REGIONAL FOOD SYSTEMS IN NEBRASKA: THE VIEWS OF CONSUMERS, PRODUCERS AND INSTITUTIONS

A Report on Consumer, Producer and Institutional Focus Groups

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In February 2013, the Center for Rural Affairs (CFRA) released a report "Regional Food Systems in Nebraska: The Views of Consumers, Producers and Institutions," that analyzed the results of a survey responded to by Nebraskans on local food system issues.

That survey was an activity of a project in partnership with the University of Nebraska-Lincoln, CFRA, and the Nebraska Sustainable Agriculture Society, and funded through a grant from the Federal State Marketing Improvement Program (FSMIP) of the Agricultural Marketing Service of USDA. This project seeks to identify the prospects and challenges of creating a regional food system in Nebraska.

After the survey was completed, CFRA held a series of focus groups for each of the project relevant groups – consumers, producers, food-serving institutions and grocery stores. This supplemental report provides findings and observations from those focus groups.

This project uses certain meanings for "local food" and "regional food." "Local food" or "regional food" have no precise definitions, nor is it legally defined in the way that legislation has defined "organic." For purposes of this project, "local food" is defined as food and food products that are produced or processed locally and are not brought in from outside the state. "Regional food systems" are defined as efforts to build more locally-based, self-reliant food economies so Nebraskans don't send 90 percent of their food dollars out of state. Some consider "local" to describe food from a 50-mile or 100-mile distance from where it is sold. Others say a one-hour drive from the market or other place where sold. Thus it is important to define what is meant by "local" when using the term in food marketing or sales.

The quotes included below are direct quotes from focus group participants.

Key Findings

Consumer Views

- Consumers who participated in the focus groups expressed a strong interest in local foods.
- Consumers had a general belief that the production and purchasing of local foods was possible if it could be determined how it could be done.
- Consumers expressed frustrations with the common vehicles used to market and sell local foods, particularly farmers markets.
- Consumer frustrations focused on selection of food products, food choices, business hours of farmers markets and locations of farmers markets.
- Consumer education and knowledge is critical to allow consumers to know where to find local foods, what to ask about the products, who to ask about the products and what producers are selling what local food products.

- Consumers have some degree of “sticker shock,” concern that the prices of local foods are often out of their price affordability range.
- Consumers had numerous concerns and apprehensions about farmers markets that could affect the success of farmers markets and the likelihood of consumers supporting them. Consumers concerns about farmers markets centered on consumer knowledge, consumer convenience and basic business practices.

Producer Views

- Producers who participated in the focus groups generally believe they were meeting current demand for local foods.
- Producers are interested in expanding their production and markets, but are concerned about available land and labor to do so.
- There exist disconnects between the wants of consumers and the perceptions of producers as to how they accomplish selling local foods. Consumers are focused on receiving the same convenience and service they are accustomed to in other retail settings. Producers appear more focused on growing and producing the products and the societal benefits of local food production and sales.
- Producers believe relationships are the biggest and most important component of any local food project.
- Producers have mixed feelings about local food sales relationships with institutions. Producers believe some grocery stores are good to work with, other grocery stores not so good. According to producers, institutions want high volume but pay low prices. This view was confirmed by institutional representatives participating in the focus groups.
- Producers offered numerous barriers to local food production and sales, including local processing, access to land for beginning farmers, consumers knowing how to cook the local food products they purchase, the cost of local food products, the urban-rural consumer willingness to pay difference, and purchases by institutions were seen as a barrier.
- Producers offered numerous advantages to local food production and sales, many of which were societal in nature.

Institutional Views

- Institutions were the most pessimistic and negative toward local foods of the groups participating in the focus groups.
- Institutional representatives stated they would purchase local food products if they could, but had a collective negative view while focusing on the barriers of local food purchases.
- Institutional representatives expressed a fear about the safety of locally produced food.
- Institutional purchases of local food products are currently limited and limited to a few types of products.

