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Building a Better Local Food System: A Case Study of the Western Montana Growers Cooperative

Beth Anne Neely
The University of Montana

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Building a Better Local Food System: A Case Study of the Western Montana Growers Cooperative

Chairperson: Neva Hassanein

Local food systems aiming to re-create direct links between producers and consumers are emerging in the United States and elsewhere in response to the social, economic, and environmental consequences of the globalizing food market. Despite growing consumer demand for locally produced food, small-scale producers may not have the capacity to meet the needs of wholesale food purchasers, such as restaurants, grocery stores, schools, or hospitals, thus limiting their markets to direct sales to consumers. Wholesale customers, in turn, face a number of barriers to purchasing local food. Producer cooperatives may alleviate some of the challenges faced by wholesale buyers while opening new markets for their members. Previous studies have examined the perspectives of wholesale food buyers that may or may not purchase locally. This study explores the perspectives of wholesale buyers at grocery stores and restaurants who purchase from one producer cooperative in particular, the Western Montana Growers’ Cooperative. This research investigates the extent to which the Western Montana Growers Cooperative helps its wholesale customers overcome the barriers to purchasing local food, and offers suggestions for the Western Montana Growers Cooperative to continue building a vibrant local food system.

Keywords
Montana agriculture, Western Montana Growers Cooperative, producer cooperative, local food system, alternative food system, direct marketing
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CHAPTER ONE

A COOPERATIVE APPROACH TO LOCAL FOOD

Early one fall morning I arrived at the loading dock of a grocery store in Missoula, Montana. Snow capped mountains surrounded the valley, and the October air was crisp and cool. Another growing season had come and gone. I was waiting to meet the Western Montana Growers Cooperative delivery truck to tag along for morning rounds in Missoula. The first thing I noticed as the truck arrived was the beautiful artwork set against its tall white sides. The logo depicts a farmer unloading vegetables from a 1930’s era produce truck, reminiscent of a time when people bought most of their food from nearby farms. They say a picture speaks a thousand words. To me, this emblem told a story of what the Western Montana Growers Cooperative is trying to accomplish: Real people, bringing a bounty of fresh food from local family farms to consumers in the region.

The Western Montana Growers Cooperative, which I also refer to as the “Co-op,” was formed by a group of producers from western Montana’s Mission Valley with the assistance of the Lake County Community Development Corporation in early 2003. The Co-op is made up of family farmers who collectively market and distribute some of their products throughout western Montana. Most members use the Co-op as a secondary outlet for their products and also sell through other markets including farmers markets, on-farms sales, and individual accounts to local businesses.

With the growing popularity of local food, new producer cooperatives like the Western Montana Growers Cooperative are forming to sell food products from local farms and ranches to nearby wholesale customers. Producer cooperatives consist of
individual farms, joined together to purchase services or supplies or market their products. Cooperative marketing and distribution is not a new concept to American farmers and ranchers. What distinguishes the Western Montana Growers Cooperative from most of the other 1,500 agricultural marketing cooperatives in the United States (United States Department of Agriculture {USDA} 2002) is their focus on selling locally. By bringing food from producers to consumers within the same region, the Co-op represents a link in the local food system: part of the larger system of food production, processing, marketing, and distribution that is geographically located within a specific area.

Local food systems aiming to re-create direct links between producers and consumers are emerging in the United States and elsewhere in response to the social, economic, and environmental consequences of the globalizing market (O’Hara and Stagl 2001). Scholars have uncovered a variety of benefits of local food systems. However, wholesale food purchasers face many challenges to buying locally. Individual or small-scale producers may not have the time or capacity to satisfy the needs of wholesale buyers, potentially limiting their ability to sell local food in more conventional marketplaces. Producer cooperatives, however, may provide opportunities for farmers to meet the needs of wholesale buyers in their locale while receiving an adequate and stable price for their products. By pooling resources and products from multiple farms and ranches, producer cooperatives may serve wholesale customers that purchase local foods better than individual producers can independently.

