

UNIVERSITY OF VICTORIA

Marketing Local Food in the Regional District of Nanaimo

ADMN 598 Project

Prepared by: Catherine Rolfe for Nanaimo Foodshare Society

Crystal Dennison, Client
(Executive Director, Nanaimo Foodshare Society)
Dr. Lynda Gagné, Supervisor
(School of Public Administration, University of Victoria)
Dr. Kimberly Speers, Second Reader
(Department of Political Science, University of Victoria)
Dr. Budd Hall, Chair
(School of Public Administration, University of Victoria)

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EXECUTIVE SUMMARY

Objectives

Agriculture has an important place in the history of the Regional District of Nanaimo (RDN) and continues to be an important part of the regional economy. Studies by Stovel (2008) and Vancouver Island University (2009) have shown that the demand for locally produced food in the RDN and on Vancouver Island is increasing, yet some local food producers in the RDN struggle to adequately take advantage of this demand, which contributes to diminished returns and the continued reliance in the region on imported food. There are numerous reasons why producers struggle to take advantage of the demand for local food, but this study focuses mainly on their challenges to effectively market their products.

The purpose of this study is to assist Nanaimo Foodshare Society (NFS), the client, in meeting its mission to educate and empower through sharing information and resources in order to strengthen and support sustainable food systems in the RDN.

The study assists NFS by:

- Providing information about what RDN local food producers sell and the marketing methods they use;
- Identifying additional marketing methods that could be introduced and improvements that could be made to existing methods; and
- Collecting data to inform an interactive online map made by NFS that will list the local food producers in the region, what products they market and how.

Methodology

The following activities were undertaken to answer the research questions:

- An Internet survey and an Internet search of local producers to identify products sold and marketing methods used;
- Interviews of individuals who are attempting or attempted to set up alternative marketing methods for local food in the RDN to identify the barriers and challenges they faced and obtain their perspectives on the viability of alternative marketing methods in the RDN; and
- A review of the literature on local food marketing methods and the organizational structures that support these methods to identify their advantages and disadvantages.

Findings

The literature review revealed the following about alternative marketing methods and organizational structures:

- Farmers' markets are the primary source of annual gross revenue for half of the producers in BC who sell through them. They provide many advantages and enable producers to reach consumers in a cost effective way. They have the disadvantage of being less convenient than grocery stores and sometimes do not have the capacity to accommodate everyone who wishes to sell through them;
- Farm gate sales can be a simple, cost effective way for producers to reach consumers, but this method does not provide the business incubation and promotional assistance that farmers' markets do and regulations are sometimes onerous;
- Community Supported Agriculture (CSA) has the advantage of risk sharing between the producer and consumer but it generally requires a higher level of production expertise than other methods. Also, CSAs may appeal to a smaller demographic than other marketing methods;
- Food box programs vary from Good Food Box operations where consumers have less choice in what products they receive to comprehensive online operations where consumers can choose products at will. The lack of choice deters some consumers from participating in Good Food Box programs, while online food shopping generally appeals to a smaller demographic;
- Food hubs exist in many forms and there is not an agreed upon definition of the term. Food hubs have existed for many years in the United States (US) but are only just beginning to emerge in Canada.
- The agricultural co-operative structure enables producers to pool their knowledge and resources in a business that may be more resilient to market fluctuations than conventional private businesses. This structure is vulnerable to breakdown if members become apathetic and individualistic;
- The non-profit structure can be less susceptible to breakdown from individualistic attitudes and also may have better access to grant funding than co-operatives or for-profits. However, non-profit members generally have less control over decisions, and many non-profits struggle from lack of access to capital and heavy competition for grant funds; and
- The for-profit structure gives owners a significant amount of control and may be easier to finance. However, there is no risk sharing advantage so, depending on the for-profit structure, owners can be liable for the business' debts and obligations.

The Internet survey and Internet search determined that farmers' markets are the most widely used marketing method in the region, with the farm gate method coming a close second. CSA is not a very widely used method, and the food box method is the least used. The survey and Internet search also determined that there

are two co-operatives in the RDN, one producer co-operative and one multi-stakeholder co-operative, and that there is no food hub in the region.

In order to determine what opportunities exist in the RDN for marketing methods to be introduced or improved upon, the literature review findings were compared to the data collected through the Internet survey, the Internet search and the interviews. This revealed that there are additional methods that could be improved upon or implemented in the RDN; namely, additional producer co-operatives, multi-farm CSAs, online food box businesses and a food hub or a co-operative of food hubs.

Recommendations

While NFS offers programs aimed at building the skills and knowledge of the general public, the recommendations focus on the overarching aim of NFS to build a strong relationship with local food producers by offering education programs and information on local food marketing.

The main recommendations of this report are to:

1. Publish educational materials and offer training workshops on:
 - Local food marketing, including regional food hubs;
 - Producer cooperatives;
 - Government food and inspection regulations and policies;
 - How to create an online presence; and
 - Crop and production planning for CSAs.
2. Partner with local organizations to develop educational materials and workshops for producers. Specifically, partner with:
 - Farmship Co-operative to give an information session about producer marketing co-operatives;
 - Heart and Soil Organics to give an information session about its online box program; and
 - The British Columbia Co-operative Association (BCCA) to give an information session about food hubs that is based on the findings of the BCCA's research on co-operative food hubs.
3. Undertake online food box shopping marketing research.

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INTRODUCTION

Over the last 50 years, the world's food system has become increasingly globalized due to cheaper transport and communications, reductions in trade barriers and agricultural tariffs and the liberalization of foreign direct investment rules, which has led to the consolidation of agri-businesses into a few large, global players (Godfray et al., 2010).

In recent years, the globalization of food has led to concerns about environmental degradation, consumer health and the economic and geopolitical costs of fossil fuels used in industrial agriculture. These concerns have resulted in an increased focus on building the capacity of local and regional food systems in order to increase their self-sufficiency beyond the global food system and to decrease fossil fuel use, bolster local and regional economies and reconnect consumers with their food and the people who produce it (Macias, 2008).

Over the past several years, both farmers and retailers on Vancouver Island have seen an increased demand for local food, stemming from people's desire to eat healthier food, support the local economy and protect the environment as the carbon footprint of the global food system is huge (Stovel, 2008; Vancouver Island University, 2009). This is consistent with what has been found in the literature (Cheng & Seely, 2012; de la Salle, 2010; Macias, 2008; Matson, Sullins, & Cook, 2013).

The purpose of this study is to:

- Identify what Regional District of Nanaimo (RDN) local food producers sell and the marketing methods they use by conducting a survey, Internet search and interviews;
- Identify additional marketing methods that could be introduced in the RDN and improvements that could be made to existing methods by conducting a literature review and interviews; and
- Collect data to inform an interactive online map made by NFS that will list the local food producers in the region, what products they market and through what methods by conducting a survey and Internet search.

While there have been many location-specific studies done on different marketing methods used in North America, there is not a lot of data on this subject that applies specifically to the RDN. Identifying marketing methods that are used successfully in other regions and exploring their viability for food producers in the RDN could potentially enhance local food production returns in the RDN.

This study was conducted for the Nanaimo Foodshare Society (NFS), a non-profit organization in Nanaimo that works to strengthen and support sustainable community food systems through education and facilitation. NFS' mission is to educate and empower by sharing information, resources and opportunities to

enable people to become food secure, build community and be self-sufficient. NFS offers a number of programs, mainly to youth, that aim to develop peoples' passion, interest in and commitment to healthy local food in the community.

The goal of this study is to provide NFS with information on local food marketing opportunities in the region that can then be made available to local food producers and other stakeholders in the RDN and elsewhere on Vancouver Island.

For the purposes of this study, when "local food" is used in reference to the RDN, it refers to food produced in the RDN and marketed within the RDN or the surrounding Capital Regional District and Cowichan Valley Regional District. When "local food producer" is used it refers to producers who produce food in the RDN and market it within the RDN or the surrounding Capital Regional District and Cowichan Valley Regional District.

When "small scale" is used in reference to RDN producers, it refers to producers with between five to 10 acres of land and who gross approximately \$30,000 per year. "Medium scale" refers to producers with between 20 to 30 acres of land and who gross approximately \$100,000 per year.

The remainder of this report is organized as follows. The Background section puts into context the agricultural sector in the RDN and the local food systems in the RDN and Vancouver Island in general. The Literature Review section explores the available literature on marketing methods and organizational structures used by local food producers in North America and the advantages and disadvantages of each. The interviews and the discussion of the Internet search done to determine what RDN food producers are marketing and what methods they are using are presented in the Methodology and Findings sections. In the Discussion section, the findings of the literature review, the interviews and the Internet search are analyzed and discussed. These findings are used in the Recommendations section to determine plausible options for further research and further action in the area of marketing local food in the RDN. Lastly, a summary of the findings and the implications of this study are summarized in the Conclusion section.

BACKGROUND

Agricultural activity in the RDN dates back at least 200 years (Smith, Lawseth, & Masselink, 2012b) and continues to be an important part of the regional economy, especially in the regional district's rural electoral areas, which is where a large amount of the RDN's farmland lies (Regional District of Nanaimo, 2011b).

For many years, the RDN and its member municipalities have recognized the importance of the agricultural sector to the regional economy, and they are strongly committed to protecting the agricultural land base in the region (Regional District of Nanaimo, 2011a). More recently, the RDN Board of Directors has shown an increased interest in bolstering food security in the area. This is evidenced by it including food security as one of the new goals of its regional growth strategy (Regional District of Nanaimo, 2011a), which was adopted in 2011. Furthermore, in October 2012, the RDN adopted its Agricultural Area Plan (AAP), which aims to support, preserve, and enhance viable agriculture and food production in the regional district and also address barriers and challenges faced by the local agricultural community (Smith, Lawseth, & Masselink, 2012a).

Most of the farms in the RDN are small to medium scale operations, and the main crops they grow are hay, fodder, berries and apples. Cattle, sheep and poultry are the most common livestock found in the region (Smith et al., 2012a), and there are also some small-scale egg and honey producers (Statistics Canada, 2012).

A regional economic analysis of Vancouver Island revealed that in many areas of Vancouver Island, including the RDN, there is significant scope to expand agricultural production with on-farm or local processing for sale to local markets (Vann Struth & Mowbray, 2009). Despite this, trends show that agricultural production in the RDN is actually decreasing over time. First, since 1974, the percentage of land protected under the Agricultural Land Reserve in the RDN has decreased from 10.10% of the total land base to approximately 8.85% (Regional District of Nanaimo, 2011a). Second, total farm area in the region decreased by 34%, from 12,081 hectares in 2001 to 7,938 hectares in 2011 (see Table 1). Moreover, while the number of farms in the region only slightly decreased from 490 in 2001 to 478 in 2011 (2%), the amount of land in crop production decreased by 30%, from 4,050 hectares in 2001 to 2,827 hectares in 2011.

Table 1 - Changes in RDN Agricultural Production from 2001 to 2011

RDN Agricultural production	2001	2011	Percentage change
Total farm area (in hectares)	12,081	7,938	34%
Number of farms in the RDN	490	478	2 %
Land in crop production (in hectares)	4,050	2,827	30%

(Statistics Canada, 2002, 2012)

Furthermore, a large portion of the land in crop production in 2011 was for hay and field crops, with only 171 hectares in production for fruits and berries and 76 hectares in production for vegetables. This is consistent with the rest of British Columbia (BC), where the majority of cropland consists of hay and field crops (Statistics Canada, 2012).

While the trends revealed by the Census of Agriculture data are worrisome, there are also concerns regarding the accuracy of Census of Agriculture data. Researchers compiling information and statistics for the Greater Terrace Agricultural Area Plan discovered that the 2011 Census of Agriculture did not include major agricultural operations in the Greater Terrace area that should have been included according to the definition used to determine inclusion in the Census. The researchers expressed concerns that as farm properties were bought and sold, census contact information was lost (Gagne & Kerby, 2013).