- Institutions offered a host of barriers to local food purchases, including cost and availability; lack of farmers in the institution's area raising or producing food products that would be sold locally; liability and insurance issues; assumptions by institutions that food produced locally is not safe; price and required volume; convenience; insufficient staff, time and budget to prepare and process locally produced food products; and existing rules and contracts.
- Institutional representatives participating in the focus groups showed mixed (at best) interest levels in purchasing local food products. Those with any interest placed conditions on that interest (numerous "if" statements).

The Focus Groups

A total of five focus groups were held for this project. The focus group locations represented a diversity of Nebraska geography. A total of 58 people attended the five focus groups. Dates, locations and the number of attendees were:

- April 25, 2013, Lincoln, Nebraska – Five consumers, 12 producers and seven institutions
- April 26, 2013, Tecumseh, Nebraska – one producer and four institutions
- May 2, 2013, McCook, Nebraska – three consumers, three producers and two institutions
- May 3, 2013, Ord, Nebraska – one consumer, eight producers and one institution
- May 9, 2013, Norfolk, Nebraska – seven producers and four institutions

Participants were recruited to the focus groups by CFRA by electronic alerts to the CFRA database within a 50 mile radius of focus group locations and through personal contacts with institutions in the city or town hosting the focus group or institutions in nearby towns. In addition, the Nebraska Sustainable Agriculture Society forwarded an invitation to its members in proximity to focus group locations.

Consumers

In general, consumers who participated in the focus groups expressed a strong interest in local foods. Consumers had a general belief that the production and purchasing of local foods was possible if it could be determined how it could be done.

However, consumers also expressed frustrations with the common vehicles used to market and sell local foods, particularly farmers markets. Consumer frustrations focused on selection of food products, food choices, business hours of farmers markets and locations of farmers markets. Frustrations seemed to focus on consumer opinions that vehicles used to market and sell local foods are designed around the convenience to producer sellers rather than what is most convenient and helpful to consumer buyers.

Consumers and General Thoughts about Local Food

Consumers participating in the focus groups stated that education and knowledge are the keys to making local food production and marketing a success. Without education and knowledge, consumers believed they would have no idea where to find local foods, would not know what to ask about the products, would not know who to ask about the products and would not know what producers are selling what local food products. As we found in the preceding survey report, all of these consumer opinions are connected to basic business practices and may mean more business training is needed for those operating farmers markets. It is a challenge for farmers to be both farmers and marketers and sellers of their products. Training and education that would assist with that balance could produce better outcomes for both producers and consumers.

Consumers in the focus groups also expressed some degree of "sticker shock." Consumers expressed concern that the prices of local foods are often out of their price affordability range.

Types of Consumers and Local Foods

The focus groups revealed two types of consumers related to local foods – those looking for local foods and normal food shoppers.

Those looking for local foods are aware of local foods, the type of food products and where they can be purchased and from whom. These are the consumers driving the increased demand for local foods. They are also aware of all the economic and societal reasons to purchase local foods specifically and to purchase locally in general.

Normal shoppers, on the other hand, are unaware of the "local food movement" and reasons to purchase locally. In addition, normal shoppers are unaware what questions to ask about local food products and who to ask. Normal shoppers, therefore, are less likely to be active purchasers of local foods without more knowledge and education.

Consumers, Farmers Markets and Local Foods

Consumers participating in the focus groups expressed a high level of interest in local foods. Farmers markets are consumers' most common connection with local foods and seem to be generally appreciated and patronized. Most of the consumers participating in the focus groups patronize farmers markets, but the majority does not do so for societal benefits. Most consumers participating in the focus groups go to farmers markets for the food products.

As such, consumers had numerous concerns and apprehensions about farmers markets that could affect the success of farmers markets and the likelihood of consumers supporting them. Comments by consumers at focus groups about farmers markets included:

- Markets are not accessible

- Market hours are wrong and not appropriate for consumer needs
- Market locations are wrong and did not meet consumer convenience
- Consumer education about local foods is lacking; consumers do not know the questions to ask producers about local foods
- Consumers often feel uncomfortable at farmers markets. They feel compelled to purchase something or leave.

