

Building a Better Local Food System:
A Case Study of the Western Montana Growers
Cooperative



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Introducing the Western Montana Growers Cooperative

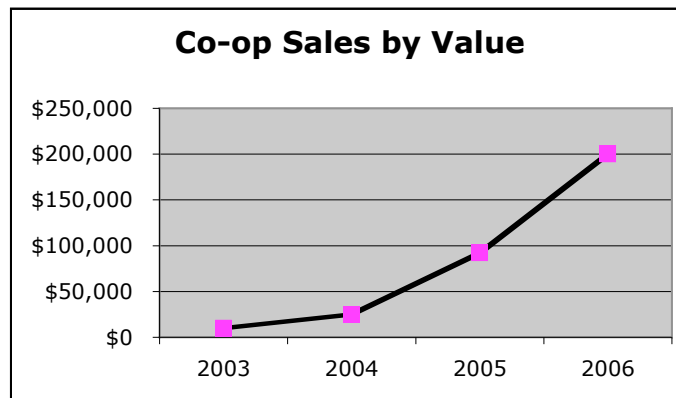
Early one fall morning I arrived at the loading dock of a grocery store in Missoula, Montana. Snow capped mountains surrounded the valley, and the October air was crisp and cool. Another growing season was coming to an end. I was waiting to meet the Western Montana Growers Cooperative delivery truck to tag along for morning rounds in Missoula. The first thing I noticed as the truck arrived was the beautiful artwork set against its tall white sides. The logo depicts a farmer unloading vegetables from a 1930's era produce truck, reminiscent of a time when people bought most of their food from nearby farms. They say a picture speaks a thousand words. To me, this emblem told a story of what the Western Montana Growers Cooperative is trying to accomplish: Real people, bringing a bounty of fresh food from local family farms to consumers in the region.

The purpose of my ride was to experience, first-hand, delivering local food with the Western Montana Growers Cooperative. The Western Montana Growers Cooperative, which I often refer to as “the Co-op”, was formed with the assistance of the Lake County Community Development Corporation in early 2003. It is a group of farmers and ranchers who collectively market and distribute some of their products throughout western Montana. As of 2006, the Co-op consisted of fifteen family farms from the Flathead, Jocko, Mission, and Bitterroot Valleys and Belt, Montana, who use the Co-op as a secondary outlet for some of their products, but who also sell through other markets including farmers markets, on-farms sales, and individual accounts to local businesses.

Most of the Co-op's members grow produce on small acreage vegetable farms and orchards, and some produce meat and dairy products. Many members are certified through the USDA National Organic Program, but some practice organic methods without certification.

The Co-op sells a wide range of items, including fresh fruits and vegetables, several chopped and bagged produce items, organic dairy products, honey, and a variety of meats such as poultry, natural beef, pork, and bison. The value of the Co-op's sales has grown considerably since it's first year of operation, from \$10,000 in 2003¹ to nearly \$200,000 in 2006 (See Table I).

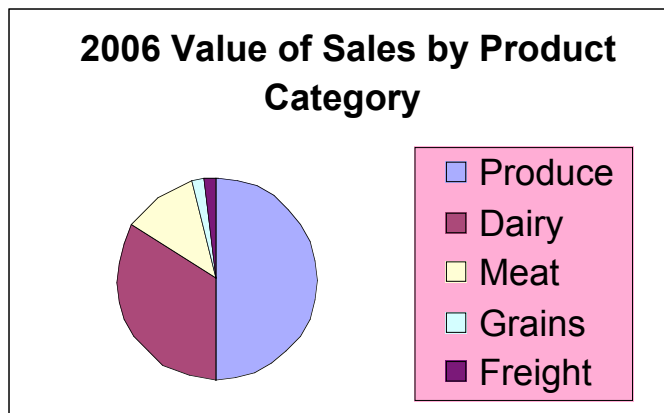
Table I: Sales by Value 2003 - 2006



¹ Wehri 2005.

In 2006, produce sales accounted for roughly half of the Co-op's value of sales; another third of sales were from dairy products, and meat made up 12.5% of sales by value. The Co-op also sells a small amount of grains, and delivers several processed food items as a freight carrier. Table II shows the proportions of the Co-op's sales by product category in 2006.

Table II: Proportion of Sales by Product Category



The Co-op sells to a wide variety of customers, including grocery stores (both conventional and natural foods), restaurants, public colleges and schools, non-profit organizations, and individuals. In 2006, the Co-op sold to 55 customers, up from 39 the year before. The growing customer base indicates demand for the Co-op's products and a flourishing marketing strategy. Grocery stores and restaurants accounted for 35 of the Co-op's 55 main customers in 2006, constituting over half of the Co-op's customer base.

Between January and October 2006, sales to individual customers ranged from less than \$100 to over \$18,000. Many low volume customers were one-time buyers, purchasing products for special events. Roughly half of the Co-op's sales by value between January and October 2006 were made to just seven customers. Most of their top customers are grocery stores. Nearly every customer purchases produce during the growing season. Some customers purchase only produce, only dairy, or only meat, while many purchase items from a combination of categories.

Grants and donations have been essential to the success of the Western Montana Growers Cooperative during its first four years of operation. Just as new businesses require capital, the Co-op required start-up funding to get it going. In addition to initial funding from a USDA Food Systems grant, the Co-op received funds from the Montana Department of Agriculture's "Grow Through Agriculture" program to develop its identity preserved marketing strategy, and has also been supported by private donations. Start up funding is an integral component of emerging local food system projects like the Western Montana Growers Cooperative because it enables producers and communities to engage in new strategies while limiting the financial obligation and risk to participating individuals. With four years under its belt, the Co-op expects to be profitable without grant support during 2007.

