**Farmer Distribution Survey Results – 2012**

Farm contact info received from the following distributors (mailing address available upon request)

|  |  |
| --- | --- |
| **Distributor** | **Location** |
| Baldor Specialty Foods | Bronx |
| Brickman Produce Company | Albany |
| Eden Valley Growers | Eden |
| Garden Gate Delivery | Ithaca |
| Ginsbergs Foods | Hudson |
| FarmieMarket | Albany |
| Finger Lakes Family Farms | Interlaken |
| North Country Growers | Massena |
| Red Barn Produce | New Paltz |
| Red Rabbit | New York |
| Regional Access | Ithaca |

Approximately 75 Surveys mailed or emailed, additional calls made to follow-up.

Many producers who were called said that it was impossible to answer a survey during the growing season.

10 surveys returned to date.

Farmers responding to date

|  |  |  |
| --- | --- | --- |
| **Farm** | **Name** | **Location** |
| Stick and Stone Farm | Chaw Chang | Trumansburg |
| Remembrance Farm | Nathaniel Thompson | Trumansburg |
| Daring Drake Farm | John Reynolds | Interlaken |
| Birdsfoot Farm | Kerstin Tengeler | Canton |
| Emmi & Sons | Anthony Emmi | Baldwinsville |
| Davandjier Farms | Anthony Gurda | Pine Island |
| Agle & Sons | James Agle | Eden |
| Orton Farms | John Orton | Ripley |
| Amos Zittel | Bill Zittel | Eden |
| DJ Brawdy Farms | Dennis Brawdy | Eden |

Note: we are continuing to encourage farmers to return surveys.

**TABLE 1 – FARM PROFILES**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Name/location | Size/volume | Products | Market Channels | Organic | Year | Employees | Annual Sales |
| Daring Drake/CNY | Small | Veggies, specialty fruit; ducks | FM; FS; CSA; retailers/restaurant; distributors  | yes | 2001 | 1 FT/2 PT Seasonal | $20,000 - $59,999 |
| Stick & Stone/CNY | Medium | Vegetables; eggs | CSA; FM; retail/restaurant (via distributors) | yes | 1996 | 5 YR FT; 1 YR PT | $250,000 - $499,000 |
| Remembrance/CNY | Medium | Greens, veggies; eggs | CSA; Distributors; retail/restaurant(via distributors) | yes | 2004 | 2 FT/2 PT Seasonal | $250,000 - $499,000 |
| Birdsfoot/CNY | Medium | Vegetables | FM; CSA; Coops; retailers, distributors | yes | 1972 | 2 FT/3 PT Seasonal | $20,000 - $59,999 |
| Emmi/CNY | Large | Vegetables | FS; retailers; distributors | no | 1940 | 1 FT YR; 1 PT YR; 60 FT Season | $1 million or more |
| Davandjier/ENY | Large | Vegetables | Distributors | no | 1976 | 3 FT YR; 20 FT Seasonal | $500,000 - $999,999 |
| Brawdy/WNY | Large | Vegetables | Cooperative | no | 1999 | 8 FT YR; 60 FT Seasonal | $1 million or more |
| Orton/WNY | Large | Grapes | Cooperative | no | 1959 | 2 FT YR; 2 YR PT; 2 FT season | $250,000 - $499,000 |
| Agle/WNY | Large | Vegetables | Cooperative | no | 1976 | 1 YR FT; 1 YR PT; 30 FT season | $1 million or more |
| Zittel/WNY | Large | Vegetables | Cooperative; FS | no | 1898 | 25 FT YR/65 FT Seasonal | $1 million or more |

As you can see above, there is a definite breakdown between the number of channels used and the size of the farm operation. We did not ask farms to indicate acres in production but we are familiar with these farm operations so we could categorize them as small, medium, and large according to the following breakdown. [Small = 10-30 Acres; Medium =30-100 Acres; Large = 100 + acres]. Small and medium sized farms responding to this survey happened to be organic.

Crops produced by these farms included: fresh vegetables (9), small fruit (1), grapes (1), bedding plants (2), poultry (1), eggs (3), maple/honey (1), and grains (1). The primary crop produced by all of the responding farms was vegetables. Other products could be considered supplemental to farm income or they provided some other production benefits (i.e. poultry provides manure for organic farms, grains used in rotation).