Consumers such as those participating in the focus groups are used to extreme convenience in their food purchases and, while interested in and supportive of local foods, they are frustrated farmers markets do not provide that same level of convenience. While it might be too much to ask farmers markets to provide the same level of consumer convenience as do grocery stores (especially large super-center grocery stores), bringing producers and consumers together on issues of convenience would seem to be necessary for the success of any local food market and a regional food system.

Producers

Producers who participated in the focus groups generally believe they were meeting current demand for local foods. While interested in expanding their production and markets, producers were concerned about available land and labor to do so.

As a general observation, it was clear that producers will sell their products where markets are the best. The selling vehicle (farmers markets, community supported agriculture operations or direct marketing) will vary by financial outcomes and the individual preferences of each producer. The preferences of sellers will sometimes be in conflict with the desires and needs of consumers. As outlined in the earlier report on the project survey, there are disconnects between the wants of consumers and the perceptions of producers as to how they accomplish selling local foods. For example, our surveys indicated large majorities of consumers that purchase local food products do so at farmers markets and grocery stores; a lesser number of consumers purchase directly from producers and few consumers purchase through community supported agriculture enterprises. The surveys also indicated large majorities of consumers want more local food products sold through methods that are most convenient to them – grocery stores, restaurants, direct purchasing and farmers markets. Significantly fewer consumers want to purchase local foods through community supported agriculture enterprises, a method seen as less convenient to consumers.

Producers and Local Foods

Producers participating in the focus groups believe, in general, they are meeting the demand for local foods. Producers did comment that they are challenged with growing enough volume and transportation of their products. The vast majority of producers stated that meeting demand was not an issue, but that transportation was the primary issue.

Many of the participating producers are interested in expanding their operations, but access to land and workers are barriers that prevent expansion.

Producers are faced with an important, chicken or egg challenge in their decision-making. Producers interested in expansion face the ultimate question – should I scale up now, or wait for a market to grow.

Producers, Experiences in Local Food Sales and Consumer Relationships

Producers participating in the focus groups had varied experiences with local food sales and varied opinions about those experiences. All producers, however, believed relationships are the biggest and most important component of any local food project.

> *"Farmers used to not know about what happened to what they sold. When you look the consumer in the eye and they tell you how good it is, their personal satisfaction that they like and approve of what you have is a big benefit to the producer."* Producer

A major issue producers mentioned in the focus groups was getting paid for what they grew. Consumers are generally used to the existence of a "cheap food" policy as the result of agricultural public policy. However, when dealing with local producers in local food sales that is not necessarily the case. This would appear to be another potential conflict between producers marketing local food sales and potential customers.

Producers had mixed feelings about local food sales relationships with institutions. Some producers stated certain grocery stores were very good to deal with (locally owned stores and Hy-Vee were mentioned as examples). Conversely, some producers stated other grocery stores did not pay attention to the food and had poor displays of their products. Many producers participating in the focus groups stated they never sell their products to grocery stores, but sell to other institutions.

Following on their belief that relationships are key to any local food sales project, producers in the focus groups talked extensively about consumer relationships. Producers have close relationships with their customers and stated they want to be true to their customers. But producers participating in the focus groups are concerned that relationship may change if operations are expanded. Producers are concerned that if they expand they will be unable to provide loyal customers what they need and what they expect. In addition, producers stated that expanding operations will require them to search out customers, rather than to presumably rely on those customers they have cultivated over their years in selling local foods.

Producers and Barriers to Local Food Production and Sales

Producers participating in the focus groups were invited to discuss barriers they saw to local food production and sales. Barriers offered by producers included:

- A lack of local processing.
- Getting beginning farmers started growing and producing local foods. The biggest barrier cited to beginning farmers was access to land.
- Consumers knowing how to cook the local food products they purchase. If a consumer does not know how to cook a food product they purchase it will not taste good and the consumer will not purchase it again.