In addition to increasing its value of sales, the Co-op is using several strategies to insure its success as start-up funding runs out. First, it is the launching an identity preserved market

strategy consisting of a Co-op label, point-of sale promotion, and an updated website. The Co-op displays its logo on its delivery truck and on product labels and lists the name of the farm where each product came from on labels, giving customers a connection to the individual farms where food is grown. The Co-op is currently creating new signage display in businesses where their products are sold, including narratives telling the story of individual farms and producers. The group recently posted “farm profiles” on their newly remodeled website that show beautiful color photographs and product icons. Several members have posted descriptions of their operations. The bright logo, point of sale signage, and new website help the Co-op build name recognition and customer loyalty, and promote a sense of connection between the Co-op’s members and its customers. Recruiting new producer members is another important strategy the Co-op is using to meet the growing demand for its products. New members will allow the Co-op to provide both new products and higher volumes, thus improving the service it can offer to its customers.²

One of the guiding principles of the Western Montana Growers Cooperative is its mission to:

improve the local food system of our area by reducing the demand for produce being shipped here from long distances, while enhancing the sustainability of local farms and contributing to local economic growth.³

Through a cooperative business model, the Co-op claims to:

allow the farmer members to concentrate on producing great food, while making it easier for food buyers to purchase local foods.⁴

The Co-op is among a growing number of agricultural marketing cooperatives that aims to strengthen the local food system while benefiting their members. Other studies suggest that producer cooperatives can enhance local food systems by providing adequate volumes of products, affordable prices, convenient delivery, and a professional level of service to wholesale customers. Concurrently, they found that the success of locally-oriented producer cooperatives depends on a combination of factors, including customer demand for local food, convenient ordering and delivery for their customers, strong marketing, professional service, high quality products, grant support, and public policies promoting local food systems.⁵ This case study set out to understand the extent to which the Western Montana Growers Cooperative is strengthening the local food system and explored opportunities for the Co-op to make local food more accessible to wholesale markets by documenting the experiences of some of its wholesale customers.

Local Food in the Wholesale Marketplace

By bringing food from producers to consumers within the same region, the Western Montana Growers Cooperative represents a link in the local food system: part of the larger system of food

² Ibid.

³ Western Montana Growers Cooperative 2006.

⁴ Ibid.

⁵ GROWN Locally; Lawless 1999; Seyfang 2004; Tuscarora Organic Growers 2004

production, processing, marketing, and distribution that is geographically located within a specific area. Local food systems are emerging across the globe as a way to narrow the growing physical and social distance between consumers and the people and places that produce their food.⁶ The local food revival is occurring via two main approaches: direct marketing to consumers, and through wholesale outlets such as grocery stores, restaurants, and public institutions. Wholesale customers represent important markets for small and mid-sized farms, and incorporating local food into wholesale markets is critical for expanding existing and emerging local food systems because this is where consumers spend the majority of their food dollars.

Previous studies show that wholesale food buyers at restaurants, grocery stores, and institutions see a number of benefits of buying local food, including: supporting local farmers, good public relations for the business or institution, fresh, high quality food, that is nutritious, and decreasing transportation-related pollution from shorter distance travel. Despite extensive benefits, wholesale food purchasers face many challenges to buying locally, such as: the logistics of ordering from multiple producers (ordering, accounting, arranging timely deliveries), the inconsistency of product availability (volume and seasonality), their need for pre-processed items, and the potentially higher prices of local food.⁷ Some scholars suggest that producer cooperatives selling local food have the potential to overcome many of these challenges by marketing and delivering local food from many producers through a central outlet.⁸

Methods

Through a case study of the Western Montana Growers Cooperative, I set out to investigate how producer cooperatives can improve access to local food for wholesale food purchasers. To do this, I spoke with thirteen of the Co-op's wholesale customers about their experiences buying local food from the Co-op.

I selected participants from the Co-op's "Summer Call List" who would provide a range of perspectives based on type of business, types of products they purchase from the Co-op, varying values of purchases, and a range of distances from the Co-op's central location in Arlee, Montana. I focused on grocery store and restaurant customers because these two business categories make up the bulk of the Co-op's customers based on value of purchases and the greatest number of customer types. The following tables describe the sample characteristics in detail:

⁶ Feenstra 2002; O'Hara and Stagl 2001.

⁷ The benefits of and barriers to buying local food from the perspectives of wholesale food purchasers was gleaned from a number of studies: Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Murray 2005; Pirog et al. 2001; Sanger and Zenz 2004; Starr et al. 2003; Strohbehn and Gregoire 2002; Valliantos et al. 2004.

⁸ CIAS 1999; Feenstra 2002; Lawless 1999; Starr et al. 2003.

