
Absent with Regrets: Brian Kreps, Tina Moffat, Carolyn Cade, Maciej Kowalski, Russ Ohrt, Councillor Bratina

Also Present: Kathy Macpherson (Friends of the Greenbelt Foundation), Bill Wilcox (Victory Garden), Laurel Harrison (Hamilton Area Eco Network), Larry Pomerantz (Hamilton Civic League), Dave Carson (Dundas in Transition), Erica Jermé, Michael Root (Parkview Secondary School)

1. CHANGES TO THE AGENDA
   Additions (other business):
   6.1 Food Inc.
   6.2 Tapestry Bistro
   6.3 Urban Agriculture Symposium
   6.4 Local Food Plus
   6.5 Food Issues series in the Toronto Star by Margaret Webb

2. DECLARATIONS OF INTEREST
   There were no declarations of interest.

3. APPROVAL OF MINUTES OF PREVIOUS MEETING

   (Liz Shaver-Heeney/Tabaruk Jahan)
   3.1 Community Food Security Stakeholder Committee Meeting minutes dated October 7, 2009 were approved.
4. PRESENTATIONS

4.1 John Vieira and Nicole Marenick from SRA Strategic Research Associates, Value Chain Management Centre, presented their research on the feasibility of a food distribution hub in the Hamilton/Niagara region.
   ▪ See attached presentation slides for details of the presentation
   ▪ Discussion of the presentation focused on elaborating details from the presentation and next steps
   ▪ It was decided that the committee would “digest” the presentation (and the accompanying document) and put discussion of next steps on the agenda for the next meeting

5. DISCUSSION ITEMS

5.1 Subcommittee Reports

   Education and Outreach – Tabaruk Jahan
   Education & Outreach Committee is meeting November 11 to make decisions regarding a website designer.

   Coordination and Networking
   No report

   Enhancing Community Food Access and Services
   No report

   Development of a Local Food Charter/ Food Policy
   No report

5.2 “The Future on Food” report from Canadian Urban Institute conference - Melanie Golba
   ▪ From Kraft to craft - Ontario has potential to market small craft products
   ▪ Main source of profit at present is high fructose corn syrup confections
   ▪ 80% of farms in Ontario are family farms
   ▪ OFA - advocating for label "Produced in Ontario" to be a minimum of 85% local ingredients. Presently "Produced in Canada" means 50% product is Canadian produced.

5.3 People’s Food Policy Project – Sarah Wakefield
   ▪ Trying to develop federal level food policy ideas for Canada
   ▪ Soliciting input regarding federal policies around food and agriculture
   ▪ If you have any ideas, sent to Sarah before the December 1 deadline

6. GENERAL INFORMATION & OTHER BUSINESS

6.1 Food Inc.
   ▪ The above film will be screened on November 4 at the Bread and Roses Café.
6.2 **Tapestry Bistro**
- Will be celebrating its first anniversary in November. Check the website for details.

6.3 **Urban Agriculture Symposium**
- November 20, 2009 in Guelph

6.4 **Local Food Plus**
- Chris Allard from Local Food Plus will present at the January 6, 2010 CFSSC meeting.

6.5 **Food Issues series in Toronto Star**
- Above series by Margaret Webb is currently running in the Toronto Star.

7. **ADJOURNMENT**

*(Adam Watson/Chris Krucker)*

There being no further business, the meeting adjourned at 6:00 pm.  

**CARRIED**
Objectives

1. Identify critical success factors associated with successful local food initiatives
2. Identify markets most likely to support a Hamilton/Niagara (H/N) local initiative
3. Identify preferred products, target markets
4. Quantify likely support of producers and small food processing/marketing businesses
5. Identify operational and marketing arrangements best suited to H/N area

Research Methodology

Stage 1: Background Research

- Literature Review
  » Drivers of (local) food; CSFs; N/H characteristics
- Interviews with other LFDI (ON & beyond)
  » Customers, Products, Successes, Challenges

Project Conducted in Four Stages

Stage 1: Background Research
Stage 2: Primary Research
Stage 3: Data Analysis
Stage 4: Recommendations
Differences Between Hamilton & Niagara

Agriculture
• Compared to Niagara, Hamilton has half the agric area
  » Less than half the number of farms or turnover
  » Niagara dominates ON fruit and wine production

Culture & Tourism
• Niagara’s agric integral to economy and cultural identity
• Niagara main tourist market: casino/falls/wineries
  » Promote wine trail, culinary experiences
• Hamilton agric (and food) is not an integral ‘fixture’
• Hamilton main tourist market: family/friends/shopping
  » Promote development of business conferences and sports