More research is needed to better understand how producer cooperatives selling local food to wholesale markets can contribute to emerging local food systems. This case
study aims to better understand the Western Montana Growers Cooperative’s role in the local food system. Through in-depth interviews with some of the Co-op’s customers, this study examines the extent to which the Co-op helps its wholesale customers overcome obstacles of purchasing local food, and offers recommendations regarding how the Co-op can improve its service and continue to strengthen the region’s local food system.

Chapter two reviews existing literature about emerging local food systems, and provides examples of several producer cooperatives that sell local food. Chapter three describes the history and development of the Western Montana Growers Cooperative, and introduces the methods of data collection and analysis for this research. Chapter four presents the findings of this study. The final chapter concludes the study and offers recommendations for the Western Montana Growers Cooperative.

Lessons learned through this case study may help the Western Montana Growers Cooperative better serve its customers. This study also expands on existing literature about locally-oriented producer cooperatives and adds to empirical research of emerging alternatives to the dominant food system. Additionally, the findings may be useful for farmers, producer cooperatives, and communities in other parts of the country working to develop robust and sustainable local food systems.
CHAPTER TWO
REVITALIZING LOCAL FOOD SYSTEMS

When you glance over a typical restaurant menu, you will seldom find any indication of where the ingredients of each meal were grown, raised, or processed. The menu probably will not tell you the size of the farm where the chicken was produced, the production standards followed where the salad was grown, or the distance the wheat traveled before it is served to you in the form of bread. The same is true for most food you could buy at any of a dozen or more chains of grocery stores across the United States. With this increasing sense of disconnect, however, consumers are seeking out foods that tell a story and provides a sense of the people and land involved in the production of the food products they buy and eat. Local food systems offer one alternative to the dominant food paradigm that aims to shorten the physical and social distances between producers and consumers. Scholars are beginning to document the evolving landscape of emerging local food systems and are looking for ways to ensure their long-term success.

This chapter lays the framework for understanding emerging local food systems, the needs of wholesale buyers who want to purchase local food, and new niches for producer cooperatives. I begin with a brief overview of the dominant, conventional food system followed by a description of local food systems. I then review other research regarding the benefits and challenges of purchasing local foods from the perspective of wholesale food buyers. I also provide background information about agricultural cooperatives, including descriptions of several existing cooperatives that sell local food, and discuss their potential contributions to emerging local food systems.
The Conventional Food System

A food system can be viewed as the people, places, and procedures involved in producing, processing, marketing, distributing, and consuming food. Food systems are embedded in the social and cultural aspects of consumption and in relevant governmental policies (Gillespie and Gillespie 2001). Traditionally, food systems existed within a given location and were limited by physical distances and cultural constraints. During the past century, however, food has become less governed by geographic distance and cultural identities (O’Hara and Stagl 2001). Agriculture in the US is shifting toward increasingly concentrated and consolidated operations, and the industrializing food system is now characterized by relatively homogeneous products produced in large quantities and shipped extensive distances. In essence, food, like many other goods and services, is increasingly linked to a vertically integrated global marketplace, offering little connection between consumers and the people, places, and process that make up the food system.

The conventional food system has brought significant changes to the American agricultural landscape. The amount of land in productive agriculture is declining nationwide, as are the number of farms (USDA 2002). The bulk of these farm losses are occurring to operations that constitute what Kirschenmann et al. (2005: 1) call the “agriculture of the middle:” independent family farms that operate “in the space between the vertically integrated commodity markets and the direct markets.” These relatively small farms find it hard to compete in an agricultural marketplace dominated by a small number of large corporate and private farms and ranches with the advantages of size and high volume output (Waner 1999).
Low farm prices and the declining “agriculture of the middle” take their toll on America’s rural communities. Today, less than ten percent of the nation’s rural population lives on farms (Sharp et al. 2002). As farm families seek non-agricultural employment or move out of rural areas, they are more likely to spend their income in larger population centers. This leads to declining small town businesses and the transfer of other employment opportunities outside of farming communities (Kirschenmann 2004, Walzer et al. 1999). The social fabric of rural communities is also eroded by the outflow of young people. Furthermore, the average age of farmers is increasing. In 2002, American farmers over 65 outnumbered those under 35 by more than five to one (USDA 2002). This trend may result in the loss of thousands of farms if there is no one to take over the business when operators retire. It also opens previously productive agricultural land to other uses, including development, changing the nature of the rural landscape. In the end, entire rural communities and economies feel the impact when the “agriculture of the middle” struggles.