Over approximately the last 50 years, Vancouver Island has steadily moved away from meeting its food needs with locally produced food, instead opting for cheap imports. While the Island used to produce an estimated 85 % of its own food, today it produces less than 10 % (Edible Strategies, 2007). Although Vancouver Island and BC as a whole are capable of growing a wide variety of produce, the province relies heavily on California for much of its produce (Ostry, Miewald, & Beveridge, 2011). This is mainly due to Canada being signatory to international trade agreements, such as the *Agreement on Agriculture* and the *North American Free Trade Agreement*, which have eliminated non-tariff levies and reduced tariffs on imports, thereby making it cheaper to import food than buy it locally (Milne, 2007). This dependency raises serious food security concerns with California experiencing water shortages.

Despite imported food sometimes being cheaper than local food, local food is in demand in the RDN (Smith et al., 2012a). However, studies in the area find that some producers in the region struggle to fully take advantage of this demand for several reasons, such as: a lack of skilled farm labour, barriers from government regulations and policies, a lack of producer business and marketing acumen, high land prices, high transportation costs, a lack of consumer education on the importance of a healthy local food economy (Edible Strategies, 2007) and a lack of food storage capacity and processing facilities on the Island (Stovel, 2008).

Clearly there are several areas in which local food producers in the RDN could benefit from assistance and support to overcome the challenges and barriers they face in supplying the increasing demand for local food in the region.

METHODOLOGY

The methods used to support this project included:

- An Internet survey and an Internet search of local producers to identify products sold and marketing methods used;
- Interviews of individuals who are attempting or attempted to set up alternative marketing methods for local food in the RDN to identify the barriers and challenges they faced and obtain their perspectives on the viability of alternative marketing methods in the RDN; and
- A review of the literature on local food marketing methods and the organizational structures that support these methods to identify advantages and disadvantages of the methods and supporting organizational structures.

These methods are outlined in more depth below.

Internet Survey

An Internet survey of local food producers in the RDN was conducted between March 2012 and June 2012. The survey questions asked food producers what products they grow or produce, when during the year their products are available, what marketing methods they use to sell their products and what barriers they face to marketing and selling their products. A request to fill out the survey was sent to 41 local food producers in the RDN, but only seven complete responses were received. The information from the surveys about the types of food produced and the methods used to market products was used to inform NFS' local food map; however, due to the low number of responses, the rest of the survey data was not used since it did not represent a wide enough range of local food producers.

A low response rate to the survey was not unexpected, but it was lower than anticipated. A few reports on local food production on Vancouver Island note troubles in engaging food producers in surveys and other forms of data collection methods, which is partly due to producer fatigue and disillusionment from being involved in numerous research projects while seeing little or no results (Edible Strategies, 2007; Junger, as cited in Edible Strategies, 2007; Tunncliffe, 2011). Tunncliffe also notes the difficulty in engaging food producers due to a sheer lack of time on the producers' part. I encountered this first hand, with a few producers telling me they would like to fill out the survey but they did not have time. Conducting the survey in the spring, one of the busiest times for food producers, likely exacerbated this challenge.

Internet Search and Follow-up

While the survey responses provided some of the data for the local food map, it was necessary to conduct further research to determine what and how food producers

who did not fill out the survey sell. Using a list of RDN farms received from the researchers doing the RDN's AAP and through an Internet search I gathered contact information for many local food producers and contacted them for more information if I was not able to find out enough on the Internet.

Interviews

People involved in the set up and running of current and past agricultural co-operatives in the RDN were interviewed in April 2013. They were asked to share their perspectives on what factors are necessary to run a viable agricultural co-operative in the RDN, what barriers they faced when setting up the co-operative and the challenges they experienced once the co-operative was running. They were also asked for their opinion on the viability of a food hub in the RDN.

In total, four people were interviewed: Jenny Horn, a research associate with Vancouver Island University who was involved with the no longer existing Vancouver Island Heritage Foodservice Co-operative; Larry Whaley, one of the founders of Island Roots Market Co-operative; Craig Evans, one of the founders of Farmship Co-operative; and Carol Murray, the British Columbia Co-operative Association's (BCCA) Director of Co-op Development.

The low number of interview subjects is mainly due to the fact that there are just two co-operatives in the RDN that focus on agricultural marketing, both in their early stages of existence, so there is not a large pool of people to interview who are directly involved in these ventures. This qualitative data is meant to provide a snapshot of the on the ground perspectives from those people involved in marketing local food in the RDN through co-operatives.

Literature Review

A significant amount of data was found in journal articles, official reports and the Internet on the methods used in North America to market local food, the organizational forms that support these marketing activities, and the advantages and disadvantages of each.

LITERATURE REVIEW

This literature review is focused on the methods used in North America to market local food, the organizational forms that support these marketing activities and the advantages and disadvantages of each. This provides the context for examining if improvements could be made to the current marketing methods employed by RDN food producers and what additional methods, if any, could be employed to catalyze new marketing opportunities and energize the regional economy.

In the last decade, a substantial number of studies and reports have been done on the marketing methods of food producers in North America. Much of these studies were done in the US, so much of the literature reviewed in this report has a US context, but Canadian studies are also included.

Since many of the food producers in the RDN are considered small to medium scale, this literature review focuses solely on direct marketing methods such as farmers' markets, food boxes, farm gate sales, Community Supported Agriculture (CSA) and regional food hubs, which are used extensively by small and medium scale producers to sell products directly to consumers.

Farmers' Markets

Farmers' markets have become an important sales outlet for small to medium scale local food producers in North America (McGarry Wolf, Spittler, & Ahern, 2005). Out of all of the direct marketing methods discussed in this literature review, farmers' markets were the most prominent in the literature.

The British Columbia Association of Farmers' Market (BCAFM) (n.d.), an organization that supports, develops and promotes farmers' markets in BC, notes that the farmers' market is the primary source of annual gross revenue for half of the producers who sell at farmers' markets in BC.

Due to the emergence of supermarkets, farmers' markets in North America experienced a period of decline between the 1950's and mid-1970's (Beckie, Huddart Kennedy, & Wittman, 2012); however, over the last three decades, BC has seen strong growth in the number of farmers' markets in the province. It currently has the third highest number of farmers' markets in Canada (Wittman, Beckie, & Hergesheimer, 2012) with 114 markets registered with the BCAFM (G. Stanley, personal communication, March 8, 2013).

Advantages

Business incubation

A review of the literature shows there are numerous advantages to selling at farmers' markets. Beckie et al. (2012) argued that the very structure of farmers' markets as a "cluster of independent businesses that are characterized by reciprocal interdependence" (p. 340) encourage business incubation, which offers a competitive advantage due to the sharing of knowledge and resources that occurs, and the links to external players in the community and region that the cluster provides. This can assist vendors in identifying additional marketing opportunities, building motivation to undertake needed business tasks, improving business skills, building entrepreneurial attitudes and sharing and providing technical information (Gillespie, Hilchey, Hinrichs, & Feenstra, 2007)). These factors plus the visibility markets provide can lead to producers being able to expand beyond the farmers' market into other direct and local wholesale markets (Feenstra & Lewis, 1999; Gillespie et al., 2007).

Increased sales prices

Selling through farmers' markets versus selling through supermarkets leads to a shortened supply chain and increased sales prices because it enables producers to store, package, market and sell their products themselves, thereby eliminating the need for middle men and their cut from the final price (Govindasamy, Italia, Zurbruggen, & Hossain, 2003). Farmers receive retail rather than wholesale prices; however, as discussed below, realizing retail prices comes at a cost.

Promotional assistance

The assistance that some markets provide in the form of education and promotional activities is an advantage to producers, especially those with little to no marketing experience. Depending on the market, assistance can take the form of education on marketing, improving signage and building rapport with customers, and promotional activities, such as highlighted farmers' season products, events and festivals (Feenstra & Lewis, 1999).

Product diversification

Gillespie et al. (2007) argued that farmers' markets can also provide a low cost, low risk platform for producers to "experiment" with diversifying their products and services (p. 72). This can enhance the viability of the producer's business while also lengthening the market season, adding value to products and attracting new and different customers, which in turn attracts additional producers to participate in the market. A Farmers' Markets Canada (2009) study found that increasing the number of vendors and selection is one of the main things consumers think would improve farmers' markets.

Feenstra and Lewis (1999) also found that testing and developing new products (mainly value added products) at farmers' markets enabled some food producers to expand their business beyond the farmer's market. This expansion was most often to another farmer's market but there was also expansion to supplying local stores and restaurants or CSA programs.

Perception of freshness and quality

Consumer perception of the freshness and quality of products found at farmers' markets also works in market vendors' favour. Numerous studies have shown that consumers view quality and freshness as the most important attributes when purchasing produce and also that consumers viewed farmers' market produce as more likely to have these attributes than produce bought elsewhere (Brown & Miller, 2008; Connell, Smithers, & Joseph, 2008; Farmers' Markets Canada, 2009; McGarry Wolf et al., 2005).

Disadvantages

Inconvenience

Disadvantages to using farmers' markets as a marketing channel appear to be related to consumer habits and attitudes about the accessibility and availability of food.

Farmers' markets face heavy competition from grocery stores, which are open year round and all day long, have more parking and have much greater selection. With the advent of large chain grocery stores that have the means to import products from all over the world, many consumers are accustomed to the one stop shop where they can buy whatever they want whenever they want. This is evidenced by studies where respondents report that large grocery stores are their number one source for groceries, while farmers' markets are their number two source (Connell, Smithers, & Joseph, 2008; Farmers' Markets Canada, 2009) because market operation times are not convenient (Farmers' Markets Canada, 2009; Feenstra & Lewis, 1999; McGarry Wolf et al., 2005).

Labour, time and equipment investment

A study exploring the satisfaction with respect to the returns of producers who retail at New Jersey farmers' markets found the majority of them to be satisfied with their profit margins (Govindasamy et al., 2003). However, the study also found that realizing retail prices requires a considerable investment of labour, time and equipment. Realizing retail prices is only an advantage to selling at farmers' markets if the difference between the retail and wholesale price more than compensates producers for their investment in human and physical capital.

Lack of market capacity

Even if food producers have sufficient labour, time and equipment to sell at farmers' markets, there is no guarantee there will be a space available for them. Research done for the Greater Terrace Agricultural Area Plan Report (Gagne & Kerby, 2013) indicated that there are not enough spaces at the market to meet vendor demand.

Farm Gate

Farm gate marketing consists of farm or roadside stands located near the farm, on a nearby highway, or on major roadways. Farm and roadside stands vary from small consumer stands to larger farm stores that sell a small selection of products to larger operations that sell a diversified line of products (Morgan & Alipoe, 2001).

I could not find any North American peer reviewed journal articles focused solely on farm gate marketing, and articles that discuss it are generally focused on a different direct marketing method, such as CSA or farmers' markets. This finding is backed up by a peer-reviewed paper published in *Choices* magazine, the outreach vehicle of the Agricultural & Applied Economics Association, that found that compared to other direct marketing channels, farm gate received by far the least number of mentions in Google Scholar (Lev & Gwin, 2010). The small body of literature that does focus solely on farm gate marketing is mainly in the form of how-to publications, most notably from the University of Arizona (1995) and the University of Kentucky (2010).

Advantages

Farm Fresh

Producers can market their products as truly "farm fresh" (Province of Alberta, 2008, par. 3).

Higher margins

Producers realize higher than wholesale prices and avoid transportation and other middleman costs (Province of Alberta, 2008, par. 3)

Greater flexibility

Producers have flexibility in determining their operation size, length of the season and method of operation (e.g. stand on the road; store on the farm) (Province of Alberta, 2008, par. 3).

Product diversification

Producers can diversify and sell value added products and crafts (Province of Alberta, 2008, par. 3).

Disadvantages

More resources necessary

Running an extensive marketing operation on the farm may require more facilities, staff and liability coverage than other direct marketing methods (Province of Alberta, 2008, par. 4).

Oversupply

If all products cannot be sold through the farm gate, additional marketing methods may be needed (Province of Alberta, 2008, par. 4).