 Labor is another indicator of farm size. The larger farms all employ seasonal migrant workers during harvest season. Everyone completing the survey was either an owner or manager of the business.

Annual sales figures for 2011 or most recent available year ranged from $30,000 to over $1,000,000.

An additional differentiation among these farms is that large farms are primarily wholesaling and direct marketing is a secondary outlet representing less than 5% of total sales; whereas for small and medium farms, direct marketing channels comprise the majority of sales and wholesaling accounts 10-50% of sales. See table 2 below.

**TABLE 2a - Question 3. Percent of sales by marketing channel and channels experiencing growing demand.**

[Yes or No (Y/N) indicates growing demand in channel as reported by farmer; if no indication was of growing demand was provided, we assume stable demand]

|  |
| --- |
| **Large Farmer Marketing Outlets****Percent of Overall Sales and** **Growing Demand Y/N** |
| **Market Channel/Farm** | EmmiCNY | DavandjierENY | OrtonWNY | Brawdy WNY | AgleWNY | ZittelWNY | Average (amongchannel users) |
| Farm Stand(s) (your own) | 15% Y |  |  |  | 3% Y | 10% Y | 9% |
| Farm stand(s) (others’) |  |  |  |  |  | 5% Y | 5% |
| Farmers’ markets | 2% Y |  |  |  |  |  | 2% |
| CSA (Community Supported Agriculture) |  |  |  |  |  |  | 0% |
| Food retailers (chain) (directly) | 53% Y |  |  |  |  |  | 53% |
| Food retailers (specialty) (directly) |  |  |  |  |  |  | 0% |
| Restaurants (directly) | .25% |  |  |  |  |  | .25% |
| Distributors | 30% Y | 100% |  |  |  |  |  |
| Processors/packers |  |  |  |  |  |  | 100% |
| Co-op |  |  | 100% Y\* | 100% Y\*\* | 97%\*\* | 85% Y\*\* | 94% |

\*Welch’s – grapes

\*\*Eden Valley - vegetables

Larger farms fall into the following categories relative to distribution and sales: those that primarily do their own marketing and utilize multiple distributors; those that have a primary/sole distributor; and those that belong to a producer owned marketing cooperative. In the case of Emmi & Sons, they indicated using a total of 9 distributors to move their products the majority serving the Syracuse area, along with several large food service suppliers in Binghamton and New Jersey. Davandjier utilizes one company as their sole distributor. In both cases, they have been working with the same distributors for over 20 years. It would be interesting to compare the economics of these farms. Emmi indicated frustration and a desire to scale back on wholesaling in part due dealing with many distributors, and also because of price and communication challenges.

The most common relationship between farmers and distributors is that the farmer delivers to the distributor or the distributor picks up produce from the farm. Cooperatives provided additional services to the farmers including: pick up, aggregation, cold storage, packing, delivery in refrigerated trucks, marketing and sales. Farmers become specialized in growing. All larger farmers indicated they could expand production to meet growing demand. 4 of the 6 farmers said business expansion was attributed to sales to distributors for their farms. Maintaining break even prices is a challenge so even if a farm increases production, sales may not grow proportionately because of downward price pressure.

Distribution relationships between these farmers and distributors were developed over many years hence there was limited information provided on the process of establishing relationships, however, mostly it was farmer initiated. Communication between farmers and distributors is by phone, email or fax. Weekly communication seems to be the norm.

Challenges in working with distributors varied (for cooperatives the challenge is not with the Cooperative but with the distributors/retailers they supply). Quantity of product was mentioned by 4 out of 6 farms; Delivery Schedule by 2; Packing requirements by 2; Communication by 3; Certifications (including insurance) by 3; Price by 4 of the 6 larger farmers.