The conventional food system also results in increasing distances that food travels; Transporting food commodities around the globe is now the norm (Heffernan and Hendrickson 2002). Pirog et al. (2001) determined that produce arriving by truck at the Chicago terminal market in 1981 traveled an average of 1,245 miles from its point of origin. By 1998, this distance increased by 22 percent to an average of 1,518 miles. Researchers found that food from three local food projects in Iowa travel an average of 44.6 miles from the farm to the consumer. If the same food were conventionally sourced from national suppliers, it would have traveled approximately 34 times the distance of the locally sourced food.
The distance food travels in the conventional food system is particularly concerning because of resulting environmental impacts: more road building, higher fossil fuel use, and concurrent increases in greenhouse gas emissions and other transportation related pollutants (Pirog et al. 2001). Pirog et al. (2001) found that the dominant food system uses 4 to 17 times more fuel and emits 5 to 17 times more CO$_2$ than food from an Iowa based local and regional food system. While more research may be needed to better understand the efficiencies and emissions from different modes of food transportation, it is clear that increasing local food supplies could substantially decrease the distance that food travels, the amount of fuel used, and the volume of CO$_2$ emissions resulting from food commerce.

The conventional food system is resulting in detrimental impacts on small and mid-sized family farmers, rural communities, and the environment. Rural communities already bear the burden of declining farm prices and decreasing populations. Local food systems may be one way to counteract the negative impacts of food system industrialization by rebuilding vibrant rural economies and more sustainable modes of product distribution. Producer cooperatives may make important contributions to emerging local food systems by opening new markets for local producers while making it easier for wholesale purchasers to access local food.

**Defining Local Food Systems and Their Goals**

Sanger and Zenz (2004: 3) define “local food systems” as situations in which foods that are grown, processed, and consumed people within a particular region. Local food systems consist of a chain of participants, producers, consumers and the middlemen.
They offer an alternative to conventional industrialized agriculture by refocusing on the social, economic, and ecological context that global systems largely externalize (O'Hara and Stagl 2001). As such, local food systems should endeavor to support long-term connections between farmers and consumers while helping to meet the social, economic, and environmental needs of communities within that region.

Naturally, the term "local" has different connotations. To some, "local" might mean coming from within a certain distance of where they live. Gary Paul Nabhan (2002), for example, writes of his year-long endeavor to eat only foods originating within two hundred miles of his home. Others may think of local food as coming from a particular geographic location, such as their state or bioregion. Essentially, local food systems re-center the production and consumption of food within geographically and culturally defined communities.

People engage in local food systems for a variety of reasons. Feenstra (1997: 28) considers local food a method of community development: "A logical and appropriate way to revitalize a community is by the development of a local food economy." By increasing the exchange of food and capital within a given locality, local food systems result in an area retaining more money, labor, and consumer capital (Bellows and Hamm 2000). In addition to supporting local economies, local food systems are social movements, working to recreate linkages between various players in the food system. Local food systems are also an environmental endeavor, reducing food miles and pollution that result from food commerce (Pirog et al. 2001; Seyfang 2004). Morris and Buller (2003: 560) summarize the movement in a paper assessing the local food sector in Gloucestershire, UK:
Many of the reasons underpinning the emergence of local food can be understood as a reaction, by producers and consumers alike, to the standardized and mass-produced food products of the globalized food economy, typically associated with trans-national food processing and retail companies, in which ever greater distances (and disconnection) have been created between the production and consumption of food.