Identified Factors To Consider
• Many proponents of local food initiatives do not sufficiently acknowledge market realities
  » Selling at farm gate very different to marketing to consumers in a retail store or restaurant
  » Often too much faith placed in local markets
• Consumers are fickle, complex, habitual
  » ~85+% will say support local
  » Most don’t unless a distinct value proposition
  » Looking for authenticity, not local per se
• Success rests upon attitudes and commitment
  » Particularly from either end of the value chain
  » Appropriate governance model

Critical Success Factors of LFDIs
• Market products consumers want to buy, not those that farmers desire to grow
• Consumers’ propensity to purchase local depends on a complex array of factors. Importance of local differ by food type, meal occasion and place of purchase
• Interest in local symptom of wider trend amongst consumers to gauge the authenticity of their food for health, wellness, experiential & environmental reasons
• Success rests upon operating as a commercial entity and adhering to consumer focused quality standards
• Most consumers expect to pay approx same or less for local food. Willingness to pay premiums per se is a myth

Will Consumers Pay a Premium For Local Food?

65% of Consumers say No
The core barrier to expanding the local food market is consumers’ perception of price
**Research Methodology**

**Stage 1: Background Research**
- Literature Review
  - Drivers of (local) food; CSFs; N/H characteristics
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  - Customers, Products, Successes, Challenges

**Stage 2: Primary Research**
- Customers
  - Target market, experience with local food
  - Create market, or react to consumer interest?
- Farmers
  - What crops do they produce and/or process
  - Expectations and likelihood to participate

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**Primary Research: Methodology**

- Value chain analysis approach
  - 57 Customers
  - 8 Stakeholders 'groups'
  - 275 Primary Producers
- Process of data collection
  - Telephone and in-person interviews (10 – 90 minutes)
  - Internet surveys
- Insights sought
  - Attitudinal
  - Strategic
  - Operational

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**Producers, by Region**

- Hamilton 43%
- Niagara 57%

**Respondents’ Farm Production**

- Field Crop
- Tender Fruit
- Field Vegetables
- Beef
- Poultry
- Egg Production
- Dairy
- Greenhouse Vegetables
- Greenhouse Flowers/Nursery
- Pork
- Lamb

**Priorities when sourcing perishable food products**

- Quality assurance
- Dependability
- Reliability
- Sustainability
- Consistency and stability

**Respondents, by Economic Activity**

- Producers: Field Crop 20%
- Producers: Tender Fruit 10%
- Producers: Field Vegetables 5%
- Producers: Beef 5%
- Producers: Poultry 5%
- Producers: Egg Production 5%
- Producers: Dairy 5%
- Producers: Greenhouse Vegetables 5%
- Producers: Greenhouse Flowers/Nursery 5%
- Producers: Pork 5%
- Producers: Lamb 5%
Research Methodology

Stage 1: Background Research
- Literature Review
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Stage 2: Primary Research
- Value chain analysis approach
- 65 Industry Stakeholders
- 275 Primary Producers

Stage 3: Data Analysis
- SPSS, Excel, and Nvivo software used to interpret findings within the context of the overall project

Impact of Quality?
Perceptions amongst Producers

36% Quality is a current barrier to the success of local food

70% Producers should be accountable for quality

56% I would not need to improve/upgrade current practices to participate in LFDI

Will Consumers Pay a Premium For Local Food?

85% say No
75% say Yes
This increases to 75% of producers – if quality improves

Attitudes and Commitment

- 49% of producers likely/very likely to participate
  - 41% are not!

Top 5 Perceived Benefits of an LFDI Among Producers

- Higher returns: 57%
- Better ability to respond to consumer demand: 51%
- Security of Market: 45%
- Ability to differentiate self: 41%
- Not having to meet retailer standards: 31%
Customers’ Support Need For LFDI

Retailers, foodservice & processors believe that a LFDI could help them increase market opportunities available to local food and agri-products by:

Help Overcome Limitation Created by

1. Complex web of often conflicting legislation, policy, bureaucracy
2. Current distribution systems

69% of customers view an LFDI as an opportunity to help them adapt to changing market demands

Farmer / Retailer (HRI) Disconnects

1. Viewing local as a change agent (or not)

56% of farmers view an LFDI as an opportunity to help prevent them from having to adapt to changing market demands

Farmer / Retailer Disconnects

1. Viewing local as a change agent (or not)
2. Relationship btw consumer interest & behaviour
3. Local as ONE factor vs. THE factor in consumers’ purchasing decisions
4. Consumer willingness to pay premiums for local
5. Value of generic vs. branded marketing program
6. Barriers towards exploiting the local trend and its influence on business behaviour
### Perceived Barriers To Exploiting Local Trend