Type of Business	Number of Participants N=13
Grocery Store *Natural Foods (N=4) *Conventional (N=3)	7
Restaurant	6

Value of s Purchases from the Co-op Jan - Oct 2006	Number of Participants N=13
Less than \$999	1
\$1,000 - \$4,999	6
\$5,000 - \$9,999	2
\$10,000 - \$20,000	4

Types of Products Participant Purchases	Number of Participants N=13
Only Produce	7
Produce, Dairy, and Meat	3
Produce and Dairy	2
Dairy and Meat	1

Distance from Arlee, Montana	Number of Participants N = 13
0-20 Miles	1
21-50 Miles	8
51-100 Miles	2
More than 100 Miles	2

In-depth interviews occurred between November 2006 and January 2007. They ranged in length from thirty minutes to one hour. All interviews occurred in-person. Twelve were conducted at the participant's business and one was conducted at a nearby bar. During two interviews, store owners joined in with the main participant for part of the conversation. All thirteen people I asked to interview agreed, giving me a 100 percent response rate. The eagerness of participants to contribute to this study seems to signify that they have a vested interest in the Co-op and its success.

The thirteen participants in this study represent approximately 37% of the Co-op's base of restaurant and grocery store customers, and 24% of its total customer base. The combined purchases of the thirteen participating businesses constitutes a significant portion of the Co-op's business, amounting to about \$82,000 from January to October 2006; more than half of the Co-op's \$177,000 value of sales for that time frame. Although the sample size is small, the perspectives of this study's participants provide important insights from a significant sample of purchasers. In-depth interviews also reveal valuable information about each participants' experience of the Co-op to a degree that may not be possible through other research methods.

I asked each participant the same basic set of questions from an interview guide, with flexibility to probe for richer information where appropriate. My interview guide consisted of eighteen questions covering a variety of topics regarding participants' experiences purchasing local food from the Western Montana Growers Cooperative and opportunities for the Co-op to improve its service. Every interview was taped and transcribed verbatim, then coded through content analysis, using topics and themes to make the data analytically comparable.⁹ For the analysis, I often use direct quotations to accurately depict the perspectives of study participants, using pseudonyms to protect the identity of participants. To make participant responses easier to read, I have omitted awkward phrases such as "um" and "you know."

⁹ Berg, Bruce L. 2004.

Findings: An Insider View of Buying from the Co-op

Using Local Food

According to study participants, local food is “very” or “somewhat” important to every business involved in this study. “We want to support local family farms,” said Tom. Some participants noted that local food is very or somewhat important because it is “fresh,” “high quality,” and “customers want to buy it.” The true importance of local food to participating businesses became clear when participants described how much they use: Nearly half of this study’s participants estimated that between 50 and 80 percent of the produce they use during the growing season is local, three use between 20 to 35 percent local produce during the growing season is local, and one participant said her restaurant uses more than 80 percent local produce during the growing season. One produce manager and one meat department manager each said that about 5% of food used in their department during the growing season is local. One participant was not sure. It seems that local food, particularly produce, makes up a considerable portion of food used by many participants during the growing season.

Most of this study’s participants use local food year round. For example, almost all save local storage crops for extended use after the harvest, including winter squash, apples, garlic, onions, beets, carrots, potatoes, and cabbage. About one-third of participants reported using meat and/or dairy year round, with meat products including burger, poultry, pork, lamb, sausage, and jerky. Several participants also reported using local honey, salsa, and mushrooms year-round. Only one participant, a produce manager, said they don’t use any local products outside of Montana’s main growing season.

Every participant in this study lets customers know when they are selling local food. All seven grocery stores post signs signifying the origin of local products. Two even post the name of the specific farms or ranches where local food is from. One produce manager promotes the availability of local produce in the store’s advertisements. Most of the restaurants instruct their servers to promote local food to customers, and two of them sometimes print local on the menu or in specials. Clearly, buying local food is important to participants in this study. They use a significant amount of local food, especially during the growing season, and many recognize a customer demand for it.

Buying from the Western Montana Growers Cooperative

Purchases from the Western Montana Growers Cooperative make up a significant portion of the local food used by many of its customers. Five participants noted that between thirty and fifty percent of the local food they use is from the Co-op. Seventy percent of local food used by one participant, and ninety percent used by another is purchased from the Co-op. Two participants say that only five to ten percent of the local food they use comes from the Co-op, and four were not sure. The variety and volume that participants purchase from the Co-op indicate that it is a significant source of local food for many of its customers.

Purchasers at these businesses most likely face similar obstacles to buying locally that other studies have identified, including arranging timely and dependable deliveries, the logistics of ordering from multiple producers, inconsistent product availability, the need for processed items, potentially higher prices, invoicing, packaging, and professionalism in the marketplace.ⁱⁱ With

this in mind, I sought to understand if and how the Co-op is addressing some of those challenges and making local food more accessible for its customers.

Meeting the Needs of Wholesale Food Buyers

Through cooperative marketing and distribution in a reliable and professional manner, the Western Montana Growers Cooperative eases the processes of purchasing quality local food from many of its customers. In many ways, the Co-op meets the needs of its customers better than individual producers. Participants in this study illustrated many examples of how the Co-op provides convenient access to local food, contributing to the emerging local food system through its unique service of cooperative marketing and delivery.

“With the Western Montana Growers we’ve had a much easier process to... support the local growers... It’s really pulled together so that smaller growers can get their product to us.”

~ Alice

High Quality Local Food

Nearly every participant praised the quality and freshness of the Co-op’s products. For example, Rachel likes buying from the Co-op because “when you order them, they go and pick it that day, and then they bring it the next day.” Quality and freshness are particularly important to wholesale food purchasers because they are selling food items in a retail outlet or serving them in meals to customers. Pete reports that he benefits from buying local food from the Co-op because “people want to buy it... They think it’s better.” While the Co-op is likely not the only source of fresh, high-quality local produce, it is important to recognize that their customers feel they get a desirable, sellable product when buying from the Western Montana Growers Cooperative. The perceived quality and freshness of are also top among benefits of local food purchasing listed by other researchers.¹⁰

“The benefits are you get great quality, and as fresh as you can possibly get. You get a longer shelf life. It’s fresher longer. It tastes better longer.”