Local food systems offer significant opportunities to "enhance the economic, environmental, and social health of a particular place" (Feenstra 2002: 100). The United States Department of Agriculture’s (USDA) Sustainable Agriculture Research and Education Program (SARE) lists a number of goals that local food system projects should address. These include: improved access to adequate and nutritious food for all community members; a viable base of family farms engaged in sustainable production; stronger linkages between producers and consumers; food and agriculture related businesses that offer employment and retain financial capital in the community; improved working and living conditions for farmers and food industry laborer; and policies that support the production, processing, and consumption of local food (Feenstra 2002).

Building a local food system is a vast and complicated undertaking, involving many stakeholders. Producer cooperatives are one of many ways to reestablish local markets and address these goals.

**The Local Food Marketplace**

If small American farmers are to survive as wholesalers, systemic change is needed to ensure that they receive an adequate, stable price. Short of such change, their survival depends on their ability to direct market (Starr et al. 2003: 315).

Local food is making a comeback. Many consumers have a growing interest in seasonal, fresh, and local food, and are gaining awareness of the important role of food production in their communities (Guptill and Wilkins 2002; Lawless 1999; Johnson and
Consumers are increasingly interested in purchasing locally produced foods that offer economic benefits to both family farmers and the local economy (DeCarlo et al. 2005). As a result, a growing number of producers, consumers, and foodservices are beginning to work together to change the food system to benefit all of its participants.

The local food revival is occurring via two main approaches: direct marketing to consumers and through wholesale outlets such as grocery stores, restaurants, and public institutions. Direct marketing refers to the exchange of goods directly between producers and consumers. Farmers often sell food directly to consumers at farmers markets or roadside farm stands. In recent years, producers have begun setting up direct marketing schemes through Community Supported Agriculture, (CSA) where customers pay at the beginning of the season for a weekly share of the farmer's harvest. While some of these outlets have been staple elements of food retailing over the years, some are the result of new and creative ideas, and others are reestablishments of markets from a bygone era.

Direct marketing has grown in popularity in recent years. In 2002, more than 116,000 farms nationwide sold food directly to consumers, up from 86,432 farms participating in direct marketing in 1992. The dollar value of agricultural products sold directly to consumers more than doubled in that same time frame, from $404 million in 1992 to more than $812 million in 2002 (USDA 1997; USDA 2002). Even at its height, direct marketing represents less than half of one percent of the more than $200 billion in annual sales from America's farms.

The local food movement is beginning to expand outside the bounds of traditional direct marketing as consumers seek out local food in more conventional, wholesale
markets. Grocery stores, restaurants, and cafeterias are responding to consumer demand for fresh, high quality products by offering local and organic foods (Halweil 2005; Lawless 1999). Wholesale customers represent important markets for small and mid-sized farms because they can “lower barriers that industrial scale agriculture has placed between farmers and consumers” (Valliantos et al. 2004: 416) and increase the price that farmers receive (Starr et al 2003). Incorporating local food into wholesale markets is critical for expanding existing and emerging local food systems because this is where consumers spend the majority of their food dollars.

Scholars are beginning to understand the new role of local food in the purchasing practices of wholesale buyers. Starr et al. (2003) sampled buyers at restaurants and other foodservice institutions, including schools in Colorado. More than half of the locally-owned restaurants and 45% of the institutions they surveyed purchased at least some food locally, while only 11% of chain restaurants used local food. Supporting other local businesses, buying products that minimize environmental impacts, and choosing locally grown and processed food were important factors to restaurants that purchased locally (Starr et al. 2003). Researchers found that rural retailers in upstate New York are responding to growing demand for locally grown or produced foods by increasing the amount of local food they offer (Guptill and Wilkins 2004). Local foods, however, were primarily promoted as specialty or premium products, which suggests they represent only the margins of mainstream retailing (Guptill and Wilkins 2004).