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<thead>
<tr>
<th><strong>Corporate retailers:</strong></th>
<th><strong>Independent retailers:</strong></th>
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<tbody>
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<td>2. Inconsistent quality</td>
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<td>5. Seasonality of local product</td>
<td>5. Distributors’ attitudes</td>
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<td>1. Limited supply</td>
<td>1. Expectation of receiving premium prices</td>
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<td>2. Demanding logistics</td>
<td>2. Reluctance of retailers to source local</td>
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<td>5. Prices are higher than the consumers’ expectations</td>
<td>5. Producers’ reluctance to commit (53%)</td>
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<td>6. Lack of suitable marketing programs</td>
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### Key Challenges to Overcome

1. Motivating farmers to produce what consumers want to buy *(product & format)*
2. Maintaining producers’ commitment to the LFDI through managing their expectations
3. Ability to follow a commercial approach to business by resisting political pressures
4. Ability to establish a marketing program that directly connects quality with local

### Clear & Meaningful Marketing

**Canada Grade A**
Local Defined Identifiers for Consumers Certified Quality
Retailers’ Perceived Benefits of a LFDI

**Independent retailers**
- View consumers’ growing interest in local food as an *opportunity* for them to *gain* competitive advantage

**Corporate retailers**
- View consumers’ growing interest in local food as a *challenge* to which they must react to *retain* competitive advantage

**Similarities**
- Implement & enforce correct governance structure
- Retain stakeholders’ commitment to a LFDI
- Balance seasonality with year round requirements
- Address current lack of suitable infrastructure
  » Or suitably managed infrastructure
- Overcome producers’ unwillingness to adapt their operations to suit market demands
- Ensure government and NGOs play facilitation role,
  » NOT a management role
- Expand the LFDI’s geographic scope beyond the Hamilton and Niagara area
- Wherever possible, strategically align the LFDI with existing infrastructure

**Products Most Suited to a LFDI**

**Perishable Products**
1. Particularly fresh fruit & vegetables
2. Less processed products such as bread, cheese, meat and fish are possible
3. Differences exist regarding meat (between independent and corporate customers)
4. Opportunities for processed products will take longer to develop

Other than potted plants and cut flowers, the suitability of non-food products to a LFDI was deemed questionable

**Research Methodology**

Stage 1: Background Research
Stage 2: Primary Research
Stage 3: Data Analysis
Stage 4: Recommendations
Recommendations

1. Identify the LFDI system suited to the business environment (next…)
2. Identify the most appropriate leader(s) before establishing the LFDI
3. Target specific markets first
4. Strategically align the LFDI with existing systems
5. Enhance cool chain and grading capabilities
6. Determine the geographic scope and a manageable expansion program
7. Determine the product mix
8. Establish a verifiable quality assurance system
9. Develop a strategic marketing plan

Structural Options For LFDI

1. Regional distribution hubs
2. Piggyback on leading suppliers
3. Local food network

#1: Regional Distribution Hubs

- Appoint organization that already possesses the intellectual and physical capabilities necessary to add local products range to their current offering
- Ready access to market
- Minimal need for added infrastructure
- Provider of hub benefits from added value and reduced transportation costs
  » Asda/Walmart (UK)
  » 100 mile market (ON)
- Perhaps linked to dedicated retail space

#2: Piggyback on leading suppliers

- Suppliers can access processing as well as distribution & marketing resources from established organization
- Difference to #1 is intermediary business does not work with multiple local suppliers to significantly expand its range of products
- More tailored to strategically supply a small number of products to a specific target market
  » Sainsbury (UK)
  » 100 mile market with Gordon’s Food Service
#3: Local Food Network
- Distribute unprocessed or minimally processed products, delivered direct to store or foodservice operation
- Suited to distributing seasonal products
- Limited overheads and flexible approach
- Small quantities of niche products or supply to smaller customers
- Limited suppliers, more responsibility on them to be “retail ready”
- Fewer resources to manage supply & demand

Geographic Boundary for LFDE
- Extend beyond Hamilton & Niagara area
- Minimum cover the ‘Golden Horseshoe’ & immediate surrounding area
- Province wide

Why?
- Minimize differences between areas
- Improve economies of scale
- Wider access to products and markets
- Consumers understanding of local extends beyond borders. E.g.
  » Foodland Ontario, VQA (ON), etc.

Conclusions
- While local is of increasing interest to many consumers and retail customers ....
  » For different reasons is not one market segment
  » Not the panacea portrayed by many
  » Relies on same CSFs as overall food business
  » A 1000lb gorilla that large retailers are evaluating
- Foodservice is…..
  » Potentially even more difficult than retail
  » Many restaurants leading local drive are in trouble
- Therefore .....  
  » Genuine opportunities for local food / products
  » Genuine barriers to making it work efficiently

Questions / Comments