~ Clark

One Stop Shopping

Other studies found that ordering local food from multiple producers is a major challenge for wholesale buyers trying to purchase local food. Wholesale food buyers often need more of one product than an individual producer can supply on their own, so they must purchase small amounts of the same item from several producers to fill the needed quantity from local sources. This takes significant time and effort: more phone calls, more deliveries, and more to keep track of.¹¹ According to nearly half of this study’s participants, however, the Co-op simplifies the logistics of ordering local food. For example, Chris explains: “It’s more effective and efficient to go through one person.” Similarly, Anne said that the Co-op is “that one stop shop... One phone call... to reach all those people, I think that’s the best

“It streamlines the whole process. So I’m not getting calls from all these different growers. It goes through one person, and he calls me and tells me what’s available.”

~ Will

¹⁰ Markley 2002; Starr et al. 2003; Strohbahn and Gregoire 2002.

¹¹ Gregoire and Strohbahn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbahn and Gregoire 2002; Valliantos et al. 2004.

thing they have to offer.” Along these lines Clark says his business actually “prefer(s) to work through the Cooperative because... they can pool all their resources... so we don’t have to spend ten, twenty minutes with each guy that comes in.”

Buying from the Co-op often means that a wider variety and higher volume of products are available through one order. About half of the participants mentioned the variety of products the Co-op offers. For example, Matt thinks the biggest benefit of buying from the Co-op is “gaining access to a great variety of products” and “having access to the great variety of farmers and ranchers across the state of Montana.” Participants specifically mentioned that local cheese, poultry and other meats were not regularly available before they were sold by the Co-op. Several participants mentioned that they are able to order higher volumes from the Co-op than from individual growers. This allows them to order the volume they need from one source rather than getting smaller amounts from several sources, which other studies identified as a barrier to purchasing local food.¹² As the Co-op grows and adds more producer members, it increases the volume it can supply: “We got more produce this summer,” Alice notes, because the Co-op is “working better now than it did a few years ago.” In sum, the Co-op makes it easier for wholesale customers to buy local food by providing a higher volume and wider variety of food through one order.

Reliable, Convenient Distribution

Numerous studies show that delivery is one of the biggest challenges faced by foodservice purchasers who want to buy locally.¹³ Participants in this study, however, suggested that the Co-op’s delivery system makes it easy for them to buy local food. Approximately three-quarters of this study’s participants think that a convenient and timely distribution system that delivers products from multiple local producers is one of the primary benefits of purchasing from the Western Montana Growers Cooperative.

“I think [the Co-op is] a really good thing for Missoula purchasers because [its hard] to get up to Dixon or even further... [The Co-op’s delivery is] a really great service to provide to Missoula folks who want to purchase local stuff... I think they hit on a great idea of binding together and getting their stuff down here twice a week.”

~Anne

“That has to be the biggest problem or difficulty: farmers trying to get their products to the restaurant without having to drive themselves to every single place to distribute... So, the benefit would have to be the distribution ability of the Co-op to get their products to us.”

~ Matt

Several participants also mentioned that the Co-op’s system of distribution and delivery works better for them than that of other local producers. Deliveries are consistent, they arrive at good times, and the Co-op brings more products from more producers in each trip. “It works better for us because it’s within our hours of operation, whereas some of the other local growers have a harder time with that,” said Marie, a grocery store owner. Rachel prefers the Co-op’s method of delivery because she likes to “be here when the product shows up,” and because the Co-op does not “have five different delivery days.” The Co-op also keeps products in top condition by delivering in a

¹² Ibid.

¹³ Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004.

“refrigerated truck,” which most other local growers do not have. Several participants noted that when they order from some other local growers, they “have to go to them to pick it up,” whereas the Co-op will “bring it to me.” These comments signify that the Co-op provides a delivery system that works for many of its customers, helping them overcome what other studies described as a formidable barrier to local food.

A Professional Marketplace

The Western Montana Growers Cooperative helps its customers to access local food by providing a professional service that meets industry standards. Foodservice buyers in other studies expressed a lack of professionalism from local producers, who are often not accustomed to working with wholesale buyers. They may not have convenient ordering systems, and are less likely to meet the invoicing and packaging needs of wholesale customers. Several studies also show that wholesale food buyers are frequently unable to initiate and sustain relationships with local producers because they do not know how¹⁴

“I think [the Co-op is] a lot more organized. And they’re... used to dealing with stores... Hobby gardeners... don’t know what they need to get paid. They don’t know industry standards, so I have to educate them. But... [the Co-op] knows what they’re doing and it makes it smooth to deal with them.”

~Will

Alternately, nearly every participant in this study mentioned the Co-op’s “professionalism in the market,” and some offered specific examples of how the Co-op is better adapted to industry standards. For example, Clark said: “They’re [as] professional in their approach as we are... You get what you order. There are not many mistakes.” Along these lines, Elaine appreciates that the Co-op “tried to match the prices and the packaging” of conventional foodservice. Tom also describes professionalism consistent with

the standards of other food distributors: “What I like are complete, accurate invoices, sturdy boxes, and a predictable schedule; and the Co-op gives me that. That’s about as high as we can aim.” Along these lines, Pete points out that the Co-op is the only local food supplier that uses invoices. The Co-op “brings you an invoice and you send them a check at the end of the month,” but other local producers bring in produce and “I give them cash right there.” Co-op products also generally meet customer expectations. For example, Pete said that Co-op produce is “clean, uniform, labeled, and bar-coded, making it easier for him because “it’s ready to put out there.” Several participants also view the Co-op’s service as more “dependable.” Other growers, explained Claire, “might not have what they say they have,” but the Co-op usually does. By conducting business in a manner similar to the distributors that food purchasers are familiar with and by providing a product that is ready for use or sale, the Co-op eases the process of ordering, paying for, and using local food.

