

Editorial: Themed Content: Intermediated Marketing Channels in Regional Food Systems

Cite this article: Dimitri C, Oberholtzer L, Pressman A, Welsh R (2019). Supporting local and regional food systems through intermediated markets: introduction to themed issues. *Renewable Agriculture and Food Systems* **34**, 179–180. <https://doi.org/10.1017/S1742170519000073>

Received: 21 January 2019
First published online: 26 February 2019

Key words:

Direct to consumer markets; intermediated markets; local and regional foods; small and medium-sized farms

Author for correspondence:

Lydia Oberholtzer,
E-mail: lydiaoberholtzer@gmail.com

Supporting local and regional food systems through intermediated markets: introduction to themed issues

Carolyn Dimitri¹, Lydia Oberholtzer², Andy Pressman³ and Rick Welsh⁴

¹New York University, New York, NY, USA; ²The Pennsylvania State University, 415 Elm Avenue, Takoma Park, MD 20912, Pennsylvania, USA; ³ATTRA—National Sustainable Agriculture Information Service, National Center for Appropriate Technology, Butte, Montana, USA and ⁴Syracuse University, Syracuse, New York, USA

Abstract

Intermediated markets account for two-thirds of local sales and are slowly gaining more attention. These marketing channels generally include all opportunities in the local supply chain that are not direct-to-consumer transactions, including sales to grocery stores, restaurants, regional aggregators such as food hubs, as well as schools, universities, hospitals and other institutions. The marketing chains are often regionally based and are shorter than the typical conventional food supply chain. These markets, like all other marketing opportunities, have their advantages and challenges for farmers. A set of nine papers in this themed issue explores a range of aspects of intermediated market channels, with some papers taking a broad view and others examining how farmers navigate specific markets. Together, the papers point to the potential that intermediated markets offer farmers interested in marketing their products locally and regionally, as well as reveal the entrepreneurial spirit that some of these market channels embody. While growth has been substantial and some successes evident, the papers also point to the challenges facing farmers who are trying to improve the economic situation of their farms.

By now, most readers of *Renewable Agriculture and Food Systems* know that local foods are of great and growing interest to consumers, businesses and researchers. The discussion around local and regional foods, and the farmers that provide them, has most often focused on direct-to-consumer markets such as farmers markets, community supported agriculture and farm stands. Little research has been conducted, until recently, on other marketing opportunities for farmers selling local and regional foods. Intermediated markets, such as farm to school efforts, are slowly gaining more attention.

Intermediated marketing channels, according to USDA Economic Research Service (Low *et al.*, 2015), generally include all marketing opportunities in the local supply chain that are not direct-to-consumer transactions, including sales to grocery stores, restaurants, regional aggregators such as food hubs, as well as schools, universities, hospitals and other institutions. The marketing chains are often regionally based and are shorter than the typical conventional food supply chain. They account for 66% of local food sales (USDA NASS, 2016).

Farmers may be interested in intermediated marketing channels for various reasons. For the right farmer, intermediated markets can provide market stability, since farmers know they can sell what they produce. Compared to direct to consumer channels, the intermediated channels may require less of a farmer's time and less spoilage and wasted produce. Through forward contracts, even informal ones, intermediated markets may encourage farmers to expand acres of production with less risk and farmers can specialize in products that may have a higher price point than other wholesale markets.

On the other hand, these markets also have their challenges. Operators of small farms may be unable to consistently produce sufficient quantity to meet the needs of the markets (Low and Vogel, 2011). Intermediated markets may provide lower price points than direct-to-consumer markets, and usually have requirements, such as GAP certification or insurance coverage, that may be costly barriers for farmers.

Although the local food market has grown in size as consumer interest has increased, our knowledge has failed to keep pace with the changes. Until recently, understanding the state of direct-to-consumer and intermediated marketing channels was a difficult task because few data existed about these channels. The bulk of data that exists covers direct-to-consumer markets, with the USDA Agricultural Census gathering information on these markets since 1997. This themed issue of nine articles seeks to fill some of the gaps in information about local and regional food sales through intermediated markets.

The first paper provides some context for the themed issues. Dimtri and Gardner (2018) review the current state of knowledge about intermediated marketing channels and review a selection of published literature focusing on farmer use of specific marketing channels in

the United States. Bauman *et al.* (2017) also provide a higher-level view of farmers using local marketing channels, including intermediated markets. The authors examine how financial performance of farms utilizing local food markets compare to their peers and whether optimal size vary among farmers depending on the nature of how they participate in the local food system.


The themed issue then turns to specific intermediated marketing channels. Christensen *et al.* (2017) and O'Hara and Benson (2017) use data from the new USDA Farm to School Census in their research. In the former, the authors use the census to estimate the relationship between a school district's local food purchases per student and supply chain structure, especially where schools purchase their local food. In the latter article, the authors look at whether local agricultural conditions affect the probability of whether a school district will purchase local foods and then at what levels they purchase local foods.

