



UNIVERSITY OF ILLINOIS
EXTENSION

**GROWING A NEW GENERATION
OF ILLINOIS FRUIT AND VEGETABLE FARMERS**

AGGREGATION AND FOOD HUBS

Deborah Cavanaugh-Grant
November 2015



Today's Objectives

- Learn about the concept of a food hub
- Learn how aggregation can be beneficial to local growers
- Determine how to incorporate aggregation into your business

Food Hubs: Issues & Opportunities

- What is a food hub?
- Food hubs as rural development
- Local foods “buzz”
- “Everywhere” is a local market
- Food hub as a community entity

What is a “Food Hub”?

- *“A business or organization that actively manages the aggregation, distribution, and marketing of source identified food products, primarily from local and regional products to strengthen their ability to satisfy wholesale, retail, and institutional demand”*



Bob Scaman, President, Goodness Greenness, Chicago, IL
Photo by Leena Krishnaswamy, Northwestern University

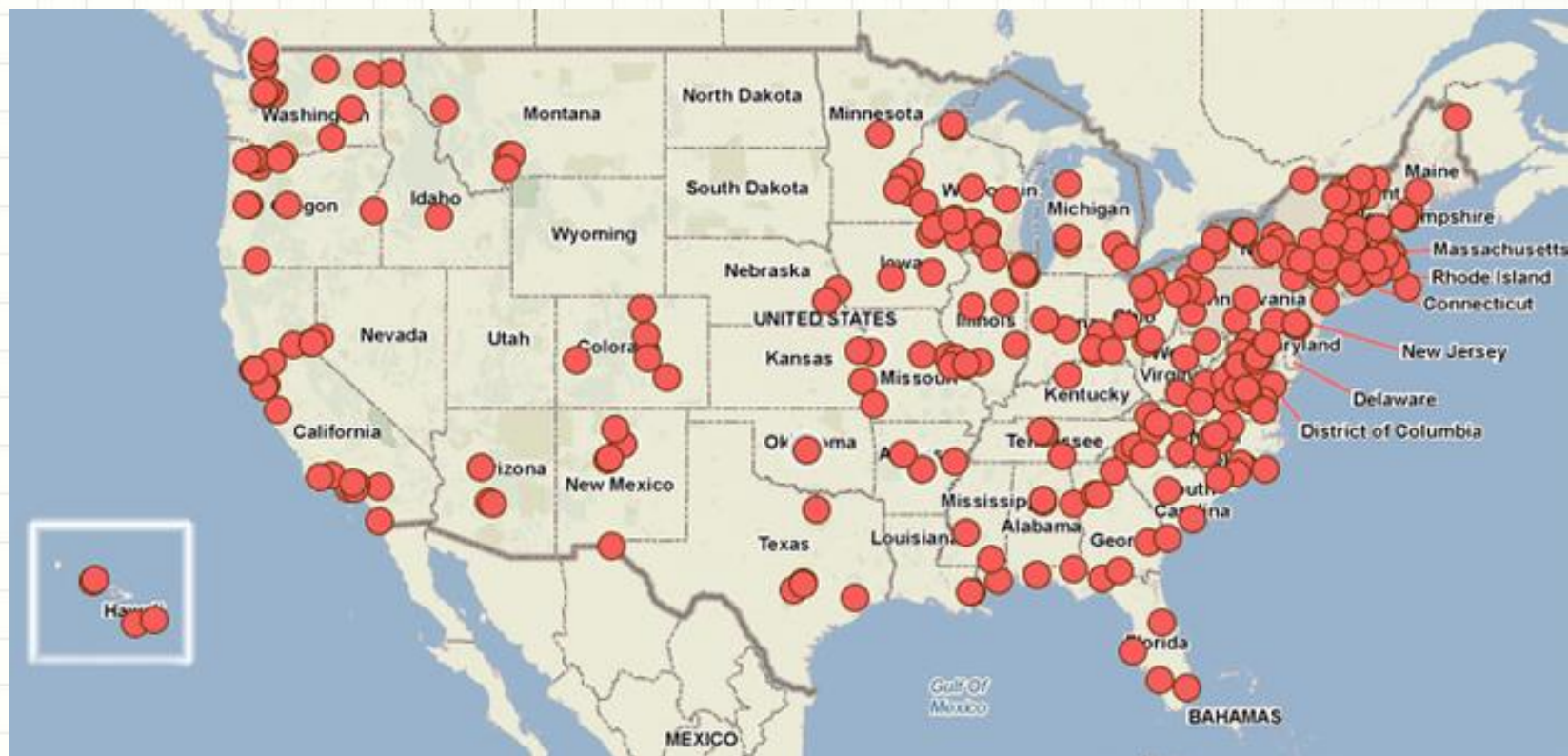
Characteristics of a Regional Food Hub

- Coordinating the aggregation, distribution, and marketing of locally produced foods from multiple producers to multiple markets
- Using one or more product differentiation strategies to ensure the producer can get a good price for their products
- Financially viable
- A positive economic, social, and environmental impact within the respective community
- Working with its value chain partners to achieve common financial and social goals

USDA Regional Food Hub Resource Guide



Regional Food Hubs



National Good Food Network - US Food Hubs Map
<http://www.ngfn.org/resources/food-hubs#section-10>

Food hubs as rural development

- Marketing opportunities for rural food producers
- Lowering entry barriers
- Improving infrastructure
- Job creation



Donna O'Shaughnessy, South Pork Ranch, Chatsworth

Photo by Sean Powers for Harvest Public Media

Local foods “buzz”



- Over the past 10 years, there has been a surge in demand for locally produced foods
- Social values motivate consumer behavior

“Everywhere” is a local market

- The increased demand for local foods is evident in the growth of direct marketing channels and in the number of farmers using those channels to move their products.