Another way the Co-op helps its customers access local food is by initiating business relationships. For example, almost every participant indicated that the Western Montana Growers Cooperative initiated the business relationship. Participants usually learned of the opportunity to buy from the Co-op through a phone call from its general manager but several switched to buying from the Co-op when producers they already purchased from became

¹⁴Lawless 1999; Starr et al. 2002; Valliantos et al. 2004.

members, and participants at two restaurants met with the Co-op's general manager to set up an account. A participant at a regional chain of grocery stores said the other stores in the chain already purchased from the Co-op when his store opened.

Many participants also think the Co-op also does a better job of maintaining business relationships than most individual growers. The initiative to seek out new customers, and retain existing ones is key to the Co-op's success in the wholesale marketplace. Essentially, having a manager to regularly call customers and coordinate orders enables takes the pressure off wholesale food buyers: they don't have to constantly seek out and sustain business relationships with local producers when they buy from the Co-op.

“With the Co-op, we have a phone discussion about all their products at least once a week... That helps us not only know what's out there, but it's a better communication... As far as contacting their customers and then delivering what we order; [the Co-op is] better than [other local producers].
~ Clark

Having a business manager also enables the Co-op to operate during regular business hours and be more objective about the products it sells. For example, Marie offers that the Co-op is “willing to work with... our schedule, as opposed to having us bend to their schedule, which [is] the beauty of having a manager,” Marie offers. Having a manager also makes the Co-op “more of a business,” Pete notes. The “degree of separation has helped them be a better business,” Similarly, Marie says. “Having a manager has “enabled them to be business people. I find that a lot of the local farmers around here aren't business people, they're farmers.” In essence, these comments suggest that the Co-op takes a professional approach to business; it knows the industry standards, works to match the packaging and pricing of other distributors, and maintains consistent business relationships, making it easier for its customers to purchase local food.

The Cost of Local Food

Other studies have found that wholesale food buyers are commonly concerned about potentially higher prices of local food.¹⁵ Alternately, some participants in this study feel that the Co-op's “prices are reasonable.” For example, Marie explains that the Co-op is “willing to work with us and what we need” on things like price, whereas most other local farmers, she finds, are not willing to negotiate.

“During the time when there are other tomatoes out and they're going for \$0.99 a pound, it's hard for me to try and sell a tomato for \$2.99 a pound.”
~Pete

Other participants, however, mentioned feeling that Co-op products are sometimes too expensive. For example, Rachel doesn't feel like she “should be paying more from the Co-op than I do from California certified organic products.” She is especially concerned when the Co-op “still charge(s) that premium price” even when “the products aren't certified organic.” June admits that she won't order certain items such as chicken from the Co-op because “it's super expensive.” Rachel, however, also understands why food is more

¹⁵ Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004.

expensive and is willing to pay more because of the benefits of buying from the Co-op: “I know it’s because ... the Co-op has to make money... But it also brings all the growers together... Then I can get all the products from one place. “

Price may be a particularly challenging issue for groups like the Western Montana Growers Cooperative. Wholesale buyers pay less than what a producer would get from selling directly to consumers because they also need to make a profit. In order to remain viable, the Co-op also needs to make a profit, as do its members. Higher prices are a major challenge to developing vibrant and sustainable local food systems. The Co-op may be able to lower its prices through increasing sales and keeping operating expenses relatively stable.

Room to Grow

Despite the many benefits and advantages of purchasing from the Western Montana Growers Cooperative, there is room for the Co-op to improve and expand its service. Every participant in this study contributed suggestions regarding how the Co-op can better meet their needs, such as increasing supply, building stronger relationships between producers and customers, improving delivery, and doing more promotion.

Increasing Supply to Meet Increasing Demand

The primary concern raised by this study’s participants is the tendency for the Co-op to run out of high-demand items. For example, Marie said: “Often, if [the manager would] call a little bit later in the day, he’d be... sold out.” Marie recognizes and respects, however, that the Co-op is likely to make customers who buy higher volumes a priority: “We’re small-medium sized, and if we don’t have the storage or the volume to buy enough at a time, then we just miss out. We realize that’s the name of the game.”

I often find that if I don’t get in early enough, or if I don’t pre-order some things, especially salad greens... that whenever I do call to place my order they’re always gone; they’re sold out of certain things.

~ Matt

This issue was particularly noticeable regarding carrots, which a few customers seldom got a chance to buy from the Co-op. Pete said: “I didn’t get a chance to buy any of their carrots this year... I think there wasn’t a big supply.” The Co-op did, however, have a big supply of carrots during the 2006 growing season, but they sold them to customers who were ordering a lot of volume all at once instead of doling out smaller orders to more customers. Some customers were aware of this, like Marie, who suggested: “This year they were shy on their carrot supply because another purchaser bought them all.” Marie offers a straightforward solution to the carrot problem; she suggests the Co-op should simply “grow a few more carrots next year.”