> *"A lot of folks have never tasted fresh produce. Taste test is the best way to sell fresh food. Until they actually taste it or give them ideas on how to cook with it they won't buy it." Producer*

- The cost of local food products was offered as a barrier, particularly the willingness to pay for local food products by city residents and rural residents.
- Purchases by institutions were seen as a barrier. According to producers, institutions want high volume but pay low prices.

Producers and Advantages to Local Food Production and Sales

Producers participating in the focus groups offered numerous advantages to local food production and sales, and many advantages were societal in nature. Advantages offered by producers included:

- Local food production removes the middleman from the selling process. To producers that is an opportunity to make more money.
- Local food production allows producers to experience more exposure from local consumers.
- Local food production allows producers to give back financially to the community. Producers cited a community multiplier of revenue generated through sales of locally produced products.

> *"Biggest thing for me is that for every dollar spent locally it generates four. If people really believe in their churches, hospitals, schools, they will purchase locally." Producer*

- A sense of personal satisfaction. Producers cited satisfaction from seeing consumers liking the food they purchase.

> *"You get to build a connection and trust with the consumer and start the education process about the quality of the product, nutrient value, how animal is treated, and how it impacts the environment." Producer*

- Ability to provide better food to local consumers.

"Doing the right thing and doing it smaller is economical. It's not expensive to eat well...have you priced cancer lately?" Producer

- Ability to market one's products. Producers stated that venues of local food sales are like no other venue because they allow one to set the price for what is produced.

"My reason for getting into it was about marketing. There is no other place that I can set the price for what I'm producing. When others determine your price, your kids are gone. Change it around by setting the price on your own product." Producer

Institutions

Institutions were the most pessimistic and negative toward local foods of the groups participating in the focus groups. When asked about their interest in purchasing local food products, institutional representatives generally answered they would if they could, but had a collective negative view while focusing on the barriers of local food purchases. Institutional representatives expressed a fear about the safety of locally produced food. Institutions expressed that they appreciate that currently the food purchasing system is streamlined process through distribution companies, making it a one-stop-shop process that makes ordering and transactions easier.

Institutions and Current Local Food Purchases

Institutional purchases of local food products were limited. Current purchases of local food products by institutional representatives participating in the focus groups included:

- Fruits and vegetables
- Some milk, vegetables and bread (NOTE: All of the producers and companies mentioned in this comment are Nebraska-based, but larger, commodity-type companies, so that raises the question of what definition institutions use for "local")
- Any local food products are donated, not purchased
- Popcorn, sunflower oil, eggs, meat, fruits, vegetables (comment of a local grocery store)

Institutions and the Barriers and Challenges to Local Food Sales

Institutional representatives participating in the focus groups offered a host of barriers and challenges to local food sales. Those barriers and challenges offered included:

- Cost and availability due to the seasonality of Nebraska agriculture (offered by school representatives)
- The lack of farmers in the institution's area raising or producing food products that would be sold locally (also offered by school representatives)
- Liability and insurance issues. Institutions are unaware of what farmers do for food safety.

- Assumptions by institutions that food produced locally is not safe. It should be noted that others commented this is purely an assumption and that institutions do not take the time to learn about producer food safety practices.
- Price and required volume.

