



Case Study: Food Hubs

Background

The United States Department of Agriculture (USDA) defines a food hub as “a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products.” The increased demand from consumers seeking responsibly grown, local foods has created a need for farmers and local producers to connect with this emerging market in a more efficient way.

Matson Consulting

Because of our agriculture based clientele, Matson Consulting has an extensive contact base throughout the agricultural industry, as well as expert knowledge regarding issues affecting farmers, co-op developers, and local food markets. Our founder, James Matson, has done extensive research into food hubs and their implications, as well as the underlying structure that has contributed to successful food hubs across the United States. He is the author of “Keys to Success for Food Hubs” as well as the article entitled “Virtual Food Hub Helps Virginia Producers Tap into Local Food Markets”. Matson Consulting has also been proud to partner with several food hub cooperatives by producing feasibility studies and offering information and business development assistance.

Case in Point: LuLus Local Food, Richmond, VA.

Lulus Local Food, an internet based virtual food hub, has capitalized on the increased demand for local products by utilizing the internet to connect local food producers with small and large scale customers. Lulus grew out of software produced for Fall Line Farms, an online, farm-to-family co-op that represented more than seventy-five local farms and businesses in Central Virginia. The ultimate success of Fall Line Farms produced a demand for other virtual food hubs utilizing the new software, and in 2008, LuLus was formed. Working with our Second Tier partner, VA FAIRS, Matson Consulting was able to assist LuLu’s in their bid for incorporation, the creation of a business plan, and an application for an AMS FMPP* Grant. Since then, LuLus has grown into an online network of five different physical food hubs: four in Virginia and one in Montana. Each hub operates a number of pick-up locations for a wide variety of local food products. Products sold include fresh fruits and vegetables, grass-fed meats and dairy products, homemade breads, pastas, prepared foods and condiments.





Case in Point: Local Food Hub, Inc. Charlottesville, VA.

Founded in 2009, Local Food Hub (LFH) links local producers to local consumers, ensuring the success of Central Virginia's family farms and making fresh, healthy food available to everyone in the community. Matson Consulting is currently working with them to obtain an AMS FMPP* grant to further increase their influence and accomplish their goals. Local Food Hub plans to continue assisting producers in communicating their business and product stories; strengthening farm brands in consumer markets and ultimately increasing farmer revenue; and reaching urban food deserts through the use of its "pop-up" farmers' market model. Local Food Hub supports a growing network of more than 60 farmers through programs that develop and strengthen existing direct-to-consumers networks. In less than two years, LFH has reinvested more than \$500,000 in family farms and has received widespread recognition, including being highlighted as a leading national food hub model by the USDA.



Case in Point: Sandhills Farm to Table, Whispering Pines, NC.



Sandhills Farm to Table is a multi-farm Community Supported Agriculture venture (CSA) that was organized in late 2009 as a multi-stakeholder cooperative. Because they were formed by a diverse coalition of local business, governmental, non-profit, and faith-based organizations, it was important to Sandhills that their cooperative became a benefit to the entire community. Matson Consulting,

through multiple rounds of strategic planning and information gathering, was able to assist in the selection and organization of the multi-stakeholder format, as well as obtaining an AMS FMPP* Grant. Since its inception just two short years ago, they have made a huge impact in the rural community surrounding Moore County, North Carolina by providing fresh local food to more than 1600 members and donating over \$30,000 to local schools and non-profit organizations. In addition, they have had a tremendous impact on their 35 producer-members by paying more than 70% of the retail food dollars received directly back to them. They continue to innovate and expand their community impact by branching into areas not considered traditional cooperative territory. 2011 marks the first year that they will begin offering community enrichment classes through the cooperative, with the goal of increasing skill levels and drawing the community closer together. Their multi-stakeholder model is providing inspiration for several other nascent



rural cooperatives in North Carolina, as those communities seek locally based solutions to local food needs.

Benefits

While the functions and benefits of food hubs are as varied as the geographic regions they serve, there are some common market functions they provide.

Market access for local foods:

- **For Producers.** Food Hubs facilitate market access (retail or wholesale) that would otherwise be less accessible or completely inaccessible due to scale or location of the food production with respect to the market outlet.
- **For Consumers.** Food Hubs allow local consumers to access local producers. A successful food hub often will provide a larger number of local food providers than a consumer could access individually.

Information flow and sharing: Food Hubs serve as a way for a group of varied producers to maintain the information on where and how the food was produced.

Transportation and distribution: The formalized organization of a food hub provides several mechanisms for creating more efficient and less costly distribution of its products.

Brokerage services: Food hubs help to match farmers with the correct market outlet to fit their scale of production and their production practices.

Increasing market share:

- **By bundling.** A growing type of food hub involves the bundling of product through a multi-farm CSA (Community Supported Agriculture). This allows small and medium scale farmers to reach a greater number of consumers directly.
- **By extending the season.** Food hubs are able to extend the selling season by guaranteeing a consistent supply of local foods over time.

Technical assistance and producer development: Food hubs provide the resources for producers to increase production and/or marketing capacity; whether by helping local farmers transition from growing one crop to another, assisting in pre-season crop planning, or training in aggregation, sorting, grading, packing and shipping.



***USDA Agriculture Marketing Service Farmers Market Promotion Program Grant (USDA AMS FMPP)**

The Farmers Market Promotion Program (FMPP) was created through an amendment of the Farmer-to-Consumer Direct Marketing Act of 1976. The grants, administered by the FMPP, are targeted to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agri-tourism activities, and other direct producer-to-consumer market opportunities. Approximately \$5 million is allocated for FMPP for Fiscal Year 2010 and \$10 million for Fiscal Years 2011 and 2012. The goals of the grant program are to aid in advertising and market promotion; bring local farm products into federal nutrition programs; consumer education and outreach; transportation and delivery equipment purchases; agri-tourism; waste management and green technologies; training farmers in business planning, record keeping and rules and regulations; and market start-up expansion and strategic planning. Entities eligible to apply include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers' market authorities and Tribal governments.

www.ams.usda.gov/AMSv1.0/FMPP