Through a case study of the Western Montana Growers Cooperative, this research seeks to understand if producer cooperatives can expand local food marketing by making it more accessible to wholesale customers. The next section reviews literature
documenting the views of wholesale food buyers regarding the benefits and barriers of buying local food. This provides a framework for understanding the needs of wholesale food purchasers, and how producer cooperatives may fill that niche.

**Benefits of and Barriers to Purchasing Local Food**

Food activists and researchers are working to document the impacts of existing local food systems. They also want to better understand the needs of wholesale food buyers so that producers can build skills and develop the infrastructure necessary to make local food more affordable and practical in wholesale markets. Producer cooperatives may be one way to meet these objectives.

Several scholars have studied the perspectives of food producers regarding the benefits and challenges of selling locally to wholesale outlets. For example, Gregoire et al. (2005) found that Iowa producers see a number of benefits of marketing to restaurants and schools, including: support for local farmers, fresher food for customers, less travel distance for food, and higher quality products. A study conducted by the Practical Farmers of Iowa (2002) identified issues related to marketing to institutions by examining seven local food projects in the state. Both studies reported significant challenges that producers face by selling to nearby restaurants and institutions. These include the seasonal nature of product availability, competitive pricing, lack of a dependable market from buyers, ordering procedures, and the inability to supply the needed quantity (Gregoire et al. 2002; Practical Farmers of Iowa 2002).

Other studies have explored the real and potential outcomes of local food purchasing from the perspectives of wholesale food purchasers. Starr et al. (2003)
studied barriers and opportunities to local purchasing through telephone interviews with restaurant and institutional foodservice buyers. In Wisconsin, a team of researchers surveyed 300 Wisconsin food buyers and held focus groups with farmers, chefs, retailers, and food service providers to understand the purchasing practices of participants, including reasons for not buying more local food (Lawless 1999). Guptill and Wilkins (2002) used in-depth interviews to document grocery store managers’ experiences with local food in upstate New York. Gregoire and Strohbehn (2002) conducted semi-structured interviews with foodservice managers at school districts, and Strohbehn and Gregoire (2002) used a mail survey of health care, school and restaurant food service managers. Each of these two studies documented the document perceived benefits and challenges purchasing local food.

Several studies document the perspectives of buyers at institutions who are actively purchasing local food, namely participants in Farm to Cafeteria programs. Notably, Valliantos et al. (2004) identify benefits and barriers to local food purchasing through a combination of local food systems theory and evaluating existing Farm to School programs. Murray (2005) conducted surveys and interviews with staff from 59 Farm to College programs nationwide and Markley (2002) interviewed organizers (directors, farmers, and farmer-owned cooperatives) involved in 18 different Farm to College projects. Another project presents case studies of seven Farm to Cafeteria programs in Washington State in order to help interested producers understand how to sell to Washington institutions (Sanger and Zenz 2004).

The studies listed above document many perceived benefits of buying locally, including: supporting local farmers (Markley 2002; Sanger and Zenz 2004; Valliantos et
al. 2004), good public relations for the business or institution (Gregoire and Strohbehn 2002; Markley 2002), providing fresh, high quality food (Markley 2002; Starr et al. 2003; Strohbehn and Gregoire 2002) that is nutritious (Markley 2002; Murray 2005, Sanger and Zenz 2004), and decreasing transportation-related pollution from shorter distance travel (Markley 2002; Murray 2005). One study reported that buyers benefit from personal interactions with small growers, and feel the local purchasing benefits the economy by keeping money within the state (Starr et al. 2003).