Several participants are also concerned about the inconsistent availability of some products. For example, Pete feels the Co-op should “make sure they have a steady supply of whatever they’re selling... instead of having something one week and then not having it the next week.”

Many participants, like Anne, suggested that the Co-op should involve “even more producers as part of their Co-op.” Pete thinks it would “get the continual supply thing going” if the Co-op got “those other little producers involved.” The Co-op could also avoid running out of high-

I have a dream in which everybody else from whom I buy grower direct is part of the Co-op, and then I don't have to call [each of them individually]... In other words, for a purchaser it's nice if things are modeled along the lines of one of the wholesalers that we deal with... There's one sales rep; there's a complete list of everything that he's got in the house.

~ Tom

demand products by doing more planning with customers and growers, especially during the off-season. Rachel feels that planning and having all parties make commitments would improve the availability of products: "So if we can make commitments to [the Co-op], [they] can make commitments to [the growers], and hopefully [the growers] will make commitments back." Similarly, other research has found that making commitments before the growing season begins may be an ideal way for producers to improve their markets and wholesale customers to be sure of how much volume they will be able to purchase at what time of year.¹⁶

The Co-op could also meet customer demands by offering additional products. Just over half of the study's participants suggested specific items that they would like the Co-op to sell, including cherries, melons, peaches, strawberries, potatoes, corn, and processed products like frozen vegetables. Pete suggested that the Co-op focus on "unique" products: "Start thinking about things that people want, that appeals to them so that their mouth waters when they think, 'wow, a peach, wow, that's something.'" While the Co-op may choose to respond to customer demand for new local foods, these same demands open doors for educating consumers about Montana agriculture and seasonal eating. Sweet corn, for example, requires immense quantities of water and hot weather, making it difficult to grow in Montana. The Co-op may choose to promote products that grow well in Montana, and educate consumers about seasonality.

Some customers would also like to see a regularly updated list of what the Co-op has available. For example, Rich thinks the Co-op could "send out an order sheet where you could lump everything together... You'd have a guide, basically, to order from." He would like to know "if they had other things to offer," because he currently orders only a couple of items, but has not been offered a complete list of available products. Matt said he frequently gets an availability list, but suggests that the Co-op continue to improve "the accuracy" of the list.

As the Co-op grows, it is important that its members and Board of Directors to decide how the group can continue to support its mission and simultaneously pursuing its business objectives; In essence, becoming financially viable without outgrowing its role as a *local* cooperative.

Minding the Gap

Producer cooperative may offer more products, convenient ordering and delivery, and a more professional business relationship than individuals, but it also means there are additional links in the chain between producers and consumers. Building stronger linkages between food producers and consumers is a key goal to local food system development.¹⁷ While the Co-op is effectively shortening

"When you order individually from the person who grows it and they bring it in, you get to see them and talk to them about their garden... You don't get to see it with the Co-op."

~ June

¹⁶ Gregoire and Strohbahn 2002; Sanger and Zenz 2004.

¹⁷ Feenstra 2002; Morris and Buller 2003.

the physical distance food travels through the food system, several participants raised concerns about the remaining disconnect between themselves and the Co-op's members. For example, Pete feels like he does not know a whole lot about the Co-op and how it operates. He said, "I don't know as much about them as I probably should." Co-op members could overcome this distance, Rachel suggests, by "coming to meet us." In addition to putting a face to the products customers are buying, meeting producers directly would help them know "what ...retailers would expect in sizing or packaging or quality."

These concerns raise the question of how the Co-op can make local food convenient for wholesale customers without simply reproducing the structure of the dominant food system it set out to challenge. Effectively serving wholesale customers depends upon the Co-op's ability to act like a conventional distributor with convenient ordering and delivery, strong marketing, and professional service. On the other hand, its ability to challenge the dominant food system means it must stand apart from conventional distributors. Providing distinctively local products is a good start, but customers want more. As illustrated above, wholesale customers are interested in interacting directly with growers, which would open communication among the players in the food system and gives customers a sense of who they are buying from. Building stronger connections between consumers and Co-op members could also eliminate some of the concern about member farms not all being certified organic, which is a timely and costly process for producers. With more direct connections, consumers can get to know who they are buying from and their farming practices, without needing a label to convince them of the integrity of the food they purchase. Stronger linkages between consumers and the people and places where their food is produced could also encourage more seasonal eating.

Another result of buying from the Co-op rather than directly from producers is that the person handling the orders may not know a lot about a particular product. Although it's "a lot of information for them to keep track of," Chris thinks the Co-op manager could be "a little more informed about what they're selling," and provide more detailed information about specific products. Chris also spoke about getting zucchini that were too large and watery to use, because he prefers relatively small zucchini. To avoid this issue, he suggested that the Co-op manager pay closer attention to, and keep better track of the individual needs of each customer.

"[The Co-op representing the people, they... might not know what the animals were fed or exactly where they're from; because... they're getting their meat from different ranchers.]"

~ Chris

Improving Delivery

Although the majority of participants are satisfied with the Co-op's delivery service, a few had concerns. For example, Claire feels the Co-op sometimes: "delivers at really inopportune times for a restaurant." Marie only gets deliveries once a week, but would like "twice a week delivery" because "it might make our produce fresher." Several participants do not currently receive deliveries directly from the Co-op; their goods are delivered by a Co-op member, or they meet the Co-op's delivery truck in town. One participant feels that "It would be nice if they could [deliver to me with] their own truck... and deliver more often," instead of having less frequent deliveries from a second-hand delivery person. As the Co-op grows, it may make sense

[Direct delivery] “means that I... don’t have to rely on the chain gang to get products here... Every time things are handled or moved around, then there’s greater chance for something to happen to the product. Temperature changes [are] never ideal.”