Old Capitol Farmers Market, Springfield
Photo by Rich Saal/The State Journal-Register



The National Restaurant Association's annual What's Hot Culinary Forecast



Food hub as a community entity

*What differentiates this new generation of community-based food hubs is the focus on **shortening the supply chain** and often delivering **more than just economic returns**. For some of these community-based food hubs, the intended benefits may extend to a social good, environmental stewardship or capacity building for a group of agricultural producers.*

USDA, *The Role of Food Hubs in Local Food Marketing*



Hand, Michael S. 2010. Local Food Supply Chains Use Diverse Business Models to Satisfy Demand.
USDA Economic Research Service



Regional food hubs are generally classified by either their....

Structure (legal status)

- Privately held food hubs
- Cooperatives
- Nonprofit organizations
- Publicly held food hubs
- Informal

Function (Intermediate Market Model)

- Farm-to-business/institution (F2B)
- Farm-to-consumer (F2C)
- Hybrid (both F2B and F2C)

Functions of food hubs

- Market access for local foods
- Storage and packaging
- Information flow and sharing
- Transportation and distribution
- Brokerage services
- Increasing market share
- Maintaining a consumer-producer connection
- Technical assistance and producer development



Photo by Deborah Cavanaugh-Grant

Market access for local foods

Capital City Fruit, Norwalk, IA

Functions of Food Hubs

Market access for local foods

- Allows for greater distribution of local foods while still retaining the local identity of the product.
- Gives larger wholesale buyers the opportunity to buy a larger volumes with more consistent availability than many growers can provide independently



Photos by Ellen Phillips, Goodness Greenness packaging equipment and storage

Storage and Packaging

Functions of Food Hubs

Storage and Packaging

- Can assist in developing farm branding packaging and labeling.
- Can provide post-harvest handling and cleaning
- Can provide short and long-term proper temperature and humidity controlled storage
- Can sort and package items to market specification



Building Successful Food Hubs

Business Planning Guide for Aggregating and Processing Local Food in Illinois

Illinois Department of Commerce and Economic Opportunity

University of Illinois Business Innovation Services

Illinois Department of Agriculture

FamilyFarmed.org

January 2012

Information flow and sharing



Functions of Food Hubs

Information flow and sharing

- Provides education to buyers and producers about their respective needs and requirements
- Facilitates the exchange of pricing information from the grower and consumer perspective to arrive at the “best price” for all.