|  |
| --- |
| **Small and Medium Farmer Marketing Outlets****Percent of Overall Sales and** **Growing Demand Y/N** |
| **Market Channel/Farm** | Daring Drake | Birdsfoot | Remembrance | Stick & Stone | Average (amongchannel users) |
| Farm Stand(s) (your own) | 5% Y | 2% |  |  |  |
| Farm stand(s) (others’) |  |  |  |  |  |
| Farmers’ markets | 60% N | 11% N |  | 17% N | 29% |
| CSA (Community Supported Agriculture) | 25% Y | 49%  | 45% Y | 28% Y | 37% |
| Food retailers (chain) (directly) |  |  |  | 8% Y | 8% |
| Food retailers (specialty) (directly) | 2% Y | 18% N | 30% Y | 27% Y | 19% |
| Restaurants (directly) | 2% Y |  | 20% Y | 12% Y | 11% |
| Distributors | 6% Y |  | 5% Y | 8% Y | 9% |
| Processors/packers |  |  |  |  |  |
| Co-op  |  | 16% Y |  |  | 16% |

**Table 2b – Question 3.**

Small and medium sized farmers are clearly vested in a variety of direct marketing channels. When asked about channels where demand is growing, it is interesting to note that all farmers involved in farmers markets indicated this channel is not growing or is flat. This could be because small and mid-sized farmers are shifting to other direct market channels and consumers are shifting with them. As evidence, all of the farmers indicated CSA demand is increasing. The growth of CSA’s appears to be having a depressing effect on farmers markets as a preferred direct channel for farmers. It should also be noted that in the Market Channel Assessment study performed by Matt LeRoux in 2009, farmers markets were a lower performing channel compared to CSA’s in terms of returns to producers, risk, time, and marketing costs.

[LeRoux, M.N., T.M. Schmit, M. Roth, & D.H. Streeter. 2009. ["Evaluating Marketing Channel Options for Small-Scale Fruit & Vegetable Producers." EB 2009-03](http://agribusiness.dyson.cornell.edu/docs/pub/ext_bull/LeRouxSchmit-EB-2009-03.pdf), Dept. of Applied Econ. & Management, Cornell Univ. April.]

A key challenge for all farmers who sell directly to consumers via farmers markets, farm stands, PYO and CSA methods is to expand the consumer base buying locally produced foods.

The above farmers positively indicated that there is increasing demand from local food retailers, restaurants and distributors for local foods and as a result they are selling more produce to these buyers. For the medium sized farmers in this study, in particular for Remembrance Farm and Stick & Stone Farm, wholesale sales are now approaching half of their sales volume. It is also interesting to note that these two farms participated in the Market Channel assessment study in 2009, and as a result, shifted from doing all of their own delivery to wholesale accounts to delivery by a distributor (mostly Regional Access). A further study would be interesting to follow-up with them to evaluate time savings and the economic advantage to hiring delivery services. Birdsfoot Farm is a member of 2 small organic farmer cooperatives that provide marketing and aggregations functions for distribution. The two cooperatives, Finger Lakes Organic (FLO) and North Country Growers, have distinct buyers. FLO sells primarily to restaurants, specialty food stores and consumer food cooperatives in several urban areas; whereas the other sells in one urban area and to institutional buyers (2 colleges). North Country Growers have lost market share because of GAPS certification. Also there appears to be a marketing barrier for cooperative sales to schools because 10 farms are supplying the produce, not just one (need further explanation as to the nature of the barrier).

**TABLE 3 - Question 24 - Products for which demand has increased most significantly**

|  |  |
| --- | --- |
| Large | Grape tomatoes, small fruits, sweet corn, tomatoes, squash, peppers, cauliflower, kale, hot peppers, early season cucumbers, greens, grapes |
| Medium | Salad greens, winter roots, winter vegetables, green beans, spinach, seed garlic |
|  Small | All fruit, duck eggs |

**TABLE 4 - Question 5 and 14. Certifications that farmers use and encouraged by distributors**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Farm Certification****and if required or encouraged by distributor** | Total | Daring Drake | Stick & Stone | Remembrance | Birdsfoot | Emmi | Davandjier | Brawdy | Orton | Agle | Zittel |
| Organic | 4 | X | X-yes | X-yes | X-yes |  |  |  |  |  |  |
| Low Input | 2 |  |  |  | X |  |  |  |  |  | X |
| Heirloom  | 1 | X |  |  |  |  |  |  |  |  |  |
| GAP | 6 |  | X-yes |  | X-yes | X-yes | X-yes | X-yes |  | X-yes | X-yes |
| Biodynamic | 1 |  |  | X |  |  |  |  |  |  |  |
| Pride of NY | 4 |  |  |  |  | X | X-yes | X |  | X |  |