Regulations

For raw, uncut and unprocessed vegetables and fruit, regulations are not generally a barrier. In BC, the *Public Health Act's* Food Premises Regulation outlines the requirements for businesses that supply and serve food to the public, but whole fresh fruits and vegetables are exempt from this regulation. However, if a farmer wants to sell meat, poultry, eggs and baked goods at the farm gate, various regulations need to be heeded. Regulations differ by jurisdiction and may be imposed by local, state, provincial, or national governments.

In BC, the provincial government faced widespread criticism in 2004 when it brought in new meat inspection regulations that required all meat for human consumption in BC to be inspected. The regulations prohibit the sale of meat that has not been processed in a government-approved and licensed abattoir, and they apply to big agri-farms and small farms alike (Stueck, 2012). This change forced some small-scale farms that lack easy access to government-approved abattoirs to either pay to ship their animals elsewhere for slaughter or stop selling meat at the farm gate altogether, thereby hurting their profits (Ramsay, 2006).

In 2010, after much pressure from small-scale food producers, the provincial government introduced two new classes of licenses, D and E, to facilitate local meat sales. Some small-scale producers are still pressuring for more changes to the regulations though because the D licenses are only available in remote parts of the province and the E licenses are difficult to obtain for many small-scale producers (Stueck, 2012).

On the other hand, a study on food and inspection regulations for farm-direct sales

in Connecticut, Massachusetts, New York and Vermont found that it is not the regulations per se that food producers find most challenging, but rather locating simple, comprehensive educational materials that explain the different federal, state and local regulations for different food products (Best, Killkelly, Levine, & Ruhf, 2007). Farmers in the RDN also report finding it challenging to navigate all the government policies and regulations that are scattered throughout various pieces of legislation, bylaws, regulations and policies (Smith et al., 2012a).

Community Supported Agriculture (CSA)

CSA is a direct marketing channel by which food producers sell shares or subscriptions for their products to customers who are often described as “shareholders,” “members,” or “subscribers” (Cone & Myhre, 2000). Members buy a share or subscription at the beginning of each season and in return, secure a selection of products to be delivered or available for pick up during the harvest. Some CSAs make a standard box of food available for each member, while others allow members to select what they want in their box.

The use of CSAs as a marketing channel is quite widespread across North America, as is reflected by the abundant amount of literature on it. The US *2007 Census of Agriculture* reports that over 12,500 farms participated in CSA programs in 2007 (Matson et al., 2013). While Agriculture and Agri-Food Canada does not have statistics on CSA participation in Canada, an Internet search found that CSAs exist in every province. The Farm Folk City Folk’s (2011) website lists 49 CSA programs in BC, and there are likely many more beyond this list.

Advantages

Risk sharing

The literature shows that the built-in risk sharing aspect of CSAs is one of its main benefits. Members pay their share at the beginning of the season, giving producers a guaranteed market that enables them to plan production and ensure there are enough funds to cover production costs (Tegtmeier & Duffy, 2005). The negative effects of a poor harvest are spread amongst the producers and the members, reducing producer risk (Cone & Myhre, 2000). For some producers, this can be the difference between success and failure (Schnell, 2007).

Greater control over pricing

Although CSAs must offer competitive pricing, prices reflect the production costs of labour intensive products (Perry & Franzblau, 2010).

Reduced in-season marketing time

A guide to CSAs done by the University of Tennessee's Institute of Agriculture notes that "many farmers consider a CSA out of a desire to reduce time spent selling farm products during the production season" (Bruch & Ernst, 2010, p. 3). Preparing and delivering CSA food shares can be less expensive and time consuming than marketing at a farmers' market or farm gate, leaving more time to concentrate on food production.

Producer – consumer connection

As is the case with other methods of direct marketing, CSAs facilitate a connection between food producers and consumers. CSAs offer members a consistent supply of fresh, reasonably priced local food from producers that consumers get to know. In some cases, CSAs expect members to assist on the farm, helping to plan, harvest and deliver products, further strengthening the producer-consumer connection (Cone & Myhre, 2000) and offering members a broader perspective of the connections between local economies, food, community and the environment (Schnell, 2007).

Disadvantages

Higher level of expertise

CSAs generally require a higher level of production expertise than other direct marketing channels. Since most CSAs rely on word of mouth and customer referrals, failure to deliver consistent, high quality products can create a barrier for new and repeat business. To avoid this, crop and production planning and experience with season extension or production timing are necessary (Bruch & Ernst, 2010).

Necessity of crop diversity

To be successful a CSA may need to grow at least 30 different crops to satisfy member demand, and some producers do not have the land, labour, ability or knowledge necessary to grow such a wide array of crops (Perry & Franzblau, 2010).

Impractical and inconvenient

For some consumers, CSAs are too regimented and too inconvenient compared to grocery stores or farmers markets where there is more choice over what to buy, in what quantity and when. A frequent complaint about CSAs from members and past members is that there is either too much or too little product, there is not enough variety, some produce is unfamiliar and thus goes to waste or some weeks the family rarely eats at home and thus has no use for the product (Cone & Myhre, 2000; Tegtmeier & Duffy, 2005).

The City Harvest Co-op (2013) in Victoria runs a CSA program and sells at farmers' markets, offering booklets of "Veggie Bucks" that people can buy at the beginning of the season and use throughout the year at the Co-op's market stand. This addresses CSA members' concerns over lack of choice, and yet still allows the farm to cover production costs up front.

Member turnover and demographics

Building and maintaining a stable, committed membership that is large enough to support the CSA program year after year can be a challenge (Hendrickson, 1996, as cited in Cone & Myhre, 2000). Some of the reasons for member turnover and apathy are mentioned above, but the literature also shows that demographics play a role in membership numbers.

CSAs may appeal to a smaller customer demographic than other direct marketing methods, which gives CSAs a smaller customer base and less ability to absorb the impacts of negative word of mouth (Bruch & Ernst, 2010). Studies show that on average, CSAs serve a membership with high income and education levels (Cone & Myhre, 2000; Ostrom, 2007; Schnell, 2007), and "to a large extent, an adult householder who [can] devote the necessary time, energy and flexibility to sustain the ideological commitment" (Cone & Myhre, 2000, p. 196).

Increased out-of-season marketing time

CSAs may be required to do more intensive marketing in the off-season than other direct marketing channels to keep a stable customer base. Since part of the appeal of a CSA for some people is the opportunity to develop a relationship with the producer, producers need to be willing to create and maintain relationships with customers year round (Bruch & Ernst, 2010). One study found that the way in which people hear about a CSA has a large effect on the probability of them becoming a member, and personal contact has a much larger and more positive effect than traditional methods of advertising (Kolodinsky & Pelch, 1997).

Multi-Farm and Co-operative CSAs

Perry and Franzblau (2010) note that CSA has evolved into many different structures including multi-farm CSAs and co-operative CSAs, both of which can be useful marketing channels for small producers.

In multi-farm CSAs, many farms work together and contribute to the CSA's operation. These CSAs may be legally structured as a co-operative but, like all direct marketing channels, the appropriate legal structure for a multi-farm CSA will depend on the values and beliefs of the producers and potential members. Multi-farm CSAs have many of the same advantages that single-farm CSAs have but Perry and Franzblau (2010) note several advantages that are unique to multi-farm CSAs.

Advantages

Focused crop production

Depending on the amount of producers in the multi-farm CSA and the capacity of each, producers may have the ability to grow a smaller number of certain crops that they each choose to focus on depending on their land, labour and ability. This way, individual producers do not have to provide a wide variety of crops and each producer can specialize.

Low risk participation for small or new growers

A multi-farm CSA can be a good way for new or small-scale producers to sell the types and amounts of crops that they are comfortable with. These producers will not disappoint members if they are not successful as long as other growers in the CSA make up the difference. Larger-scale producers can also benefit from this arrangement because successful new and small-scale producers may be able to offer support where other producers fall short.

Community building

A multi-farm CSA can be an important resource for all producers involved, whether large or small, seasoned or new because it can provide a network of people to rely on for learning, advice, borrowing equipment and help in the field.

Safety net

Unlike a single-farm CSA, the structure of a multi-farm CSA can allow for a producer to take a season off if necessary without the CSA failing because the other producers will still be providing crops. As long as all producers are agreeable, the producer can return to the CSA the following year without having lost his or her market and customer base.

Disadvantages

Although the multi-farm CSA model can alleviate some of the disadvantages of the single-farm CSA model, it is still susceptible to the problems of member apathy and turnover and the need for out-of-season marketing. While Perry and Franzblau (2010) do not specifically list disadvantages of the multi-farm model, their recounting of everything involved in coordinating and organizing a multi-farm CSA shows that such an endeavour requires a meticulous coordination of crops, membership and the site where products are picked up by members. Because of this, some multi-farm CSA employees are required to not only be skilled in specific areas but also to do a lot of work during non-pick up times and the off-season.

Food Boxes

Food box programs exist throughout Canada, with non-profit “Good Food Box” programs found in many provincial capitals and larger urban centers, as well as other, smaller locations. Businesses such as Sustainable Produce Urban Delivery (SPUD) (2013a) and Green Earth Organics (GEO) (2013), both in Vancouver, have also entered the food box market but they are a more comprehensive type of food box business that sell exclusively through sophisticated websites that allow consumers to shop online and choose the content of their food box.

The academic literature on food box programs is limited, and much of the other literature that exists is in the form of “how to” guides or assessments of certain food box programs. There is a lot of academic literature on online food shopping, none of which focuses specifically on ordering food boxes online, but most of it is based on studies done in Europe, with some based on studies done in the US.

Good Food Box programs are similar to CSAs in that customers pick up or have delivered a box of produce; however, they differ from CSAs in that they are more like a bulk buying club in which the food box program purchases large quantities of produce from local farmers and then packs it into boxes for delivery or pick up (Fernwood NRG, 2013). Also, unlike CSAs, customers do not buy a membership or share at the beginning of the season, but instead can order and pay for food boxes weekly, bi-monthly or monthly.

Advantages

Lower cost

Food box programs purchase produce in large quantities, which enables them to get a lower price for what they buy. The costs savings are passed on to customers, who get fresh, high quality produce for significantly less than if they had bought from a grocery store (Fernwood NRG, 2013).

More flexibility

Customers pay as they go and food box programs offer a variety of different sized boxes with some flexibility to choose what is in each box (i.e., Just fruit, just vegetables, just organic produce). (Fernwood NRG, 2013).

Education

Some food box programs, like Food Share Toronto’s program, offer education for the producers they work with, such as how-to fact sheets for newer producers that focus on sourcing seeds or growing food that appeals to various ethnic populations (Johnston & Baker, 2005). Some food box programs also educate their members

and the public at large about local food through newsletters and public events (Brownlee & Cammer, 2004).

Delivery

Businesses like SPUD and GEO deliver on a weekly basis, which can be a benefit to those who do not have a car or those who do not have the time to shop.

Disadvantages

Inconvenience

As is the case for the other direct marketing methods discussed in this literature review, the predominance of consumers accustomed to low cost food and out-of-season produce creates an automatic disadvantage (Johnston & Baker, 2005). Even though food box programs offer a more flexible buying schedule than CSAs, encouraging consumers to routinely pre-order boxes of produce that they cannot entirely choose can be challenging. In a study assessing Saskatoon's Good Food Box program, participants indicated that routine ordering and pick up is sometimes challenging (Brownlee & Cammer, 2004). Also, since food boxes only contain produce, customers will still need to shop elsewhere for other items (M. L. Morgan & Scharf, 2008).

This problem is not so acute for businesses like SPUD and GEO that offer consumers the ability to choose items - including items other than produce - and the frequency of delivery. In fact, this flexible online shopping model could be seen as an advantage because studies have found that for those consumers who buy food online, convenience was one of the biggest reasons (Berning, Ernst, & Hooker, 2004; Hiser, Nayga, & Capps, 1999; Morganosky & Cude, 2000; Rohm & Swaminathan, 2004).

