

Local Food Coming of Age: The Evolution of the Local Brand, Policy Initiatives and Role of Direct Markets in the Agriculture Portfolio

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Sales of locally branded products have increased over the last 20 years. The U.S. Department of Agriculture's (USDA) 2015 local food marketing survey found that 167,009 U.S. farmers and ranchers sold \$8.7 billion of food directly to consumers, retailers, and other businesses and institutions (USDA NASS, 2016). In 2012, 7.8% of U.S. agricultural producers participated in direct or intermediated markets, a notable trend given that the agricultural sector is increasingly defined by its bimodal structure (Low et al., 2015). Since 85% of farms that participated in direct and intermediated markets in 2012 had gross cash farm income under \$75,000, federal and local funding for local foods may be indirectly serving as a market and policy initiative to support small farms, but do we know if that support is effective?

One trend worth noting for local foods is that growth in some subsectors appears to be maturing, particularly in direct-to-consumer outlets. Despite a 5.5% increase in the number of farms utilizing direct-to-consumer marketing outlets between 2007 and 2012 observed in the Census of Agriculture, there was no change in overall sales as intermediated markets became a more significant channel for those marketing local (Low et al., 2015). Although much of the initial interest in local foods originally revolved around farm-fresh produce, a growing array of local food products that require some level of manufacturing (meats, salsas, baked goods, and fruit-based beverages) is appearing alongside farm products and may represent opportunities for growth since consumers value more convenient or artisanal offerings. The growing visibility, complexity, and programming targeted at local foods motivate this issue's theme. In this issue, we explore the transformation of local food markets across several dimensions and consider how local food labels and framing, policy, and farm performance may all be influencing local food dynamics. In a subsequent, complementary issue, we will delve more into the consumer issues affecting this sector.

"Local food"—much like "value-added agriculture"—is an umbrella term for this sector, so only varying consumer perceptions and a broad USDA definition for local foods exists. In their piece, Holcomb et al. provide a classification system of terms as a resource for this sector of the food economy. Terms and meanings in these markets are both emerging and evolving. They posit that a better taxonomy of local foods will better equip consumers, producers, government entities, NGOs, and land-grant universities to frame, implement, and identify gaps in marketing promotions, programming, and policy needs related to local food systems.

Given the slowing growth in direct markets, intermediated markets are receiving more attention, but they may not seem as accessible to small- and mid-sized farms. In response, the U.S. Department of Agriculture invested over \$1 billion to support over 44,000 local food projects nationwide between 2009 and 2014, many of which focus on developing appropriately scaled infrastructure to support intermediated sales (Vilsack, 2016). In their article, Clark

and Jablonski assess how the creation of the USDA's "Know Your Farmer, Know Your Food" program in 2010 may have led to a maturation of federal policies and programs across the entire USDA system, where maturity is indicated by more dedicated staffing and continuous programming targeted at the sector. They offer a particularly interesting and useful approach to evaluating the maturation of legislative (Farm Bill and other federal policy) and administrative (staffing and programs) policies separately, which is interesting and timely given that the dynamics of those different governance strategies may differ greatly.

In the final article of this theme, Shideler et al. assess whether the growth in local markets and maturation of the policy environment has measurably impacted farmers and ranchers. They provide evidence that producers operating in local markets are smaller on average, perhaps as local markets allow farm viability at a smaller scale. No matter the scale, producers marketing locally may make relatively higher economic contributions through their own expenditures and offering jobs that pay competitive wages to members of their community. Since they also provide evidence that sales through intermediated markets could bolster profitability, it motivates future work to assess whether the policies and programs outlined by Clark and Jablonski supporting food supply chain initiatives could indeed lead to higher economic impacts than those simply targeting direct markets. This research motivates the need for further research on the economic impacts associated with types of direct markets and the various types of products being introduced (fresh produce, meat, dairy, value-added products).

For More Information

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