Despite extensive benefits, these same studies identify various barriers to purchasing local food by wholesale buyers, such as: the logistics of ordering from multiple producers (ordering, accounting, arranging timely deliveries), the inconsistency of product availability (volume and seasonality), their need for pre-processed items, and the potentially higher prices of local food (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). Lack of knowledge about initiating relationships with local producers, insurance requirements for food suppliers, obligatory bid systems that preclude local producers, and the inability of local producers to meet the invoicing and packaging needs of institutions are additional challenges faced by wholesale buyers (Starr et al. 2002; Valliantos et al. 2004). Participants in one study were concerned with the quality of local food (Guptill and Wilkins 2002). Some foodservice buyers are also concerned with the lack of professionalism from local producers, who may not be accustomed to working with professional buyers (Lawless 1999).

Based on this body of research, the literature suggests several strategies for increasing the flow of local food to wholesale markets. First, participants should
establish better communication and offer a greater willingness to accommodate each other’s needs. For example, a grower could communicate growing season and product availability to help foodservice buyers make decisions about when purchasing locally is feasible (Gregoire and Strohbehn 2002; Sanger and Zenz 2004). In turn, purchasers could let producers know what types and amounts of local products they are most interested in purchasing, then make commitments so producers can plan accordingly. Producers would be more likely to secure a market for their products if they can ensure a specific volume and quality of product before the growing season starts (Sanger and Zenz 2004).

These suggestions put a lot of emphasis on what producers can do to make it easier for wholesale buyers to purchase from them. This may seem daunting to small-scale farmers. Researchers have encouraged local growers to develop producer cooperatives, which would enable wholesale customers to order and pay for local food from multiple farms through one transaction and potentially overcome some of the barriers to purchasing locally (Feenstra 1997; Gregoire and Strohbehn 2002; Gregoire et al. 2005; Lawless 1999; Sanger and Zenz 2004; Starr et al. 2003). By marketing cooperatively, producers may also ensure an adequate variety and quantity of local foods, thus gaining access to wholesale buyers who need significant volumes of food (CIAS 1999; Zeuli 2002). Producer cooperatives can also increase the market price received by farmers who would otherwise lose a greater share of profits to middlemen through conventional distribution (Starr et al. 2003). New producer cooperatives aimed at selling local food to wholesale markets are gaining momentum around the country, and warrant a closer look for their contributions to emerging local food systems.
Past studies have looked at the perspectives of wholesale buyers who may or may not currently purchase local food. This study samples wholesale buyers who all purchase local food from one particular producer cooperative. In this way, I was able to explore the perspectives of buyers with a demonstrated interest in local food, adding empirical research to literature about emerging local food systems. Furthermore, this study examines the extent to which the Western Montana Growers Cooperative is able to overcome barriers identified by previous studies, and identifies new strategies the Co-op can undertake to better serve its customers. Thus, the findings of this study will provide useful information to the Co-op as it continues growing, and serve as a valuable case-study for other producers working to expand wholesale marketing opportunities for local food.

Going Local with Producer Cooperatives

A cooperative is a business that is owned and operated by its members. Cooperatives are a way for individuals to perform tasks collectively which they could not accomplish alone (Zeuli 2002). Agriculture is among numerous business ventures, including health, finance, utilities, housing, and retail, that can legally form cooperatives. Cooperatives offer a unique business arrangement: they belong to the people that use them. Each cooperative member controls one vote in the decision-making process, regardless of their level of financial investment, and earns returns in proportion to their use of the cooperative (Zeuli 2002).

Agricultural cooperatives - also known as producer, farmer-owned, or grower cooperatives - are formed when individual farms join together to purchase services or
supplies or to market their products. The Capper-Volstead Act of 1922 is the legal mechanism enabling farmers to “lawfully unite to collectively market their products” (Volkin 1985: 1). This federal law technically provides a limited antitrust exemption, making it legal for two or more farmers to join together and, essentially, act as one farmer in the marketplace. A producer cooperative must operate for the benefit of its members, who must be producers of agricultural products. They may also deal with products of nonmembers in amounts lower in value than the products it manages for its members (Volkin 1985).