Not 100% local

Consumers who want to buy only local products may avoid businesses like SPUD and GEO that are not able to source all of their products locally. SPUD sources over 50 % of its products locally (Sustainable Produce Urban Delivery, 2013b, par. 2) and Green Earth Organics supports local farmers and local businesses "whenever possible" (Green Earth Organics, 2013b, par. 5). Sometimes even Good Food Box programs are not able to source all of their products locally, as is the case for NFS' Good Food Box program.

Member demographics

Shopping for food online may not appeal or be accessible to certain demographics. Studies have found that age, gender, income and education levels are determining factors of who buys food online. Specifically, studies found that the majority of

shoppers were female (Berning et al., 2004; Morganosky & Cude, 2000) with annual household incomes of at least \$50,000 (Berning et al., 2004; Hansen, 2005; Morganosky & Cude, 2000). Also, shoppers with a high school diploma or less were less likely to shop for food online than consumers with at least a college education (Berning et al., 2004; Hiser et al., 1999). Finally, while the age range of shoppers varied in each study, there is evidence of age being a determining factor in who buys online. Age ranges varied from 19-29 years of age with those over 50 years of age being less likely to shop online (Hiser et al., 1999); 25-44 years of age (Berning et al., 2004); and, younger than 55 years of age (Morganosky & Cude, 2000).

Regional food hubs

Transitioning from a global food system to a more distributed network of small and mid-size farms functioning within regional systems requires new infrastructure and new models (Cheng & Seely, 2012). One emerging model in Canada that addresses the need for new infrastructure is the regional food hub.

A scan of the literature on regional food hubs shows a heightened interest in this marketing method over the last five years, with much of the recent literature being produced by the United States Department of Agriculture (USDA), funded by the USDA or written by authors who contributed to the USDA's literature. Much of the non-USDA influenced or funded literature comes in the form of feasibility studies for various regions in the US and Canada or journal articles and reports that examine already established food hubs.

Definition

There is no agreed upon definition of what regional food hubs are and what they do. Definitions of the term "food hub" range from general geographic areas that have a local food culture, to physical infrastructure that houses aggregation, distribution and education facilities (Sustain Ontario, 2012).

The USDA's working definition of a regional food hub is, "a business or organization that actively manages the aggregation, distribution and marketing of source-identified food products, primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail and institutional demand" (Matson et al., 2013, p. 5).

The USDA sees the target market for food hubs as mainly wholesale customers, such as institutions, restaurants and grocery stores, which typically have greater difficulty buying local products in the desired volumes and quality they require. However, the USDA also recognizes that food hubs can facilitate the aggregation, marketing and/or distribution of products directly to consumers. Furthermore, according to the USDA it is worthwhile to consider a broader definition of food hubs

that considers their function rather than form. This is because many food hubs not only aggregate and sell food, but also educate consumers about the importance of buying local food. Or, some food hubs have no physical infrastructure and exist only virtually with the purpose of transmitting information amongst buyers and sellers (Matson et al., 2013).

Alison Blay-Palmer employs a very broad definition of a regional food hub as “any critical mass that would help a food system become more sustainable” (Sustain Ontario, 2012). Thus, a food hub could be anything from a warehouse where food producers store and sell their products to a virtual local food-networking site that connects producers, buyers and consumers (Sustain Ontario, par. 2, 2012).

The Vancouver Island Health Authority (n.d.) also uses a broad definition, using the term “Food Security Hubs” for various Island agencies, such as NFS and Cowichan Green Community, that “provide leadership and support, develop communication networks and facilitate dialogue with neighbouring communities and municipal and regional governments pertaining to local and regional food security issues” (par. 3).

In contrast, a FarmsReach report on regional supply chains focuses on just physical infrastructure, defining a regional food hub as “any type of aggregation facility, such as a warehouse or cross-dock” (Cheng & Seely, 2012, p. 10). Similarly, a University of California, Davis food hub feasibility study defines a food hub as, “a physical site for aggregation, storage, light processing, and distribution of food products from small- to mid-scale farms within a region” (Boule et al., 2011, p. 16).

For the purposes of this report, when food hubs are discussed in relation to their viability in the RDN, the USDA’s working definition of food hub is implied.

Food hub models

There are several different food hub models, which can be typified by who organizes and runs them. Food hubs are organized and run by a variety of different actors, such as non-profit organizations, producer co-operatives, producer-entrepreneurs, the wholesale/retail sector and consumers.

Boule et al. (2011) outline the benefits and risks associated with each model. Benefits include some models being more stable and easily funded than others, or some actors having more business or agricultural expertise than others. The risks include financing problems, questions around governance models and lack of expertise and relationships with necessary stakeholders.

The latter risk of lacking relationships with stakeholders has been associated with New City Market, a food hub in Vancouver that is still in the planning stages and has been spearheaded not directly by food producers but mainly by Vancouver Farmers Markets in partnership with other local organizations. While New City Market has strong support of local governments and many local organizations and other

stakeholders, it has faced criticism for not adequately consulting local farmers (Kimmitt, 2011).

In contrast, while food hubs that are entirely producer led may have strong relationships with key stakeholders, they may be more likely to have management with less knowledge of business management, which can lead to disorganization, leadership imbalance and fatigue (Matson et al., 2013).

Existing food hubs

In the US, regional food hubs have existed for at least 20 years, but over the past few years their numbers have seen a dramatic increase (Matson, Sullins, & Cook, 2011) with 60% of them coming into existence in just the last five years (Matson et al., 2013). While the exact number of food hubs in the US is not known, as of September 2013, the National Good Food Network (2013) had a working list of 237 food hubs.

I could find no food hub statistics for Canada and depending on the definition used for the term it has been said “there are currently no regional food hubs in Canada” (Sustain Ontario, par.4, 2012). However, using a broader definition shows that food hubs have recently started to emerge in Canada, especially in BC and Ontario. In BC there is the “Kaslo Food Hub”, which houses 16 programs related to food security, such as a food bank, a bulk buying club and a food resource library (North Kootenay Lake Community Services Society, 2013). In Toronto, the West End Food Co-op has a food hub, which houses education, training and workshops related to food security issues, and a store that sells local products (Westend Food Co-Op, n.d.).

Currently in Canada there are several food hubs in the planning stages that adhere more closely to the USDA’s definition of “regional food hub”. The North Fraser Economic Development region has the goal to establish a food hub in Pitt Meadows that ideally will be a wholesale distribution, processing, storage and marketing and sales facility that could also offer training to food producers and a “working farm school” (Stott & de la Salle, 2012, p. 9).

In Midhurst, Ontario, the Simcoe County Federation of Agriculture is currently undertaking a feasibility study for a local food distribution hub that will have capacity for cold and frozen food storage (County of Simcoe, 2013), and in Cornwall Ontario, Organic Central hopes to be “Canada’s first organic food park” (Organic Central, par. 1, 2013).

Vancouver’s New City Market plans to have the primary functions of wholesale and retail, storage and distribution, processing and preparation and office space. There is also the hope that it will house a food waste and recovery program and education programs about local food (de la Salle, 2010). The New City Market is currently drafting its business plan, but its last Twitter post was in August 2012 and its website has not been updated since January 2013, so it is unclear if this project is going forward. Requests for an update were not responded to.

Factors necessary for food hub success

Since there is no food hub in the RDN, the following information about some of the factors necessary for a food hub to be successful can help inform what might be necessary for the RDN to have a viable food hub.

1. The local food system context can determine the ultimate success of a food hub, and a thorough understanding of current and past attempts to create aggregation and distribution infrastructure in the region is essential (Boule et al., 2011).
2. Before setting up a food hub it is necessary to consider its organizational structure (non-profit, co-operative, for-profit), whether it will focus on delivering the best prices to producers, the best value to customers or both, and whether there is enough demand and market space in the region for a food hub (Matson et al., 2011). The co-operative structure is well suited to food hubs, but no one organizational structure is best for all food hubs and a structure must be chosen that will best meet the financial, marketing and production goals of stakeholders (Matson et al., 2013).
3. As in any business, skilled management is essential, but as previously mentioned, food hubs need managers who are knowledgeable in both business and production agriculture, which can be hard to find (Matson et al., 2011).
4. An understanding of the specific needs and interests of all key stakeholders in the potential food hub is necessary. This includes all food producers, processors, retailers and consumers (Boule et al., 2011).
5. Access to funding streams and other resources that will assist in the planning and implementing of a food hub is required (Boule et al., 2011).

Advantages

Producer access to wholesale markets

Food hubs can be a useful strategy for producers, particularly small and mid-sized producers, to market their products locally because they work to integrate direct markets with wholesale markets (Flaccavento, 2011). Food hubs can be especially useful for mid-sized producers who are too large to rely solely on direct marketing methods but too small to compete effectively in traditional wholesale supply chains. Food hubs offer a platform for small and mid-sized producers to combine their products, thereby enabling them entry into new and additional markets that are

typically difficult to access on their own due to a lack of distribution and processing infrastructure of appropriate scale (Barham et al., 2012).

Increased access to healthy local food

As consumer demand for local food continues to grow, conventional large-scale marketing channels are increasingly ill-equipped to supply local food everywhere (Matson et al., 2011). More than 40% of food hubs in the US are working in “food deserts” (Merrigan, 2011, p.2) to increase access to local products in communities that have limited access to high quality fresh produce. Furthermore, food hubs are typically able to reach a customer base that is much larger than that served by other direct marketing methods such as CSAs and farmers markets (Matson et al., 2013).

Education and training

Many food hubs also offer professional development and training opportunities for those who want to pursue or expand their agricultural careers (Barham et al., 2012). In addition, many food hubs offer education and awareness activities to educate consumers about the importance of buying local food or keeping agricultural lands in production (Matson et al., 2013).

Facilitation of information flow and sharing

Food hubs can play a vital role in building information flows and transparency among all the partners in the food value chain, “enabling every partner in the supply network to fully understand the operating costs of production, processing, transportation, and marketing, all of which helps to ensure that value chain partners can negotiate acceptable returns” (Barham et al., 2012, p.12).

Product expansion and diversification

The larger sales volumes, more stable sources of income and higher returns that food hubs can provide create opportunities for producers to expand and diversify production, which can translate into increased profitability and longer-term viability of the producer’s business (Barham et al., 2012).

Job creation

Food hubs create jobs directly, in the form of operations employment at the hub, and indirectly in the form of local agricultural jobs and other jobs along the food supply chain. According to a 2011 survey done by the National Food Hub Collaboration, food hubs directly create an average of seven full-time jobs and five part-time jobs, and this increases as food hubs continue to grow (Matson et al., 2013).

Disadvantages

Undercapitalization

Food hubs struggle to access capital, which can lead to a relatively weak organizational and/or product delivery structure. Accessing capital is a particular challenge for new food hubs, especially smaller ones with farmer suppliers that have small operations and few assets. Such food hubs often have difficulty obtaining bank loans and therefore have to rely on grants and donations until they become financially secure enough to qualify for debt financing (Matson et al., 2013).

Liability

All parties in the value chain must consider tort risk and contract risk. Tort risk is an intentional or unintentional harm to person or property, which, in the case of food hubs, involves the potential of product liability claims. Contract risk refers to the possibility that one of the parties to a contract will fail to meet its terms or attempt to rescind it. Parties in the value chain who enter into financing contracts or contracts with brokers, vendors and customers can encounter contract risk. Matson et al. (2013) note that, “in general, it is costly to determine who bears risk for product or contract liability and how those risks will be mitigated” (p. 35).

Lack of processing capacity

Processing food significantly increases its marketing potential (Boule et al., 2011) and Matson et al. (2013) cite examples of food hubs that have made significant capital investments in order to have access to processing. However, food hubs that do not have access to processing facilities and services and that do not have the capital to invest in this area face an impediment to their operations.

Organizational structures used to deliver direct marketing methods

The organizational structure for direct marketing that is most appropriate depends on particular needs, conditions, growing capacity, market, existing infrastructure, financial resources, capacity and characteristics of the stakeholders (Boule et al., 2011; Bruch & Ernst, 2010; Centre for Cooperatives, 1999; Dreier & Taheri, 2009; Flaccavento, 2009; Greenberg, 2007). Organizational structures that are used to deliver direct marketing methods include co-operatives, non-profit organizations and for-profit entities. According to the literature, there is no single organizational structure used by food hubs, CSAs, food box programs and farmers' markets.