~ Matt

for them to add more delivery days or add a second truck to reach more distant customers without going through a secondary delivery person.

“Promote, Promote, Promote!”

Several produce managers think the Co-op can do a better job of promoting themselves. “Promote, promote, promote!” are the words of one produce manager, who thinks the Co-op “should get out there and promote their product.” “A produce manager doesn’t have any chance to promote something,” Pete explains. “So that’s why you need a sign, you need something.” He suggests the Co-op “run a commercial or buy an ad in the newspaper” or “come up with a nice label that catches peoples eye.” Similarly, Rich would like a sales representative to come to his store and help figure out “the best place we can be displaying” the Co-op’s products. Marie would like more display information about the growers for her customers to see: “I think getting together farm biographies would be a good thing for them to do, with some pictures... I think that would be a good selling point.”

In the past year, the Western Montana Growers Cooperative, with help from the Montana Department of Agriculture, has created labels and promotional material as part of an identity preserved marketing strategy. They created a Co-op label, which now appears on each box and bag they deliver, including the name of the farm where produce is grown. They have also created a number of farm biographies with pictures, which appear on their website. At the time of this research, however, photos and farm information were not available for customers to post at their stores and restaurants. It seems that the displays, labels, stories the Co-op is currently creating will be welcomed and used when they are made available to customers.

Additional Concerns and Suggestions

Several participants offered concerns and suggestions. For example, Marie mentioned that she received an order of broccoli that was over-ripe; “When it shows up flowering, loose heads and stuff like that, it just doesn’t sell well.” Others offered specific suggestions. A restaurant owner would like the Co-op to accept credit cards. Another participant would like the Co-op to call earlier in the day because she has “to order from [another supplier]” on the same day and sometimes the Co-op calls too late. She also suggests that the Co-op should be sure of what is available when they call. One participant would like the Co-op to do “more packaging, like bagged carrots, two pound bagged carrots, five pound bagged carrots, two pound [bagged] beets, bagged onions.”

Continuing Support

Overwhelmingly, participants in this study expressed support for the Western Montana Growers Cooperative and the work they are doing. In fact, every participant plans to continue purchasing from the Co-op in the future. Many recognized that the organization is still in the early stages of development. The Co-op is “in its infancy,” says Alice. Will feels that “We’re all so

“It’s really important that the Co-op keeps going; and keeps going and gets even bigger.”

~ June

new to this game that it takes a while to work things out. I'm really excited and I anticipate that this will take off."

Some participants recognize the strides the Co-op has already made in its first few years of operation. They have "come a long way," Rich acknowledged. Likewise, Rachel admits that the Co-op is "working better now than it did a few years ago." Some people offered praise for specific issues the Co-op has already worked through. For example, Rich said that each department at his grocery store needed "its own invoice... but that was a problem that was addressed and taken care of." Similarly, Pete was receiving herbs in bulk, but he needed "the herbs to come in a package with a bar code that can be scanned... with labeling... and they started doing that."

As this study's participants have suggested, the Co-op has taken bold steps toward building the region's local food system. Through cooperative marketing and distribution, the Western Montana Growers Cooperative has addressed many challenges faced by wholesale food buyers who want to purchase local food. Many customers appreciate the high quality of the Co-op's products, and the ease of purchasing a substantial volume and variety of local food from multiple producers through one phone call. They also appreciate the convenience and reliability of the Co-op's delivery, and acknowledge the professional manner in which the Co-op does business. Together, these factors enable the Western Montana Growers Cooperative to meet many needs of wholesale customers better than individual producers can independently. There remain, however, a number of areas in which the Co-op could improve to better serve its customers, including: increasing supply, working to bridge the gap between producers and consumers that exists in a cooperative business, improving delivery, and doing more promotion. The Western Montana Growers Cooperative can work to overcome remaining barriers to local food marketing by continually responding to the needs of wholesale buyers, building a stronger and more vibrant local food system as they evolve.

Building a Better Local Food System

Conclusion and Recommendations

This study set out to better understand the contributions the Western Montana Growers Cooperative makes to the region's local food system. By speaking with a sample of the Co-op's restaurant and grocery store customers, I explored the extent to which the organization helps its wholesale customers overcome the barriers to purchasing local food, and uncovered ways the Co-op can improve its service.

Researchers are working to understand opportunities to better integrate local food into wholesale markets. Previous studies demonstrate that wholesale food purchasers recognize a number of benefits of buying local, but a number of barriers still exist. Some scholars suggest that producer cooperatives selling local food have the potential to overcome many of these challenges.¹⁸

¹⁸ CIAS 1999; Feenstra 2002; Lawless 1999; Starr et al. 2003.

This research adds to existing case studies of producer cooperatives that sell local food, and augments our understanding of emerging local food systems by exploring the experiences of the people buy from the Western Montana Growers Cooperative. Furthermore, the findings of this study aim to help the Western Montana Growers Cooperative celebrate its successes and plan for the future, while serving as a model for other communities who want to expand local food in wholesale markets.

