

EXECUTIVE SUMMARY

Vermont Producers & Wholesale Markets: Survey Results

In the fall of 2014, The Vermont Agency of Agriculture Food and Markets (VAAFAM) developed and administered a survey to Vermont food and farm businesses. The goal of the survey was to better understand food and farm businesses that are currently engaged and/or interested in selling to institutional and other wholesale markets. The Northeast Organic Farming Association of Vermont (NOFA-VT) and VAAFAM enlisted a food systems researcher with expertise in statistical analysis to analyze the survey results to determine Vermont producers' interest in and current service to institutional and other wholesale markets. This executive summary highlights key results of the survey and their implications for technical assistance to Vermont producers.

METHODS

Surveys were sent to stakeholders in the Farm to Plate Network and all known Vermont food and farm businesses. Data analysis of 119 producer's surveys focused on how food and farm businesses with different experiences and aspirations in wholesale markets answered questions on certification, infrastructure, and barriers to selling in wholesale markets. The survey sample was comprised of diverse types and scales of producers.

KEY RESULTS

There is significant interest in serving wholesale markets among Vermont producers. 60% of respondents are already serving wholesale markets, and an additional 34% want to start serving wholesale markets.



Businesses already selling to wholesale markets are more likely to have invested in critical pieces of on-farm processing, storage, and distribution infrastructure.

Wholesale sellers are more likely than businesses not selling in wholesale markets to have dry and refrigerated storage, a washing station, a packing facility, and a dedicated staff driver. These key pieces of infrastructure help businesses meet the demands of wholesale markets.



Businesses already selling to wholesale markets are more likely to see consistency, logistics, product specifications and processing as barriers less so than price. Wholesale markets require participating businesses make a complex set of investments, spanning: adopting effective practices for production, logistics and marketing; record keeping; relationships; equipment and infrastructure. Even with these investments, meeting wholesale requirements are an ongoing challenge for food and farm businesses. Continued efforts to meet the logistical barriers may pose a challenge and prevent expansion for many maturing operations. Surprisingly, price and profitability are not significant barriers, suggesting wholesale markets can be part of a successful business's marketing portfolio.

Selling to wholesale markets allows businesses to invest in key infrastructure. About 40% of wholesale sellers reported making investments in capital infrastructure and new on-farm facilities *as a result of selling to wholesale markets*, suggesting participation in

wholesale markets allows businesses to expand and/or mature.

Businesses are willing to adjust their business models to meet demands of wholesale markets.

Nearly a third of respondents that currently sell in wholesale markets reported developing a formal food safety plan and changing the mixture or characteristics of their products to meet wholesale market demands. These adaptations would likely not have been made if the businesses were not confident that the wholesale market was a viable option, thus echoing the finding that experienced wholesale sellers are less concerned about profitability than meeting product form or consistency requirements.

Businesses engaged in wholesale markets are more likely to be certified organic. For producers who rely largely or solely on direct-to-consumer markets, certification may not be cost effective. For producers serving wholesale markets, however, buyers may require or reward the certified organic label, and it may bring a premium price in the wholesale marketplace.

Businesses already selling to wholesale markets are more likely to profit from excess product and 'seconds' by selling them to institutions or wholesale buyers. These businesses already have established relationships with institutions and wholesale buyers that want to purchase excess product or 'seconds' at a lower price.



Surprisingly, price and profitability are not significant barriers; wholesale and institutional markets can be part of a successful farm or food business's marketing portfolio.

IMPLICATIONS FOR OUTREACH & FURTHER RESEARCH

- Technical assistance providers can work to ensure farmers and food businesses identify infrastructure investments through model business plans.
- Technical assistance can help both current and prospective wholesale businesses better understand the needs of buyers, including processing, consistency, and food safety requirements.
- Case studies of farm and food businesses who have made the needed investments and successfully sell wholesale can help guide investment priorities and inform how debt service and cash flow result.
- Interviews with buyers and producers can inform best practices for meeting the consistency, processing and safety needs of wholesale markets.