USDA research found that in the US food hubs are most often structured as private for-profit businesses, with 40% of its working list of food hubs operating under this type of structure. Non-profits and co-operative structures are in place for 32% and 21% of food hubs respectively, and public sector and "informal" food hubs make up the final 5% and 2% respectively (Matson et al., 2013). The USDA also found that the viability of a food hub does not depend as much on its legal structure as on how long it has been in business. It found that the median years of operation for economically viable food hubs was nine and a half years, compared to five years for food hubs that are not yet economically viable (Barham et al., 2012).

CSAs are typically run directly by farmers as for-profit ventures, but non-profit CSAs and co-operative CSAs are becoming more common (Bruch & Ernst, 2010). In addition, multi-farm CSAs are typically structured as either co-operatives or for-profit ventures (Perry & Franzblau, 2010).

Farmers' markets are most often structured as co-operatives or non-profit organizations (Beckie et al., 2012). In fact, in BC, the BCAF, which is a non-profit entity itself, requires its members to register as non-profit organizations (Wittman et al., 2012). Nevertheless, farmers' markets can be privately held for-profit entities, but this is quite rare (Kee, 2012).

Food box programs are most often run by non-profit organizations, but for-profit entities, such as SPUD and GEO, have also entered the food box market.

Farm gate stands are, of course, run right on the farm, so the organizational structure of the farm extends to the farm gate. Many farms in BC are privately owned and operated as either proprietorships, partnerships or corporations but there are farms owned or leased and run by non-profits, such as Linnaea Farm on Cortes Island and Providence Farm in Duncan, or land co-operatives, such as the Fraser Common Farm Cooperative in Aldergrove and the Glen Valley Organic Farm Co-operative in Abbotsford (Wittman, 2009).

Producer co-operatives

The agricultural co-operative movement has deep roots in Canada, where farm groups have been involved in informal co-operative activities such as mutual insurance companies since the pre-1900's (Goddard, 2002).

There are approximately 1,300 agricultural co-ops in Canada (Canadian Co-operative Association, n.d.), falling into two primary categories: marketing co-operatives and supply co-operatives. Marketing co-operatives market, distribute and process farm products, while supply co-operatives provide producers with inputs and services such as petroleum, feed and fertilizers (Harris, n.d.). For the purposes of this report, the review of literature on agricultural co-operatives will focus on marketing co-operatives.

Advantages

Pooling of knowledge and resources and risk reduction

Co-operatives are owned and democratically controlled by the people who use and benefit from the services they provide (Harris, n.d.), and are particularly well suited as an organizational structure for those who lack the sufficient time, finances, and expertise to expand or extend their businesses into additional markets on their own (Centre for Cooperatives, 1999).

The co-operative structure enables members to pool their individual resources, share knowledge and expertise and build a collaborative business that may be more competitive and resilient to market fluctuations than conventional private businesses (Richards, 2012).

Member control

In its simplest form, the co-operative structure gives members control over the organization's assets and the right to make decisions democratically on a one-member, one-vote basis (Hart & Moore, 1996).

Increased returns

Agricultural co-operatives can increase producer returns in a number of ways. These include: (1) handling large volumes of product, thereby reducing the per-unit cost of marketing and processing for producers, i.e., economies of size or scale; (2) raising the prices of products marketed or lowering the level of supplies purchased; (3) returning surpluses generated by the co-operative to producers and; (4) developing new markets for products (USDA, 1990).

Greater marketing power

Food producers often have much less marketing power compared to the processors and other market players that they deal with. Co-operatives gather information about the demand for the commodities and share it with members or use it to act as a bargaining agent on producers' behalf (Harris, n.d.). This provides producers as a group with marketing power more comparable to that held by processors and other market players (Centre for Cooperatives, 1999). Also, since co-operatives do the work of marketing for producers, as well as other daily business operations, producers have more time and energy to focus on food production (Harris, n.d.).

Disadvantages

Member apathy

Co-operatives are vulnerable to breakdown if members' priorities conflict or if there is a lack of membership commitment. Several authors agree that member commitment is crucial to the success of agricultural co-operatives (Bhuyan, 2007; Cechin, Bijman, Pascucci, & Omta, 2013; Centre for Cooperatives, 1999; Fulton, 1999; Harris, n.d.; Pickard, 1970). Fostering communication between members and between members and the co-operative's management is also crucial to success (Bhuyan, 2007; Pickard, 1970) because members who are involved and informed about the co-operative's activities are more likely to remain committed (Harris, n.d.).

Free riding

Olson (2009) notes, "the public goods nature of more competitive local markets combined with the voluntary open membership policies of most cooperative business structures makes the free rider problem a significant issue for many cooperatives" (p. 134).

Free riding occurs when an individual member benefits disproportionately to the amount of work or investment he or she has given to the co-operative, essentially allowing him or her to free ride on the contributions of others (Olson, 2009). Fulton (1999) notes that free riding is closely linked to a fall in member commitment, because as commitment falls, members are likely to act more opportunistically.

Declining interest

Goddard (2002) argues that as farmer numbers decline due to retirement and not enough replacements, the ability of co-operatives to attract new members also declines. Moreover, amongst the remaining co-operative members, Fulton (1999) asserts, "the traditional source of member commitment – what might be called co-operative ideology – appears to be breaking down" (p. 3). This is evidenced by the fact that some members are showing more individualistic attitudes than in the past,

and they are increasingly more influenced by economic factors rather than public good factors, such as communication with co-operative management and being active in the community (Fulton, 1995). An analysis of farmers in rural Alberta found that younger farmers especially place more importance on price and less importance on non-economic factors such as member control or community voice relative to managers (Richards, Klein & Walburger, 1998, as cited in Fulton, 1999).

Factors necessary for co-operative success

Before deciding to start a co-operative, several questions should be addressed:

1. Is there a group of dedicated people with a shared vision who are willing to manage and oversee the many details of operating as a cooperative? (Centre for Cooperatives, 1999).
2. How will management foster communication with members (Bhuyan, 2007; Pickard, 1970)?
3. Does the co-operative have a clearly defined mission, purpose and focus (Harris, n.d.; Myers, Lawless, & Nadeau, 1998)?
4. Are members willing to dedicate the time and patience to co-operate with each other, even if there are differing ideas (Perry & Franzblau, 2010)?

Non-profit organizations

The Canada Revenue Agency (2012) defines a non-profit as “a club, or association that’s organized and operated solely for social welfare, civic improvement, pleasure or recreation, or any other purpose except profit” (Non-profit organizations section, par. 1).

In contrast to co-operatives, non-profit organizations are not owned by their members, but like for profit entities, incorporated non-profits are considered a legal entity that exist independently and separately from their members (Arts BC, 2011). It is not mandatory for non-profit organizations to incorporate and, incidentally, while the BCFMA requires its members to be non-profits, it does not require them to be incorporated (BC Association of Farmers' Markets, 2012); however, unincorporated non-profit organizations do not exist independently and separately from their members. Incorporating affords members limited liability protection so that individual members are not personally liable for the non-profit’s debts and obligations. It also makes the non-profit less affected by changes in membership, which makes it easier to enter into transactions in the name of the organization such as banking, owning property or signing contracts (Service Ontario, n.d.)

Advantages

Less susceptible to personal interests

Since incorporated non-profits exist as legal entities in their own right, they are independent and separate from their founders and members, which can enable the nonprofit's mission and structure to be put above the personal interests of those associated with it (Grant Space, n.d., par. 1).

More informal structure

In an analysis of two non-profit food hubs, Davis and Desai (2007) noted that when one of the hubs was considering restructuring as a co-operative, it decided to remain a non-profit because it found the co-operative structure too slow, risk averse, formal and bureaucratic. It favoured the non-profit structure because it enabled farmers to have a sense of ownership, but in a less bureaucratic way.

Grant funding

Non-profits can more easily attain grant funding than other organizational structures (Boule et al., 2011), especially since some government and foundation grant programs are open only to non-profit organizations (Grant Space, n.d.).

Income tax advantages

Non-profits may qualify for exemption from federal income tax (Service Ontario, n.d.).

Disadvantages

Funding shortages

A survey of Canadian non-profit organizations done by the Wellesley Institute found that 75% of respondents deemed "lack of access to capital" as one of their most significant challenges (Eakin & Graham, 2009, p.18). It also found that 66% of respondents deemed lack of access to grant funding from foundations as one of their most significant challenges.

While non-profits may have more access to grant funding than other organizational structures, competition for grant funding can be high, especially when the economy is weak (Takagi & Chan, 2009). Furthermore, grant funding can be fickle, and although a non-profit may receive seed funding or funding for a certain initiative, it may have difficulty once the funding runs out (Boule et al., 2011).

Regulatory and accountability requirements

Continuously applying for funding and the monitoring and reporting requirements for tax-exempt status can be quite arduous (Eakin & Graham, 2009).

Less member control

Unlike co-operatives, in which each member is essentially part owner of the entity and is entitled to vote on decisions affecting that entity, non-profits are not member owned and members do not get a formal vote for decision making. Typically, managers and members of the board of directors make decisions in non-profits, and they may or may not best serve the interests of the organization's members (Ben-ner & Hoomissen, 1994). However, since non-profits are prohibited from using their assets for anything other than the organization's objectives, management does not have as much control as it would if the organization was a for profit entity (Hoenig, Parel, Elkin, Pelzer, & Pristas, 2011).

Factors necessary for non-profit success

Before deciding to start a non-profit organization, a couple of questions should be addressed:

1. Do founders understand the lack of personal control they will have over the non-profit due to them not owning the organization and due to the prohibitions around profit making?
2. Do potential board members understand the basics of non-profit corporate governance (Takagi & Chan, 2009)?

For-profit entities

Private for-profit entities are most commonly structured as sole proprietorships, partnerships or corporations, with each structure having its own advantages and disadvantages. A detailed discussion of these different structures is beyond the scope of this research, but the general advantages and disadvantages of the for-profit structure are outlined below.

Advantages

Greater control

Ownership, decision-making and management control are in the hands of the owner(s).

Ease of organization

Depending on the structure, for-profits can be easier and lower cost to organize and set up than non-profits and co-operatives (Jones & Langemeier, 2005).

Financing

Raising and maintaining sufficient financing can be easier, especially for corporations (O'Brien, Hamilton, & Luedeman, 2006).

Disadvantages

Liability

Depending on the structure, owners are solely responsible for all debts and obligations. Shareholders in a corporation, however, are not liable for losses beyond what their invested capital can cover.

Continuity

Depending on the structure, the business terminates upon the death of the owner(s) (Jones & Langemeier, 2005).

Factors necessary for for-profit success

Before deciding to start a for-profit entity, one of the main things that need to be determined is the structure the entity will take. Can the business be owned and operated individually as a sole proprietorship or will partners and/or shareholders be needed (Jones & Langemeier, 2005)?

Factors necessary for business success in general

While some factors for success are specific to organizational structure, there are some questions that need to be addressed regardless of the organizational structure of the business. These are:

1. What is the best organizational structure to achieve your objectives? Can the structure you choose more effectively perform the services than another organizational structure (Perry & Franzblau, 2010; Takagi & Chan, 2009)?
2. Who is your competition? Are there other organizations in the area that already provide the same service or benefit? Is the market saturated (Perry & Franzblau, 2010; Takagi & Chan, 2009; University of Delaware, 2005)?
3. How will the operation be funded? Is it possible to raise sufficient capital for the start-up, operating and capital costs of the business (Harris, n.d.; Takagi & Chan, 2009; University of Delaware, 2005)?
4. Can skilled management be found (Harris, n.d.; Myers et al., 1998; University of Delaware, 2005)?

