a wholesale market like ours. We often found that farmers underpriced their direct sales and overpriced their wholesale prices. With experience, many farmers found they could increase profitability by increasing their direct prices and lowering their wholesale price to us.

Just Local Food Cooperative has helped to promote and grow the local food markets in the Chippewa Valley significantly over the past year. Among the impacts are high profile TV appearances promoting local food, abundant articles in regional newspapers and magazines pitched by JLF members, and the very practical and measurable direct sales through our retail services, totaling \$160,000 during the grant period, up from the previous year. Our suppliers also enjoyed increased sales at their own markets and farm stores due to increased visibility via Just Local Food.

Customers had a very good response to the personal newsletter format developed. Telling the stories of individual products and farms in a narrative form, then including price and product data helped convince the customers of the quality and then offered the tools to make an informed decision. The most effective means of delivering the messages has been through a printed “just local news” newsletter and an email broadcast. The printed newsletter was more costly in labor, time and materials and has been replaced with improved in-store marketing and intense promotion of the email list.

As sales increase in the store, profitability of both the store and suppliers increase. This is the simple law of economics, but is particularly notable with our small farm community as even small increases in sales make big impacts on the farm viability. An example of this would be our relationship with Little Spring Valley, a local pastured jersey beef farm. Initially we were calling the farm weekly with small orders, sometimes only two pounds of ground beef. A year later, we are ordering beef by the quarter. Transportation and labor costs went down significantly for Little Spring Valley (one trip instead of 8-12!), and our product costs went down with the bulk order. In some cases, we are even able to lower prices to the consumer while making higher margins when we work closely with suppliers.

Stories and samples were the most successful direct marketing ventures. This could be as simple as posting a picture of the chickens in their farm environment near the frozen chicken section. The picture tells the story and sells the product. Samples coupled with the personal stories and pictures make the products nearly irresistible. A good example of this is when Virgil from Gingerbread Jersey Cheese would bring a big wheel of gouda into the store. Almost everyone would leave with their own wedge cut by the farmer and cheesemaker himself. Our goal is to create a store environment where these sorts of direct connections take place on a regular basis.

As a result of this project Just Local Food Cooperative is in a great position to expand and increase sales of local and regional foods significantly. We have started to share and split orders with stores and restaurants to increase efficiencies to the farmers and lower costs for us. We are also building a commercial kitchen whereby the sampling of products will be at the forefront. By having an associated food production facility, we are also capable of offering value added farm products and extending the sellable life of all sorts of local foods. This kitchen will also be available for use by our farm suppliers, providing a resource otherwise unattainable by many small farms. As we grow, our need for planning and working closely with suppliers increases to ensure a consistent supply for customers. This is happening via a supplier newsletter and farm visits.

Overall, Wisconsin agriculture can only benefit from projects and stores such as ours. Education needs to come from all directions, so new State efforts at marketing local and regional foods will pay off in the long run, as long as consumers have an easy way to act on their knowledge. On-farm stores, farmers markets, internet sales and hybrid stores such as ours are in a good position to take these newly educated consumers. Small enterprises such as ours should not be overlooked as opportunities for significant impact on area farmers.