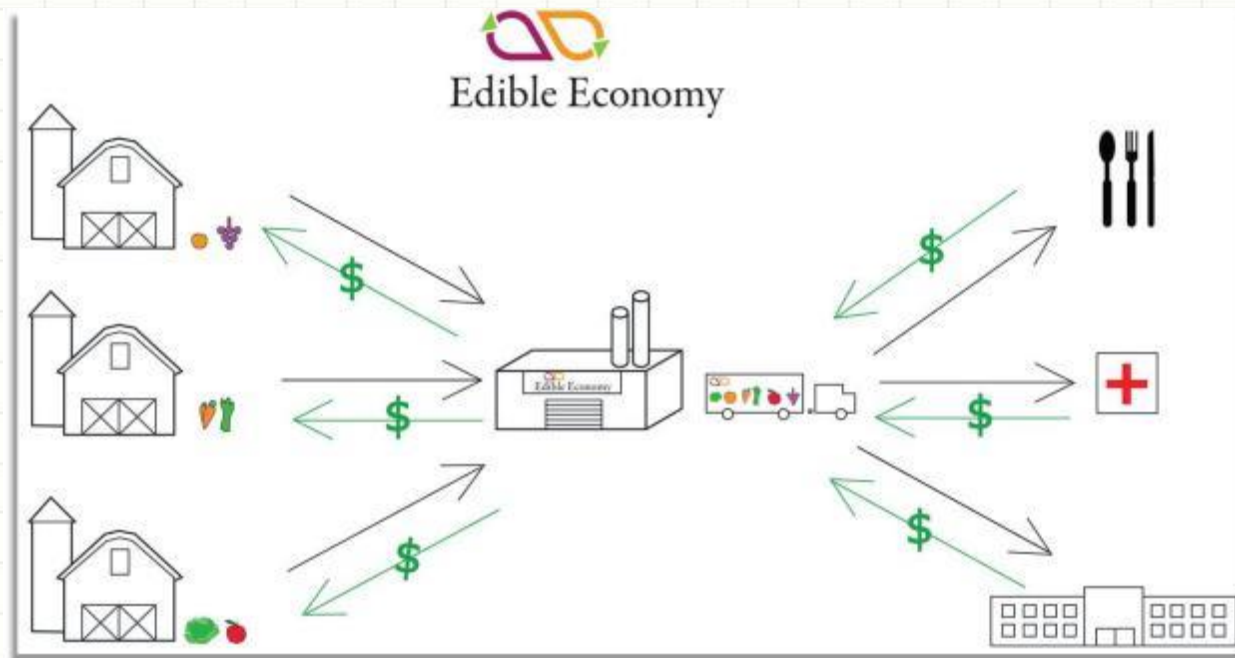


Transportation and distribution

Functions of Food Hubs

Transportation and distribution

- More cost effective to haul a larger diversified load rather than individuals hauling independently.



Brokerage services

Functions of Food Hubs

Brokerage services

- Helping to “match up” a grower with a product to a buyer that needs that product.
- Selling products, coordinating transportation, packaging, and customer service



Photo by Noah Christman

Increasing market share

Functions of Food Hubs

Increasing market share

- Allows multiple farms to “bundle” their products
- Working together provides the consumer with a wider diversity of products and better customer service
- Growers can focus more on producing not marketing
- Allows for more consistent availability of products



[Fresh Moves](#) is a mobile produce market that delivers fresh fruits and vegetables to underserved areas of Chicago, mainly on the West Side.

Maintaining a consumer-producer connection

Functions of Food Hubs

Maintaining a consumer-producer connection

- Allows the local product to retain its “identity”
- Consumers still feel the connection to the specific local farm.



STEVE DAVIS/The Register-Mail

From left, Amy Brucker, Mark Sleeth, Ellen Gibbons, Leslie Schenkel and Jim Stanley participate in a meeting about the possibility of a food hub in Galesburg on Sunday at the Sustainable Business Center.

Technical assistance and producer development

Functions of Food Hubs

Technical assistance and producer development

- Provides grower education to enhance production practices and increase overall productivity
- Helps to coordinate planting schedules for a consistent product supply.

Stewards of the Land



"A group of local families helping to change the world by producing fresh foods for kitchens across Illinois."



Photo by Sean Powers for Harvest Public Media)

Will Travis and Marty Travis, Spence Farm, Fairbury

www.thestewardsoftheland.com

<http://harvestpublicmedia.org/article/food-hubs-try-grow-local-farms>



Good Earth Food Alliance CSA



www.goodearthfoodalliance.com



Gourmet Gorilla, Inc.



www.gourmetgorilla.com

Putting this idea to work...

- “Food Hubs” can be as simple as a collaborated effort between two growers.
- Example: A chrysanthemum grower and a pumpkin grower.
 - Each of these growers can focus on producing a high quality product but still collaborate to make a logical pairing of products.
- What could you do to collaborate with another grower??

Putting this idea to work...

- What could you do to collaborate with another grower??
 - Multi-farm CSA
 - Agritourism
 - Joint Farmer's Market Stand
 - Increasing the number of markets your product is at
 - ???????

Summary

- Food Hubs can take on many shapes but in the end it is “Multiple Producers to Multiple Markets”
- Aggregation can allow your products to get to larger markets you might not be able to reach independently as a grower.

Resources

- The Role of Food Hubs in Local Food Marketing - USDA
<http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5102827>
- Regional Food Hub Resource Guide - USDA
<http://www.ams.usda.gov/AMSv1.0/getfile?dDocName=STELPRDC5097957>
- National Good Food Network - Food Hub Center
<http://www.ngfn.org/resources/food-hubs>
- Michigan Food Hub Learning And Innovation Network
<http://foodsystems.msu.edu/activities/food-hub-network>
- From Farm to Table Building local infrastructure to support local food
<http://www.orionmagazine.org/index.php/articles/article/7807/>

Resources

- Food Hub Benchmarking Study 2014

<http://www.ngfn.org/resources/ngfn-cluster-calls/food-hub-benchmarking-study-2014>

- Build, Prepare, Invest: Assessing Food Hub Businesses for Investment Readiness

<http://www.ngfn.org/resources/ngfn-cluster-calls/assessing-food-hub-businesses>

- Food Hubs and Farm to School

<http://www.ngfn.org/resources/ngfn-cluster-calls/food-hubs-and-farm-to-school>

Resources

- State of the Food Hub - National Survey Results

<http://www.ngfn.org/resources/ngfn-cluster-calls/state-of-the-food-hub-national-survey-results>

- Pathways to Food Hub Success: Financial Benchmark Metrics and Measurements for Regional Food Hubs

<http://www.ngfn.org/resources/ngfn-cluster-calls/financial-benchmarks-for-food-hubs>

- Starting a Food Hub: Successful Hubs Share Their Stories

<http://www.ngfn.org/resources/ngfn-cluster-calls/starting-a-food-hub-successful-hubs-share-their-stories/webinar>



To reach us

Contacts

Contact information

Deborah Cavanaugh-Grant	cvnghgrn@illinois.edu 217-782-4617
Rick Weinzierl	weinzier@illinois.edu 217-244-2126