Summary

To conclude, small and medium scale local food producers in North America have a variety of direct marketing methods potentially at their disposal, each with their own advantages and disadvantages, which can be delivered through different organizational structures. Farmers' markets, farm gates sales, CSAs and food box programs are used quite extensively by producers to market their products, and in the US food hubs are also increasingly being used. In Canada, food hubs are not used nearly as extensively as they are in the US, but it appears this trend is changing and the momentum behind marketing through food hubs is building.

When considering which methods and organizational structures might most benefit producers in an area, it is important to take into account the local context and the needs, conditions, growing capacity, existing infrastructure, financial resources, capacity and characteristics of the producers and other stakeholders.

FINDINGS

This section first provides an overview of the Internet survey of local food producers in the RDN and the results of the Internet search for what producers grow or produce and how they market it. This is followed by a summary of the opinions and views of interviewees involved in agricultural co-operatives in the RDN.

Local food marketing in the RDN

The results of the Internet survey and the Internet search show that there were approximately 57 local food producers in the RDN as of June 2012 who sell a variety of products, including fruit, vegetables, herbs, meat, eggs, jams, jellies, and preserves.

Table 2 shows the marketing methods used by RDN local food producers. Data from the Internet survey and the Internet search were used to determine the number of producers who use each method. This data combined with the data on the total number of local food producers in the region was used to determine the percentage of producers who use each method.

RDN producers use a variety of direct marketing methods and 31% of them use more than one method. The most common marketing method used is the farmers' market (43%), followed by farm gate (33%). Email and/or phone sales are used by 30% of producers, with 18% using just this method to market their products. The second least used method is CSA, with 14% of producers employing this method. The least used method is the food box, with no RDN producers selling through the Nanaimo Good Food Box. While there are no box program businesses like SPUD based in the RDN, some RDN producers, such as members of Farmship Co-operative and Little Qualicum Cheeseworks, do supply SPUD with produce, but I could find no other RDN producers listed on SPUD's website. Additionally, Heart and Soil Organics in Nanaimo runs a food box program.

Table 2 - Marketing Methods Used by RDN Local Food Producers

Marketing method	Number of producers	Percentage
Total number of producers	57	100%
Farmers' markets	25	43%
- Sell at only one farmers' market	9	15%
Farm gate/farm market stand	19	33%
Both farmers' market and farm gate/farm market stand	7	12%
Community Supported Agriculture	8	14%
Food box	3	5%
Email/phone sales	17	30%
- Email/phone sales only	10	18%
Use more than one method	17	29%

Farmers' Markets

There are currently six farmers' markets in the RDN: the Nanaimo Downtown Farmers' Market, Bowen Road Farmers' Market, Cedar Farmers's Market, Lantzville Farmers' Market, Qualicum Beach Farmers' Market and Errington Farmers' Market. The number of vendors at each market varies each season but most of the markets have room for additional vendors and so rarely have to turn away producers who want to sell at the markets. These markets run from May to October every year. Island Roots Market Co-operative is trying to fill the six month gap by setting up a year round indoor farmers' market in Nanaimo. It has yet to find a suitable location for the market, but there appears to be momentum and support behind the concept.

Farm gate/farm market stand

This method is the second most popular marketing method utilized by producers in the RDN. Mostly fruit and vegetables are sold through this method, but a few producers also sell poultry, eggs, lamb, pork, cheese and honey.

Community Supported Agriculture (CSA)

This is the second least utilized marketing method in the RDN, and seven of the eight producers who use CSA also sell through other marketing methods. Food producers offering CSA in the RDN have programs that range from pick-up and delivery of various types of food boxes to programs that offer one type of box only and require you to bring your own box or bag for produce.

Food box orders

No RDN producers supply the NFS-run Nanaimo Good Food Box program because the program's price, volume and delivery constraints make it difficult for RDN producers to supply the program with enough products at a price that is high enough to be profitable but low enough for the program to afford it. Therefore, the Good Food Box gets much of its produce from FreshPoint, which enables the boxes to be filled with produce mostly from BC at the price and volume the program needs to be able to sell its food boxes at the low price of \$10 each (C. Dibernardo, personal communication, May 27, 2013). NFS is looking at how the program can add a "local box" to what it already sells, which would better enable RDN producers to supply the program, but this box would cost more than the standard box currently offered.

Heart and Soil Organics (2013) is a single farm operation in Nanaimo that offers online ordering of both a standard produce box and a customized box. Consumers can pay in advance for as many weeks as they choose or order a standard or customized box only when they choose. Heart and Soil is similar to SPUD in that it allows online choosing of products from week to week; however, unlike SPUD, it does not deliver and only sells produce.

Email/phone sales

This method is the third most popular method, coming in close behind the farm gate and farm market stand. While many of the RDN producers who sell via email or phone do not appear to have promotional websites, a list of what they sell and their contact information can be found on various local food directories on the Internet. Ten of the 17 producers who sell through this method sell exclusively through the Internet or by phone, but only three of these producers appear to have websites.

Co-operatives

There are currently two co-operatives in the RDN that assist producers in marketing their products: Island Roots Market Co-operative and Farmship Co-operative.

Island Roots Market Co-operative is not an agricultural co-operative but a for profit multi-stakeholder co-operative that is planning to establish a year round indoor farmers' market in Nanaimo. It currently has 125 members consisting of producers, consumers and other local food stakeholders. The majority of members are consumers, with producers making up only 15% of the co-operative's membership. The makeup of its membership was not planned, but when the co-operative put out a call for members there was much more commitment from non-producers. Larry Whaley, one of Island Root's founders, noted that producers are typically rather risk averse, which might be why there is not a higher producer presence in Island Roots' membership (personal communication, April 29, 2013). The higher number of

consumers compared to producers in the region likely also contributes to the higher number of consumers.

Farmship Co-operative is a small for profit producer co-operative in Yellowpoint. It has five members, four of whom are individual producers and one that is a community service co-operative called Growing Opportunities. Growing Opportunities is run by the same people as Farmship and its mandate is to help organize and educate people who want to try community farming without a big commitment. It provides the equipment and land so people with varying degrees of experience can come out as many times as they wish and learn about growing food. They can take food home and any surplus food from the program is coupled with what Farmship sells at farmers markets and through Share Organics, SPUD and elsewhere. Growing Opportunities works with Farmship to produce and market local food but Farmship is geared towards people who are able to commit more to a co-operative and want to make a profit from what they grow.

Until a couple of years ago, there was a multi-stakeholder for profit co-operative in the RDN called Vancouver Island Heritage Foodservice Co-operative. Its membership consisted of producers, processors, distribution people, chefs and other local food stakeholders. Its activities were broad and it appears that although it did attempt to start up a much-needed processing facility in the RDN, its focus was more on research and development than on the practical elements necessary to assist local food producers in selling their products.

Co-operatives and food hubs in the RDN – Interviewee perspectives

Information from interviews covers the following areas:

- Barriers to setting up a marketing co-operative;
- Challenges experienced once the co-operative was running;
- Perspectives on what factors are necessary to run a viable agricultural marketing co-operative in the RDN; and
- Perspectives on the viability of a food hub in the RDN.

Barriers to co-operative set up

The barriers faced by the three co-operatives vary widely. The Vancouver Island Heritage Foodservice Co-operative consistently experienced a lack of capital. While the co-operative received a good amount of grant money and often had money for its research projects, it never had enough money for its operating activities. A lack of capital also derailed the co-operatives' plans to set up a processing plant in the RDN when the farm that was going to host the plant was unable to mobilize the necessary capital necessary to build the plant.

Island Roots Market Co-operative's only barrier has been finding a location for its year round market that meets its and the City of Nanaimo's requirements for a retail establishment. While it has not yet attempted to raise money for its operations, it does not anticipate difficulties because of a strong member commitment and local support for a year round market.

Aside from some difficulties dealing with the Canada Revenue Agency, Farmship Co-operative encountered no major barriers when setting up the co-operative.

Challenges once the co-operative was set up

The Vancouver Island Heritage Foodservice Co-operative struggled to keep members engaged and interested in the co-operative, mainly due to its lack of a well-defined, focused purpose and its inability to assist producers with selling their products. The general consensus from those interviewed about the co-operative is that it did a lot of research and put out a lot of information but what producers needed most from the co-operative was practical assistance with selling their products. Although the information collected from all the research was valuable, by the time the co-operative turned to more practical matters, the membership had grown disenchanted with it.

In contrast, Island Roots Market Co-operative and Farmship Co-operative report no member apathy. Island Roots is still in the early stages of existence and has strong stakeholder support. Farmship is comprised of producers who grew food together before registering as a co-operative in order to see how they worked together and determine if they were a good fit to work co-operatively.

Larry Whaley from Island Roots said that finding a good manager as well as a qualified bookkeeper and a secretary is a challenge (personal communication, April 29, 2013). Finding a multi-talented individual with the agricultural and business and management experience necessary to run a small local food co-operative can be very challenging.

In addition, it can be hard to find suitable people to do bookkeeping and secretarial tasks. For a newly started co-operative like Island Roots, few paid work hours are available and there are no funds to pay a bookkeeper or secretary, which makes finding qualified people a challenge. Whaley noted that local co-operatives like credit unions could perhaps help with this issue by donating paid staff's time to help Island Roots with bookkeeping and secretarial tasks, but he doubted NFS could provide this assistance (personal communication, April 29, 2013).

Factors necessary for a viable marketing co-operative in the RDN

To remain viable, co-operatives, like other businesses, must fill a market need in a way that brings value to their owners and customers. According to interviewees, RDN producers and consumers are very interested in a local food marketing cooperative, indicating a need. However, a co-operative should also have a limited focus and well-defined purpose. The Vancouver Island Heritage Foodservice Co-operative failed because of an overly broad focus that included research, while Island Roots and Farmship have the narrower focus of marketing local food. While a well-defined purpose is necessary for success, a committed and collaborative membership is also important. According to Craig Evans of the Farmship Co-operative, the co-operative model suits individuals with an ideology consistent with social collaboration and production (personal communication, April 29, 2013).

Perspectives on the viability of a food hub in the RDN

When asked about the viability of a food hub in the RDN, all interviewees noted that there are several definitions of the term “food hub,” but all agreed that a food hub that adheres closely to the USDA’s definition could be viable in the RDN. However, Larry Whaley believes that a food hub would need to be part of an already functioning and profitable entity like a farmers’ market or store to be successful in the RDN (personal communication, April 29, 2013). Once the year round indoor market that Island Roots is setting up is functioning and profitable a food hub with packaging and storage facilities could possibly be attached to it.

Jenny Horn from Vancouver Island University (personal communication, April 15, 2013) and Carol Murray from the BCCA agreed that an independent food hub in the RDN might be at high risk of failure (personal communication, April 23, 2013). Another alternative they suggested would be for one co-operative organization to oversee several food hubs on Vancouver Island. The BCCA is currently researching how to create viable food hubs that can be replicated all over the province and organized into a co-operative or co-operatives.

Carol Murray was emphatic that for food hubs and food hub co-operatives to be viable on the Island they must be producer driven and have strong producer buy-in. When asked about New City Market in Vancouver she replied that she did not envision this type of food hub working well in the RDN or on the Island because it is not sufficiently producer driven (personal communication, April 23, 2013).

DISCUSSION

Findings

This study revealed some important information about local food marketing in the RDN, some which is consistent with the findings in the literature on local food marketing in North America (BC Association of Farmers' Markets, 2012; Bhuyan, 2007; Bruch & Ernst, 2010; Cechin et al., 2013; Centre for Cooperatives, 1999; Fulton, 1999; Harris, n.d.; Myers et al., 1998; Perry & Franzblau, 2010; Pickard, 1970).

Farmers' Markets

The finding that farmers' markets are the most widely used marketing method in the RDN is not surprising. Farmers' markets are easy and cost-effective ways for small-scale producers to reach consumers—selling at farmers' markets requires a lower level of production expertise than selling through CSA does, and there are many farmers' markets in the RDN for producers to choose from. This finding is consistent with the BCAFM's (2012) finding that the farmers' market is the primary source of annual gross revenue for half of farmer vendors in BC.