Food safety regulations were mentioned by 5 out of 10 producers as an increasing regulatory burden to business management and efficiency. Several farmers mentioned that retailers and other buyers are becoming more demanding in terms of what is required for GAP certification. One farmer noted that in order to meet GAP certification requirements, it was necessary to make capital investments on the farm. Recordkeeping and documentation required for GAP also places a time burden on farms. Additionally, one medium sized producer who is not GAP certified mentioned that they are no longer selling to food stores and schools as a result. A few medium sized farmers indicate they are avoiding channels that require GAPS certification. This limits the potential for these farmers to expand into conventional wholesale markets, however, they seem to be comfortable with having multiple outlets as long as there are distribution services available.

**TABLE 5 - Question 7 - Marketing facilities and equipment owned by farm size**

Facilities/equipment for marketing and distribution tend to be owned on the farm, not rented. This holds true across all farm sizes. Some distributors, especially the Eden Valley Cooperative, free the farm from needing to own a lot of equipment.

[Reading table below: “5/6” indicates 5 out of 6 farms own the equipment, etc.]

|  |  |  |  |
| --- | --- | --- | --- |
| **Facilities and/or equipment** | **Large** | **Medium** | **Small** |
| **Washing equipment** | 5/6 | 3/3 | 0/1 |
| **Grading equipment** | 5/6 | 1/3 | 0/1 |
| **Cold storage** | 3/6 | 2/3 | 1/1 |
| **Processing** | 0/6 | 0/3 | 1/1 (cider press) |
| **Delivery vehicles** | 3/6 | 2/3 | 1/1 |
| **Refrigerated trucks** | 3/6 | 0/3 | 0/1 |

From the above summary it appears that cold storage is limited on some farms. Several farmers mentioned that they have made investments in farm buildings for storage and packing as a result of demand. Another indicated that growing demand is driving the need for improved harvesting and grading equipment to handle larger yields (eg bin dumper, grading table).

Processing is not a function performed on these farms as they sell fresh products only.

**TABLE 6 – Question 9 – Services offered by distributors**

Distributor-farmer service relationship:

|  |  |  |  |
| --- | --- | --- | --- |
| **Service/Farm size** | Large (6 farms) | Medium (3 farms) | Small (1 farm) |
| Farmer delivers to warehouse | 5/6 | 1/3 | 1/1 |
| Pickup from farmer | 3/6 | 2/3 | 0/1 |
| Aggregation point | 2/6 |  | 0/1 |
| Other distributors freight product to purchasing distributor | 1/6 | 1/3 | 0/1 |
| Marketing and sales | 4/6 | 2/3 | 1/1 |
| Storage | 3/6 | 1/3 | 0/1 |

Most farms deliver to a distribution facility however, but many distributors also pick up product at farms. Marketing, sales, aggregation and storage are common services provided by the cooperatives used by farmers.

**Summary of Questions 10-13, 19 & 20 - Establishing Farmer-Distributor Relationships and Communication**

10 . The small farmer contacted his current distributor, whereas some of the medium farms were reached out to by the distributor. Large farms generally initiated the relationship with their distributors.

11. Many farmers did not remember the time between the initial contact with a distributor and the first sale. Of those that did remember, answers ranged from just a few days to seven months.

12. To get set up as a vendor with distributors, farmers generally had to complete minor paperwork and show proof of insurance, GAP certification, organic certification, etc.

13. The most preferred method of informing distributors about product availability is phone (6) among larger farms and email among smaller farms (5). Some also drop off a list or meet in person. Only one mentioned having a web list.

19. None of the small producers need more distribution capacity, and two of the larger producers indicated that at peak times during the year they have more product than their distributor needs.

20. Small and large farms almost always find new distributors via word of mouth, and in some cases use advertising or are contacted by distributors.

**Summary of Question 15 & 16 – Pricing**

15. Smaller farms generally set their own prices, with some negotiation. Larger farms follow wholesale markets to set prices, and about half reported negotiating price with the distributor.

16. Small farms almost always receive a premium from distributors for local products. Half of the larger farms reported receiving this premium.