> *"I have to meet a purchasing threshold from our supplier or they will not sell to us. That makes purchasing local food very difficult."* Institution

- Purchasing local food products is inconvenient. Institutions stated such purchases take too much time and that the purchasing process (e.g., bids, prices, etc.) needs to be easier.
- There is insufficient staff, time and budget to prepare and process locally produced food products.
- Distribution
- Aggregation
- Existing contracts
- Existing food codes and regulations
- Approved vendors are often mandatory

Institutions and Interest in Purchasing Local Food Products

Institutional representatives participating in the focus groups were asked about their interest in purchasing local food products. Interest levels were mixed at best. Those with any interest placed conditions on that interest (numerous "if" statements). Basic comments offered by institutional representatives as to their interest were:

- Some interest if it is easy (easier than current supplier)

> *"The process has to be as easy as possible if I'm going to purchase local food."* Institution

- If the work was done for the institution
- The institution receives free ground beef from USDA – why is there a need to purchase it?
- If the food product was ready for the plate
- If the purchases were financially feasible
- Need knowledge about the producer's safety and handling practices
- Need to be able to track the food products

Conclusion

This report and the previous report on the survey of producers, consumers and institutions – *Regional Food Systems in Nebraska: The Views of Consumers, Producers and Institutions* – both show that there is significant interest in creating local and regional food production and marketing systems in Nebraska, especially among producers and consumers. There is also interest among institutional buyers, but major obstacles and barriers exist that will have to be resolved.

Both the surveys and focus groups done for this project show there are also issues between producers and consumers that require answers before local and regional food systems can be truly successful. The usual food buying experiences of consumers (locations, hours, convenience) do not always translate to a local or regional food buying experience. Farmers are experienced in farming and growing and producing the products for sale; their skills in marketing and basic business operations may be lacking at times. Balancing the expectations and needs of consumers and the skills and desires of producers will be necessary to create long-term successful and sustainable local and regional food systems. However, all groups with a stake in the food system appear to want to make local and regional food systems work. It is incumbent now to capitalize on that support and enthusiasm.

It is clear from the survey results and the focus groups that all three groups (farmers, consumers and institutions) will need to collaborate to make regional food systems in Nebraska a viable reality. Those involved in developing regional food systems also have questions to address for future viability. In our view what is needed to bring about this collaboration includes:

- Development of a state food policy council or local and regional food policy councils to organize regional food systems and determine the strengths, challenges and needs of localities and regions in relation to food systems.
- Local and regional entities to develop infrastructure necessary for the cultivation and advancement of regional food systems. Needed infrastructure includes information and education for consumers and institutions on local foods, their advantages, how to purchase them and how best to use them; non-farm business training for farmers involved in local food production and marketing; and “bricks and mortar” infrastructure such as distribution and retail channels.
- An issue that was not discussed much in either survey responses or focus groups was the issue of distribution. In a state like Nebraska geography is crucial to feasible distribution. As it relates to food systems, geographically challenged or remote communities could include almost any community outside of Omaha and Lincoln or any other population center. If regional food systems are to be viable in more geographically remote communities, questions of distribution and aggregation must be discussed and dealt with.
- Questions and issues of resources – both financial and human – are, of course, always paramount in developing new systems and infrastructures. Communities and regions developing food systems must develop sources of funding for needed infrastructure, communications, networks and training. These funding sources will likely need to be alternatives to government funding, and significant questions exist as to the source of

needed resources. With the collaboration of all interested stakeholders, however, that question is not insurmountable.

Nebraskans raise some serious questions, challenges and needs that must be addressed for regional food systems to have a viable future in the state. However, they also express genuine interest in seeing regional food systems become part of the state's food landscape and indisputable excitement about making regional food systems become a workable part of Nebraska's food production, marketing and consumption approach. Matching the questions and needs with the interest is the next step in making regional food systems a reality in Nebraska.

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We thank all the individuals, businesses and organizations who participated in the focus groups, completed surveys and provided all the information detailed in this report. Their candor and experiences will serve to develop local food production and usage in Nebraska and help create successful regional food systems in the state.

ABOUT THE CENTER FOR RURAL AFFAIRS

Established in 1973, the Center for Rural Affairs is a private, nonprofit organization with a mission to establish strong rural communities, social and economic justice, environmental stewardship, and genuine opportunity for all while engaging people in decisions that affect the quality of their lives and the future of their communities.