Farm gate sales

The findings show that this method is somewhat popular in the RDN, but given the limited literature on this method there is no basis for comparison. RDN producers may choose to use this method because it can be an easy and cost effective way for small-scale producers to reach consumers. However, it is possible that this method is less popular than farmers' markets in the RDN because of the absence of the business incubation and promotional assistance that farmers' markets provide. Some producers may find it easier and more profitable to take products to a central location that attracts a lot of people, while for other producers it may be easier and more profitable to sell products where they are produced, especially if they have only a very small amount of product. This method may also be less popular due to a lack of consumer demand for it. The literature shows that consumers find farmers' markets inconvenient, so it is reasonable to assume they would find the farm gate equally or even more inconvenient (Farmers' Markets Canada, 2009; Feenstra & Lewis, 1999; McGarry Wolf et al., 2005). The findings show that only seven producers sell both at farmers' markets and at the farm gate, but a more in-depth study is needed to determine why RDN producers choose both methods or one method over another.

Community Supported Agriculture (CSA)

The number of producers involved in CSA in the RDN is small, which may be indicative of Bruch and Ernst's (2010) finding that CSAs generally require a higher level of production expertise than other direct marketing methods, thus starting a CSA program may be challenging. Seven of the eight producers who use CSA also sell through other direct marketing methods, which could suggest that a CSA program does not enable RDN producers to sell all of their products. This could possibly be another reason why RDN producers do not use this method extensively.

Determining why so few RDN producers use CSA and why the ones who do also use other methods is beyond the scope of this project. However, between 2012, when information about RDN producers was gathered, and 2013, when this report was written, one of the producers who offered CSA shut down (this producer is not included in the Table 2 numbers).

Faires Farm in Parksville was forced to close its doors this year - not due to any of the disadvantages of marketing through a CSA found in the literature review but because aggressive deer caused major financial losses. There was still a high demand for its CSA program, with a four-year waiting list of people who wanted to be members.

A marketing method discussed in the literature review that does not appear to be used in the RDN is the multi-farm or the co-operative CSA. While the literature shows that setting up and coordinating this form of CSA takes a lot of organization, knowledge and skill, this method has advantages over a single-farm CSA (Perry and Franzblau, 2010). Additional advantages that may specifically benefit small-scale producers in the RDN are the ability for focused crop production and room for trial and error if other growers in the CSA can make up the difference.

Food boxes

It is unfortunate that the Nanaimo Good Food Box program is unable to buy much produce from the region. NFS' idea to sell a "local" food box at a higher price could benefit RDN producers, although the higher price may not appeal to everyone. The literature shows that the affordability of food box programs makes them more accessible to low-income populations, so a more expensive local food box may be beyond the means of some (Brownlee & Cammer, 2004; Morgan & Scharf, 2008). The Good Food Box would be well served by a regional food hub that could supply it with the quantities of produce it needs to run a viable business.

Some RDN producers supply SPUD but they may not be inclined to start up a similar business as it is likely easier to continue to supply SPUD than gain the business expertise and capital necessary to start and run such an operation. That said, SPUD does not deliver to the RDN, and there may be consumer demand in the RDN for a

similar service.

The literature about for-profit operations shows that before this type of operation is started in the region, like for any potential business, a thorough investigation of the competition, the local food market and potential customers is needed (University of Delaware, 2005). The literature shows that in most cases there is a particular demographic that is most drawn to shopping for groceries online (female, below the age of about 50, educated and high income) so anyone considering starting an operation similar to SPUD should look in-depth at the demographics of the RDN to determine the fit (Berning et al., 2004; Hansen, 2005; Hiser et al., 1999; Morganosky & Cude, 2000). Heart and Soil's flexible food box model accommodates both consumers who are willing to pay ahead for their produce and consumers who want more flexibility than a conventional CSA can offer. This flexibility provides Heart and Soil with cash flow early in the season from committed CSA members but it also expands the market to consumers who avoid CSAs due to the constraints on produce choice and pick-up and delivery. Enabling consumers to order online while still having them pick up their order enables Heart and Soil's operators to maintain focus on growing and harvesting, rather than delivering.

Heart and Soil's model could be duplicated in the region; however, anyone who wants to do so should consider whether online grocery shopping would appeal to consumers in the vicinity. For example, over the last 20 years the RDN, especially in Parksville and Qualicum Beach, has attracted pre-retirees and retirees, a trend that is expected to continue well into the future with at least 37% of the region's population being over the age of 65 by 2036 (Regional District of Nanaimo, 2011c). This may hinder businesses trying to sell groceries online in these parts of the RDN since the literature shows those over the age of approximately 50 are less likely to shop for groceries this way. Areas of the RDN that have a younger population may be better to set up an online grocery operation.

Email/phone sales

This project has not set out to examine direct marketing by email and phone, but the finding that only three of the 10 producers who sell exclusively by email and phone have websites that detail what they sell and how to contact them is noteworthy. It is unclear why these producers have chosen to only sell through email or phone orders and how consumers find out about them is a key question.

Furthermore, many other RDN producers do not have websites that advertise their products. Even if producers do not intend to sell anything through a website or have contact information on a website, it may be valuable for producers to have a basic site that outlines who they are and what and where they sell.

Co-operatives

The people interviewed for this study are or were involved with three different marketing co-operatives that cannot be easily compared. While all of the co-operatives were formed to increase food security in the region, different approaches are and were used to achieve this objective.

All three co-operatives are and were for profit; however, while Vancouver Island Heritage Foodservice Co-operative was and Island Food Roots Market Co-operative is a multi-stakeholder co-operative, Farmship is a producer co-operative. The literature reveals that member apathy and individualistic attitudes in an agricultural co-operative can result in the organization's demise (Bhuyan, 2007; Cechin et al., 2013; Centre for Cooperatives, 1999; Fulton, 1995; Fulton, 1999; Harris, n.d.; Pickard, 1970). Craig Evans from Farmship was cognizant of this and the fact that many producers may find starting their own private business preferable to the co-operative model. Farmship has not had the problems with member apathy and individualistic attitudes that some agricultural co-operatives face, partly because the co-operative is comprised of a small number of producers who worked together before incorporating as a co-operative in order to see if everyone had the same vision and could work together. The literature shows that a shared vision and willingness to give up some autonomy to work co-operatively is necessary for a co-operative's success (Centre for Cooperatives, 1999; Perry & Franzblau, 2010).

Island Roots Market Co-operative may be able to avoid individualistic attitudes because the majority of its members are not food producers who depend on the co-operative for part of their livelihood, and thus would not be significantly affected by the co-operative's success or failure. Island Roots may also be able to avoid member apathy; however, interest in and support for Island Roots could wane if a suitable location for the year round market cannot be found.

Vancouver Island Heritage Foodservice Co-operative is a good example of a non-agricultural co-operative that suffered from member apathy. It had a different focus than might be expected from a multi-stakeholder marketing co-operative, and because this focus did not always address membership needs, members grew increasingly apathetic.

In addition to Heritage's focus not addressing its membership's needs, its focus was also too broad and poorly defined. A clearly defined mission, purpose and focus is crucial for membership engagement, as is continued communication between members and the co-operative's management about the co-operative's undertakings and achievements.

Food hubs

It is promising that the BCCA is undertaking a comprehensive study on co-operative food hubs. The assertion by some of the interviewees that a food hub in the RDN should not be a stand-alone entity makes sense because attaching a food hub to an already profitable farmers' market or creating a co-operative of food hubs could give more grounding and support than a standalone hub. However, the USDA found that the structure of a food hub does not determine its economic success so much as how long it has been in business, so even if a food hub in the RDN is part of a co-operative of food hubs, it may take several years for it to be economically viable.

When looking at co-operative food hubs, the USDA found that this structure is a good fit for a food hub, but it did not look at the viability of a co-operative of food hubs, so the BCCA's report will be a valuable addition to the existing research on food hubs, especially since it will have a Canadian context.

Carol Murray's assertion that a food hub in the RDN should be producer led makes sense, but whether this model is the best option for the region will need to be determined through consultations and research. While it could be the best option, non-producer led food hubs have also succeeded in the US, and, as the literature shows, producer led models can have disadvantages also, such as a lack of the business expertise necessary to create and run a viable operation and difficulty getting seed funding (Boule et al., 2011).

Moving forward, when looking at the viability of a food hub in the RDN, the following should be considered:

- The local food system context;
- Current and past attempts to create aggregation and distribution infrastructure in the region;
- The legal structure that would best meet the financial, marketing and production needs of stakeholders; and
- The market for the food hub's products.

Limitations

As discussed in the Methodology section, the low response rate to the online survey means that only responses about what producers grow or produce and how they market it could be used. Responses about what time of the year producers sell certain products and what barriers they face to marketing and selling their products could not be used. Geographical limitations prevented the use of interviews with producers. However, an Internet search and a review of existing farmers' directories supplemented the survey.

The use of focus groups was considered. However, since the RDN was already engaging in focus groups with farmers as part of their AAP, and since farmers had already indicated they were suffering from research participation fatigue, it was decided not to engage farmers in more focus groups.

In addition to survey limitations, there are limitations to the data collected on the Internet about what local food producers sell and how because this information is not static. At any given time, producers stop operating and new producers come into the market or change marketing methods, hence, data obtained from the Internet or farmers' directories is less reliable than data obtained from surveys or focus groups.

Finally, since there are not many examples of alternative marketing methods in the RDN, it is recognized that the small number of interviews done does not present a complete enough picture from which to draw concrete conclusions about local food marketing possibilities in RDN. However, the information gathered from the interviews was valuable.

RECOMMENDATIONS

This study set out to determine if there are additional marketing methods or improvements to existing methods that could assist RDN producers in taking maximum advantage of the increasing demand for local food in the region. Improvements and additional methods that could be implemented by RDN producers were identified and the recommendations in this section give NFS suggestions on how this information can be disseminated to producers.

While NFS currently offers programs aimed at building the skills and knowledge of the general public, the recommendations focus on the overarching aim of NFS building a stronger relationship with local food producers by offering education programs and information related to marketing that is specifically directed towards them. It is recognized that as a small non-profit organization, NFS may not have the resources to implement all of these recommendations, so this section sets out a menu of choices that NFS can select from based on its resources, time, priorities, and interests.

Educational materials and workshops

- Using findings from this report publish a “Producer Marketing 101” brochure or Internet page that outlines the types of marketing methods, their advantages and disadvantages and issues to consider when opting for a particular method.
- Provide a Marketing 101 training workshop based on the “Producer Marketing 101” publication.
- Publish a “Quick Facts” brochure or Internet page that summarizes the findings of the BCCA’s research on food hub co-operatives.
- Publish information on and links to information on co-operatives and the co-operative ideology.
- Publish information on government food and inspection regulations and policies.
- Publish information on how to create an online presence.
- Provide a training workshop on the crop and production planning necessary for CSAs.

Partnerships

- Partner with Farmship Co-operative to provide an information session on producer marketing co-operatives.
- Partner with Heart and Soil Organics to provide an information session on its online box program.
- Partner with the BCCA to provide an information session on food hubs that is based on the findings of the BCCA’s research on co-operative food hubs.

Market research

- Undertake online food box shopping marketing research.

CONCLUSION

Local food producers in the RDN face a number of challenges to running a viable operation, and overcoming these challenges requires community and government support. It also requires a shift in consumer habits and attitudes about the accessibility and availability of food that has been perpetuated by a global food system that favours imported food over locally produced food. This shift is much less likely to occur if local food producers struggle to get their products to the consumer and make local food a more visible and mainstream part of community life.

This report sought to address the challenge of connecting producers with consumers by providing information, insights and options that can hopefully be of assistance to NFS, producers and by extension the RDN community at large. The findings and recommendations in this report have provided information about local food marketing that can be disseminated by NFS and used to create opportunities to strengthen NFS' relationship with producers and to assist producers in gaining more knowledge and skills that could potentially increase their returns. The information can also be used directly by producers to assist them in evaluating their current marketing methods and determining if changes can be made or new marketing methods undertaken.