Producer cooperatives are classified according to their major function: Marketing cooperatives focus on the sale of members’ farm products. Farm supply cooperatives primarily sell farm production supplies, farm equipment, and building materials. Service cooperatives provide specialized agricultural services to their members, such as storing and trucking (Adams et al. 2003). Because of the focus of this study, all use of the term producer cooperative refers to agricultural marketing cooperatives.

Producer cooperatives play an important role in US agriculture. In 2003, the USDA reported 3,086 agricultural cooperatives in operation across the United States, with approximately 2.8 million members, and conducting more than $100 billion in business. Approximately half of US agricultural cooperatives are marketing cooperatives. Of these, grain and oilseeds, fruits and vegetables, and dairy are the top three business categories (USDA 2003).

The marketing power of agricultural cooperatives is limited by intense competition from vertically integrated firms who control various stages in a supply chain, including production, processing, and distribution, and are able to provide uniform, low-
cost food products to consumers (USDA 2003). Cooperatives, however, provide a business structure that puts some control of the food system back into the hands of producers. Doherty (1997) writes that: “Through cooperative business, farmers [have] a hand in the policies of the marketing and supply companies that they [depend] upon by becoming owners of such firms.” Thus, cooperatives are important tools producers can use to regain control of food supply chains with significant potential to contribute to rural economic development. According to Zueli (2002: 5):

Agricultural cooperatives, in particular, are targeted as a tool for economic development because their future is tied to that of their rural communities. Cooperatives have both a vested business and personal interest in rural America because it’s home for them and their families.

Traditionally, producer cooperatives have served as clearinghouses for the marketing, sale, and distribution of members’ agricultural commodities (USDA 2003; Waner 1999). In the current globalizing market, however, producer cooperatives need to establish a competitive foothold in food supply chains in order to succeed. The USDA Rural Business-Cooperative Service suggests that cooperatives can gain consumer loyalty by providing differentiated products, such as local food. The distinctiveness of local food can potentially provide a market advantage (USDA Rural Business-Cooperative Service 2002). Furthermore, by marketing their products within the local area, producer cooperatives provide stable and adequate prices for their members. For example, members of the Western Montana Growers Cooperative receive 75% of the wholesale price paid by customers for their products, whereas farmers typically receive 50% of the wholesale price when selling through conventional wholesale distribution channels (Wehri 2005).
Producer cooperatives that sell locally can also make important contributions to emerging local food systems. The next section provides an overview of several young producer cooperatives in the US and Europe that claim to open new markets for producers and improve customer access to local food.

_Eostre Organics_

Eostre Organics is an organic producer cooperative located in eastern England that began with seven members in 2003. The cooperative supplies both fresh and processed organic food from their members, partner producers, and other cooperatives in the UK and Europe. Eostre Organics formed as a way to “wield sufficient power in the marketplace” (Seyfang 2004: 4). By organizing a cooperative distribution channel, the cooperative aims to bypass the supermarket supply chain and thus secure more stable incomes for participating farmers.

Seyfang (2004) conducted a case study of Eostre Organics to “investigate the activities and effectiveness of a local food initiative for sustainable consumption” (Seyfang 2004: 6). Using customer surveys, staff interviews, and document analysis, the study found that the cooperative can sell to a variety of customers that other parts of the organic sector had only limited access to, including box schemes, market stalls, restaurants, shops, schools, hospitals, and prisons (Seyfang 2004).

Eostre Organics, however, faces several challenges, including financial and time constraints within the business, and occasional lack of adequate presentation of the produce and the company. The success of the cooperative is also limited by the cost of fuel for transportation and subsidies for conventional agriculture that skew the real price
of food. Eostre Organics is also challenged by lack of government support for procurement of local organic produce by public institutions. Seyfang surmises that the potential for Eostre Organics to contribute to mainstream “sustainable consumption” awaits a pricing system that does not externalize social and environmental costs and benefits, and depends on needed changes in patterns of consumption by individuals, communities, and institutions. Furthermore, Seyfang (2004) recommends that Eostre Organics widen its appeal to more consumers and recruit more local growers to increase its volume. Seyfang also suggests that policy makers should recognize the efforts of groups like Eostre Organics to promote sustainable consumption and “create the policy space to allow them to flourish and develop” (Seyfang 2004: 19).