**Summary of Question 17 & 18 – Reason farmers sell to distributors and challenges**

17. Small farmers sell to distributors in order to generate new market connections, gain access to delivery networks, take advantage of other services offered (such as storage and marketing) and deal with surplus product. Large farms also need the delivery networks and appreciated the efficiency of only dealing with a few customers. Some farmers surveyed started or belong to a farmer owned co-op that buys most or all of their products.

18. For smaller farmer, the biggest challenges they have with distributors are delivery schedule, communication, and price. For larger producers, challenges include price, quantity demanded, certifications, and communication.

From the distributor survey, the challenges appear to be similar. Distributors ranked regulations as the highest burden, followed by logistics and price. See table 7 for how farmers ranked challenges in general.

**Summary of Questions 21 & 22 – Impact of distribution on farm business expansion**

21 & 22. Most small and large farms were able to expand as a result of sales to distributors. Generally expansion included new crop plantings, new building and equipment. Several said it was difficult to correlate distributor sales to a specific business expansion, but still agreed that distributor sales were a factor in expansion. However, for small farms the market outlet that contributes most to business growth and capital investments is community supported agriculture (CSA), not distributor sales.

**TABLE 7 - Question 26 - Impediments to business management and efficiency**

[Answers averaged from all responses I by farm size category; 1= not a problem; 5 = major impediment]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Potential Obstacle** | **Large Farm Ranking** **(1 to 5)** | **Medium Farm Ranking** **(1 to 5)** |  **Small Farm Ranking** **(1 to 5)** | **Average – all farm sizes** **(1 to 5)** |
| Pricing | 1.5 | 2 | 1 | 1.6 |
| Acquisition/logistics of getting product to markets | 1.5 | 1.6 | 2 | 1.6 |
| Inventory | 1.5 | 1.6 | 3 | 1.7 |
| Product handling | 1 | 2 | 2 | 1.4 |
| Internal systems (inventory management, ordering management) | 1 | 2.7 | 1 | 1.6 |
| Regulations | 5 | 3.7 | 3 | 4.3 |
| Bookkeeping | 1.5 | 2.3 | 2 | 1.8 |
| Getting paid | 2 | 2.3 | 5 | 2.4 |
| Labor | 5 | 3 | 3 | 4.1 |
| Other (staff management) |  | 5 |  |  |

Based on the above list of business challenges/impediments, regulations are the number one concern of farmers, followed closely by labor. The next highest impediment is getting paid which may be linked to comments about price mentioned elsewhere in the survey as a wholesaling challenge.

We asked farmers to comment on regulatory concerns (Question 27). Following is a summary:

-GAP certification – failure to be certified has resulted in loss of some accounts and a shift into other markets that do not require GAP

-Food safety regulations/GAP mentioned by 5 farms, especially recordkeeping and audit changes

-Labor Laws mentioned by 5 farmers (small and large): H2A reform needed; wage rate and regulations are increasing; worker protection standard

-Audits/fines of all kinds are a concern – labor, GAPS, etc.

-Local Zoning

-High taxes

**Question 28 & 29 – Farm Expansion**

General comments regarding farm expansion:

- limited by labor

-decrease wholesale, increase direct marketing as a way to reduce labor and regulatory burdens

-reduce stress/streamline/focus on maintenance rather than growth/increase income/wages for farm & employees

-identify and grow risk free products, shift away from high risk products

-increase production

-improve harvesting and grading capacity for increased efficiency

-on farm processing (2)

Farmers reported the following expansion plans:

|  |  |  |
| --- | --- | --- |
| Wholesale via Distributors | Wholesale by Farmer | Directing Marketing  |
| 3 | 0 | 4 |

**GENERAL SUMMARY/OBSERVATIONS FROM SURVEY**

Even though the sample of surveys returned was small, it did include producers of varying sizes, using a variety of market channels. Some general trends could be observed from the data provided; in large part these trends are probably not new information rather confirm what we already know.

**NEXT STEPS**

-seek more survey responses (one last call) now that the season is winding down) (Avi)

-update results if more surveys are received (Avi)

-compare farmer comments with distributor comments (from 2011 distributor interviews) - all

-case studies (4) for SFQ article (Monika & Matt)