Boys and Fraser (2018) report data from a series of focus group meetings with small-scale fruit and vegetable farmers in three South-Atlantic states to identify and suggest solutions to barriers that limit the ability of these farmers to supply institutional foodservice operations, such as schools and hospitals. Feenstra *et al.* (2018) used an extensive dataset of survey responses from dairy, meat, fruit/vegetable/nut and grain specialty manufacturers, along with numerous interviews with manufacturers and farmers in five states, to examine the benefits, barriers and challenges for small- and medium-sized farmers who want to sell their products to specialty manufacturers. Dunning *et al.* (2017) take a practical view of an intermediated marketing channel not often studied; that is, military bases. The authors describe their experience, largely unsuccessful and challenges in a 3-year initiative to increase the amount of locally produced, source-identified products used at a North Carolina military installation.

Two final papers examine unique aspects of intermediated markets. Reid *et al.* (2018) examine wholesale produce auctions, a growing trend in some areas of the country. Wholesale produce auctions are a local aggregation point that provides access for small-scale fruit, flower and vegetable farmers to wholesale buyers. As some produce auctions cater to Amish and Mennonite populations, outreach to these farmers needs to be tailored. Givens and Dunning (2018) report *From the Field* about a regional food service distributor playing an active role identifying produce items desired by chefs, providing this information to farmers, and facilitating commitments from farmers to grow and chefs to buy the products.

This set of papers explores a range of aspects of intermediated market channels, with some papers taking a broad view and others examining how farmers navigate specific markets. Together, the papers point to the potential that intermediated markets offer farmers interested in marketing their products locally and regionally, as well as reveal the entrepreneurial spirit that some of these market channels embody. While growth has been substantial and some successes evident, the papers also point to the challenges facing farmers who are trying to improve the economic situation of their farms: not every venture was

successful. Our hope is that this set of papers will spur new discussions about intermediated marketing channels, and that future research will uncover best practices for farmers desiring to use these channels as part of their marketing strategies.

Author ORCID*s*.  Carolyn Dimitri, 0000-0001-9741-7862; Lydia Oberholtzer, 0000-0003-2532-6894

Acknowledgements. Funding was provided by the US Department of Agriculture's National Institute of Food and Agriculture, 2016-68006-24739.

References

- Bauman A, Thilmany D and Jablonski BBR** (2017) Evaluating scale and technical efficiency among farms and ranches with a local market orientation. In *Renewable Agriculture and Food Systems*. Cambridge, UK: Cambridge University Press, pp. 1–9. doi: 10.1017/S1742170517000680.
- Boys KA and Fraser AM** (2018) Linking small fruit and vegetable farmers and institutional foodservice operations: Marketing challenges and considerations. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–13. doi: 10.1017/S1742170518000030.
- Christensen LO, Jablonski BBR and O'Hara JK** (2017) School districts and their local food supply chains. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–9. doi: 10.1017/S1742170517000540.
- Dimitri C and Gardner K** (2018) Farmer use of intermediated market channels: a review. *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–17. doi: 10.1017/S1742170518000182.
- Dunning R, Day J and Creamer N** (2017) Local sourcing and the military: lessons learned through a university-based initiative to increase local procurement at a US military base. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–9. doi: 10.1017/S174217051700045X.
- Feenstra G, Hardesty S, Lev L, Houston L, King R and Joannides J** (2018) Beyond fresh and direct: Exploring the specialty food industry as a market outlet for small- and medium-sized farms. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–11. doi: 10.1017/S1742170517000722.
- Givens G and Dunning R** (2018) Distributor intermediation in the farm to food service value chain. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–3. doi: 10.1017/S1742170517000746.
- Low SA and Vogel S** (2011) Direct and intermediated marketing of local foods in the United States. Washington, DC: U.S. Department of Agriculture, Economic Research Service. ERR-128.
- Low SA, Adalja A, Beaulieu E, Key N, Martinez S, Melton A, Perez A, Ralston K, Stewart H, Suttles S, Vogel S and Jablonski BBR** (2015) Trends in U.S. local and regional food systems: a report to Congress. Economic Research Service, US Department of Agriculture.
- O'Hara JK and Benson MC** (2017) The impact of local agricultural production on farm to school expenditures. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–10. doi: 10.1017/S1742170517000552.
- Reid J, Simmonds D and Newbold E** (2018) Wholesale produce auctions and regional food systems: The case of Seneca produce auction. In *Renewable Agriculture and Food Systems*. Cambridge University Press, pp. 1–9. doi: 10.1017/S1742170518000133.
- USDA NASS** (2016) Local food marketing practices survey and (for All Farms data) 2012 Census of Agriculture. Washington, DC: U.S. Department of Agriculture, National Agriculture Statistics Service. ACH12–35.