Since 2003, the Western Montana Growers Cooperative has been working to build a better food system by cooperatively marketing fresh, local food to the region's wholesale buyers and enhancing the viability of local farms. With several years of experience under its belt, an expanding customer base, and a new identity preserved marketing strategy, the Co-op is moving towards a profitable business structure. The Co-op recognizes that building its membership base in coming years will be key to building an economy of scale, whereby marketing and delivery costs remain relatively stable while the increasing value of sales generates income to cover the Co-op's operating expenses. More members and a higher volume of products will also enable the Co-op to meet growing customer demand for their products.

This study found that the Western Montana Growers Cooperative helps its wholesale customers overcome many challenges of purchasing local food by providing: high quality products; access to a wide variety of items from many growers; a convenient process of ordering, delivery, and payment; a professional business strategy in-line with industry standards; and somewhat reasonable prices. Despite many positive aspects of buying from the Co-op, however, participants also suggested several areas in which the Co-op could better meet their needs, including: increasing supply; promoting stronger connections between Co-op members, wholesale customers, and end consumers; doing more planning in the off-season; delivering directly to all customers; doing more promotion; and, in some cases, the high prices of Co-op products.

One of the most surprising findings of this study is that participants recognize the Co-op as another link in the food chain that creates distance between producers and consumers. On one hand, the Western Montana Growers Cooperative has created a highly efficient system to bring local food to wholesale markets. Selling to wholesale outlets, however, inherently create a gap between producers and consumers, and the Co-op runs the danger of acting more like a conventional distributor and less like a local food advocate. Creating connections between food producers and consumers is a key component of a local food system.¹⁹ As such, those connections deserve special attention when local food is being sold through wholesale outlets instead of passing directly from growers to consumers. Outreach and education to both wholesale customers and end consumers about the Co-op, its products, and its member farms is a crucial step the Co-op can take towards building stronger connection between producers and consumers in its markets.

Continually acknowledging and addressing the concerns and suggestions of wholesale customers will enable the Western Montana Growers Cooperative to further improve its service and contribute to an emerging local food system in the region. Accordingly, I offer the following recommendations:

¹⁹ Feenstra 2002; Morris and Buller 2003.

Increase supply. Participants in this study would like the Co-op to continue increasing its supply of local products. Incorporating more members into the Co-op is probably the most feasible way to increase the volume and variety of products available. Increasing supply may also enable the Co-op to lower its prices by building an economy of scale with relatively stable operating expenses. Because customers are interested in products the Co-op does not currently offer, including several varieties of fruit, as well as potatoes and corn, the Co-op could invite local producers that grow these items, or request that existing members grow and sell these items through the Co-op. The Co-op could also communicate customer demand to its members and suggest that they sell more high-demand items - especially carrots – through the Co-op.

Create an availability list and update it regularly. Creating a weekly list of available items would help customers know what the Co-op has on hand, especially concerning new and seasonal items. Such a list would also educate customers about seasonal availability of local products. It would also help customers know in advance what items are not available from the Co-op so they can place orders with their other suppliers. The Co-op might also consider posting a weekly list of available products on its website. The Co-op could additionally take a long-term approach to product availability by promoting seasonal products through a seasonal-based recipe book or take-home calendar highlighting seasonal products.

Facilitate stronger linkages between Co-op members, wholesale customers, and end consumers. Facilitating stronger linkages between Co-op members, wholesale customers, and end consumers may be the most critical step the Co-op can take to strengthen the region's local food system. The Co-op could overcome some of the separation between producers and wholesale customers by creating a forum for the two parties to interact. This could take place at a yearly or bi-annual meetings where every Co-op member and customer is invited to share concerns and ideas. Co-op members could also participate in a "Meet your Farmer Day," setting up a table with information, samples, and a farmer for customers to talk to at grocery stores or restaurants. The Co-op could also invite customers to tour its central location or member farms. Some customers would also like more information about the Co-op itself. The Co-op could create a pamphlet that describes the Co-op, its members, and its mission, giving customers a stronger sense of who they are buying from. The Co-op could also tell its story through a menu insert or table-tent for restaurants, highlighting a member farm or product and giving the story of the Co-op itself.

Improve product information. The Co-op should be able to provide detailed information about each product it sells. To do this, the Co-op manager should make sure that he or she is familiar with each new product that comes on-line, and refer customers to individual members with any unanswered questions.

Direct delivery. Participants who currently receive their Co-op orders from a second-hand delivery person or who meet the Co-op truck in town indicated that they would prefer to receive their orders directly from the Co-op delivery truck. As the Co-op's volume of sales and customer base grow, it may be able to add delivery days or purchase a second delivery truck in order to deliver directly to each customer.

Promotion. Although the Co-op's wholesale customer base is growing year by year, they could expand their promotion to the end consumer. The new Co-op label, website, and upcoming brochures are a good starting point for promotion. The Co-op could also promote

itself through television or radio ads, T-shirts with the Co-op label, and more bagged or packaged items displaying the Co-op label. More promotion would contribute to the Co-op's identity preserved marketing strategy creating name and label recognition and educating consumers about the importance and availability of local food.

Building a Better Local Food System

New producer cooperatives selling local food are forming around the country, serving as valuable components of reemerging local food systems. This case study shows that through cooperative marketing and distribution of fresh, high quality local food, and a professional business approach in-line with industry standards, the Western Montana Growers Cooperative makes important contributions to the region's local food system by making it easier for its wholesale customers to buy local food. The Co-op could build upon its achievements by adopting some or all of the recommendations described above. Producers and communities who are interested in strengthening local food systems may consider the cooperative model for marketing local food to wholesale customers, using the lessons from this case study to guide their development.

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