The RDN has stated that it is committed to supporting the agricultural sector and increasing food security in the region, and NFS can assist with this. It is hoped that the information in this report can further NFS' mission to strengthen and support local food systems through education and information sharing. Increased producer marketing knowledge and skills combined with the increasing consumer interest in local food and the enthusiasm and momentum behind RDN local food initiatives like the year round market and a regional food hub are catalysts for a stronger, more vibrant local food system in which everyone in the community has access to locally grown and produced food.

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APPENDICES

Appendix A

This survey was sent to local food producers in the RDN to determine what they grow or produce, when during the year their products are available, what marketing methods they use to sell their products and what barriers they face to marketing and selling their products.

FARMERS' MARKETING METHODS IN THE REGIONAL DISTRICT OF NANAIMO

Farm Name:

Producer's Name:

Municipality:

1. Do you farm:

- Full time, year round
- Part time, year round
- Full time, seasonally
- Part time, seasonally
- As a hobby (hobby farm)

2. What did you produce on your farm in 2011 and approximately what percentage of your total sales revenue did each product represent?

Vegetables

PRODUCT

PERCENTAGE OF SALES

- | | |
|------------------------------------|---------|
| <input type="checkbox"/> Asparagus | ___ __% |
| <input type="checkbox"/> Arugula | ___ __% |
| <input type="checkbox"/> Beets | ___ __% |
| <input type="checkbox"/> Broccoli | ___ __% |

<input type="checkbox"/> Brussels sprouts	__ __%
<input type="checkbox"/> Cabbage	__ __%
<input type="checkbox"/> Carrots	__ __%
<input type="checkbox"/> Cauliflower	__ __%
<input type="checkbox"/> Celery	__ __%
<input type="checkbox"/> Chard	__ __%
<input type="checkbox"/> Cucumbers	__ __%
<input type="checkbox"/> Eggplant	__ __%
<input type="checkbox"/> Garlic	__ __%
<input type="checkbox"/> Beans (green, wax, yellow)	__ __%
<input type="checkbox"/> Green peas	__ __%
<input type="checkbox"/> Herbs	__ __%
<input type="checkbox"/> Kale	__ __%
<input type="checkbox"/> Leeks	__ __%
<input type="checkbox"/> Lettuce (all varieties)	__ __%
<input type="checkbox"/> Mushrooms	__ __%
<input type="checkbox"/> Onions, yellow, Spanish, cooking, etc.	__ __%
<input type="checkbox"/> Peppers	__ __%
<input type="checkbox"/> Potatoes	__ __%
<input type="checkbox"/> Pumpkins	__ __%
<input type="checkbox"/> Radishes	__ __%

- | | |
|--|---------|
| <input type="checkbox"/> Rutabagas and turnips | ___ __% |
| <input type="checkbox"/> Shallots and green onions | ___ __% |
| <input type="checkbox"/> Squash (butternut, spaghetti etc.) | ___ __% |
| <input type="checkbox"/> Sweet corn | ___ __% |
| <input type="checkbox"/> Spinach | ___ __% |
| <input type="checkbox"/> Sprouts | ___ __% |
| <input type="checkbox"/> Squash and zucchini | ___ __% |
| <input type="checkbox"/> Sweet peppers | ___ __% |
| <input type="checkbox"/> Tomatoes | ___ __% |
| <input type="checkbox"/> Other vegetables
(specify below) | ___ __% |
-
-
-

Fruits

PRODUCT	PERCENTAGE OF SALES
<input type="checkbox"/> Apples	___ __%
<input type="checkbox"/> Blackberries	___ __%
<input type="checkbox"/> Blueberries	___ __%
<input type="checkbox"/> Cherries (sour)	___ __%
<input type="checkbox"/> Cherries (sweet)	___ __%
<input type="checkbox"/> Cranberries	___ __%
<input type="checkbox"/> Grapes	___ __%

- | | |
|--|---------|
| <input type="checkbox"/> Pears | ___ __% |
| <input type="checkbox"/> Plums | ___ __% |
| <input type="checkbox"/> Rhubarb | ___ __% |
| <input type="checkbox"/> Strawberries | ___ __% |
| <input type="checkbox"/> Other fruits
(specify below) | ___ __% |
-
-
-

Meat, poultry, dairy and eggs

PRODUCT	PERCENTAGE OF SALES
<input type="checkbox"/> Beef	___ __%
<input type="checkbox"/> Poultry (chicken, turkey, geese etc.)	___ __%
<input type="checkbox"/> Eggs	___ __%
<input type="checkbox"/> Lamb	___ __%
<input type="checkbox"/> Pork	___ __%
<input type="checkbox"/> Sheep	___ __%
<input type="checkbox"/> Dairy	___ __%
<input type="checkbox"/> Other meat, poultry, dairy (specify below)	___ __%

Fodder Crops

PRODUCT

PERCENTAGE OF SALES

- | | |
|--|--------|
| <input type="checkbox"/> Hay | __ __% |
| <input type="checkbox"/> Alfalfa | __ __% |
| <input type="checkbox"/> Clover | __ __% |
| <input type="checkbox"/> Other fodder crops
(specify below) | __ __% |
-
-
-

Turf and Nursery

PRODUCT

PERCENTAGE OF SALES

- | | |
|---|--------|
| <input type="checkbox"/> Shrubs | __ __% |
| <input type="checkbox"/> Trees | __ __% |
| <input type="checkbox"/> Herbaceous perennials | __ __% |
| <input type="checkbox"/> Turf | __ __% |
| <input type="checkbox"/> Nursery | __ __% |
| <input type="checkbox"/> Other turf and nursery products
(specify below) | __ __% |
-
-
-

Specialty Products

PRODUCT	PERCENTAGE OF SALES
<input type="checkbox"/> Honey	___ ___%
<input type="checkbox"/> Maple Syrup	___ ___%
<input type="checkbox"/> Jam	___ ___%
<input type="checkbox"/> Baked goods	___ ___%
<input type="checkbox"/> Other specialty products (specify below)	___ ___%

3. What times of year are your products available for purchase?

Year round

Seasonal

4. How close to your farm are your products sold (check all that apply)?

Sold on the farm

1 – 5 km away

10 – 20 km away

21 – 50 km away

Over 50 km away

5. What marketing channels do you use to sell your product(s) (check all that apply) and what percentage of your 2011 sales were done via each channel?

Consumer-direct

MARKETING CHANNEL	PERCENTAGE OF SALES
<input type="checkbox"/> Farmers' markets	__ __%
<input type="checkbox"/> Farm gate sales	__ __%
<input type="checkbox"/> CSA (e.g. box distribution program)	__ __%
<input type="checkbox"/> Online through your own website	__ __%
<input type="checkbox"/> Festivals/fairs on your farm	__ __%
<input type="checkbox"/> Farm tours	__ __%
<input type="checkbox"/> U-pick	__ __%
<input type="checkbox"/> Other (give details below)	__ __%

Direct-to-retail

MARKETING CHANNEL	PERCENTAGE OF SALES
<input type="checkbox"/> Conventional grocery stores	__ __%
<input type="checkbox"/> Natural food stores	__ __%
<input type="checkbox"/> Schools	__ __%
<input type="checkbox"/> Restaurants	__ __%
<input type="checkbox"/> Specialty food shops	__ __%
<input type="checkbox"/> Other (give details below)	__ __%

Other wholesale markets

MARKETING CHANNEL	PERCENTAGE OF SALES
<input type="checkbox"/> Conv. grocery store chain buyer	__ __%
<input type="checkbox"/> Natural food store chain buyer	__ __%
<input type="checkbox"/> Online distributor (e.g. SPUDS)	__ __%
<input type="checkbox"/> Distributor	__ __%
<input type="checkbox"/> Marketing co-operative	__ __%
<input type="checkbox"/> Other (give details below)	__ __%

6. What plans, if any, do you have to increase or decrease the volume of your product sold through the following marketing channels?

Consumer-direct

- Plan to increase
- Plan to stay the same
- Plan to decrease

Direct-to-retail

- Plan to increase
- Plan to stay the same
- Plan to decrease

Other wholesale markets

- Plan to increase

Plan to stay the same

Plan to decrease

7. Are you able to sell everything you produce?

Yes No

If no, what percentage are you typically able to sell?

8. If you answered no to question 7, what prevents you from selling everything you produce?

Not enough labour

Geography

Not enough time

Legal/regulatory barriers

Other (give details below)

9. Are you looking for additional ways to market your product(s)?

Yes No

10. How do you currently market your product(s) (check all that apply)?

Word of mouth

Brochures, newspaper

- Your own website, social media
 - Through other websites
 - Through a Community Supported Agriculture program
 - Educational materials about farm or products
 - Road signage
 - Branding/logos
 - Farm events/tours
 - Product samples
 - Recipes/cookbooks
 - I do not market my product(s)
 - Other (give details below)
-
-
-

11. If you do not market your product(s), why not (check all that apply)?

- Time constraints
- I am not sure how to
- I do not see the need to
- Not enough marketing structures in the region (e.g. marketing co-ops)
- Financial constraints
- Not enough labour
- Other (give details below)

12. If you do market your products, are you reaching your target market?

- Yes No

13. Are you interested in expanding your market base?

- Yes No

14. What do you believe are your biggest marketing challenges?

- Lack of marketing plan
- Accessing new customers
- Pricing
- Regulations
- Finding locations to sell
- Financial constraints

15. Do you believe there is adequate assistance in the Regional District of Nanaimo to assist farmers in marketing their products?

- Yes No Not sure

16. Would you like assistance in marketing your product(s)?

- Yes No

17. Using a scale of 1 (not useful) to 4 (very useful), please indicate how useful the following information and/or services would be to improving your ability to effectively market your product(s):

Information/Service	Not useful	Somewhat useful	Useful	Very useful
Consumer education programs about buying local	1	2	3	4
Information and education on marketing strategies/skills and marketing plans	1	2	3	4
Farmers marketing cooperatives and associations	1	2	3	4
Representation on public policy issues affecting local food production	1	2	3	4
Consumer-direct marketing information/development	1	2	3	4
Direct-to-retail marketing information/development	1	2	3	4
Wholesale market information/development	1	2	3	4

18. Are you currently a member of any farmers or agricultural associations or organizations? If yes, which ones?

Yes No

19. Do you have a succession plan in place for when you retire?

- A. Yes
- B. No
- C. No, but I plan to make one before I retire

20. Do you have anything you would like to add that was not addressed in this survey? If so, please use the space below.

Appendix B

Interview questions for people involved in the planning and startup of Farmship Co-operative and Island Roots Market Co-operative.

1. Please tell me about your co-op. What is its main focus (ex. marketing, supply)?
2. When setting up the co-op what barriers did you face/are you still facing (ex. Regulatory, access to capital, communication issues between the co-op and farmers or other stakeholders, resistance from farmers or other stakeholders)?
3. Once the co-op was up and running, what challenges did you face (ex. Financial, meeting buyer specifications for product quality and consistency, balancing supply and demand)?
4. In your opinion, what factors are essential for a co-op to be economically viable?
5. Is there more that local, provincial and/or federal levels of government could be doing to make it easier for co-ops to be economically viable?

Interview questions for people involved with the planning and start up of Vancouver Island Heritage Foodservice Co-operative.

1. Please tell me about the Vancouver Island Heritage Food Service Co-op. What was its main focus (ex. marketing, supply)? Were members concentrated in one area or were they from all over Vancouver Island?
2. When setting up the co-op, what barriers did you face (ex. Regulatory, lack of capital, communication issues between the co-op and farmers or other stakeholders, resistance from farmers or other stakeholders)?
3. In your opinion, what were the main factors that led to the co-operative not being successful?
4. Are there any specific local or regional bylaws or Official Community Plan statements that acted to the detriment of the co-op?
5. I understand that the co-op was hoping to start up a processing plant. What prevented it from doing this?
6. Since there were attempts to start up a processing plant, was there interest in setting up a “food hub” in the region (i.e. a central location for aggregation, processing and marketing)?
7. In your opinion, what factors are essential for an agricultural co-operative to be economically viable on Vancouver Island?