Home Grown Wisconsin

The United States is also seeing the growth of locally-oriented producer cooperatives. In 1996, the Center for Integrated Agricultural Systems at the University of Wisconsin helped a group of 15 Wisconsin fruit and vegetable producers form Home Grown Wisconsin, a producer cooperative that sells fresh produce to upscale restaurants in Madison, Wisconsin and nearby Chicago, Illinois. Members of Home Grown Wisconsin primarily market produce they are unable to sell through their individual markets, amounting to between 5 and 20 percent of each farm’s annual production. Although the wholesale price they receive through the Co-op is less than what they would earn by direct marketing on their own, the cooperative allows producers to collectively open markets that they could not sell to individually (Lawless 1999). Lawless (1999: 5 writes about the factors motivating producers to join Home Grown Wisconsin:
Presumably, each farmer found it economically advantageous to market some of their produce through the co-op because they produced more than they could market through their existing outlets, and because they could not get their products into new restaurants any cheaper than the co-op could do it for them. In other words, the co-op offered an attractive complement to their existing marketing strategies.

In their first season, Home Grown Wisconsin fell several thousand dollars short of its sales goal. This initial setback ultimately helped the group realize they needed stronger marketing. By the third year, the cooperative reached over $100,000 in sales. Lawless (1999) primarily attributes this success to the people committed to the project. Marketing, grant support from the State of Wisconsin, market research, customer demand, high-quality produce, and professional service are also integral components of the group’s success.

_Tuscarora Organic Growers_

Tuscarora Organic Growers is one of the most experienced producer cooperatives that sells to local markets. This group of organic fruit and vegetable farmers from south-central Pennsylvania began selling cooperatively in 1988. Member farms range in size from two to sixty acres, are all certified organic, and are mostly family owned and operated. The cooperative sells and distributes in-season vegetables, flowers, cheese, eggs, and plants to wholesale customers in the Washington D.C. metropolitan area. Their website describes several of the organization’s accomplishments:

By working together, [the members of Tuscarora Organic Growers] could coordinate crop production to complement one another rather than compete. And they could enjoy economies of scale in shipping and selling. The cooperative form of business fit the farmers’ needs, allowing ownership and market access to be divided fairly and decisions to be made jointly. And through cooperation, the growers were able to serve their customers better, by providing a diversity of crops and a level of service that no on grower could provide on his own (Tuscarora Organic Growers 2004).
In addition to serving the needs of its members and customers, Tuscarora Organic Growers maintain that “local” is as important as “organic.” They admit that they may not have the variety or convenience of full-line produce distributors, who instead “prioritize convenience and cost-savings over quality and integrity.” What makes Tuscarora Organic Growers stand apart is their ability to “take produce from farm to city in less than 24 hours,” thus providing customers with “fresh, tasty, nutritious food that you can really feel good about,” while helping their members to remain viable (Tuscarora Organic Growers 2004).

**GROWN Locally**

GROWN Locally consists of 15 small to moderate sized family farms and sells local food to wholesale and family customers within 40 miles of their central facility in northeastern Iowa. The organization began in 1998 when a group of farmers concerned with the food system decided that cooperative marketing could benefit both farmers and consumers in their region (GROWN Locally). A case study written by the Practical Farmers of Iowa describes the impetus for forming the cooperative:

> The farmers who started GROWN Locally reasoned that people eating in local institutions could benefit greatly from nutritious, fresh food these farmers produced. The farmers also knew that these institutions produce food on a consistent basis and could be a potential market for local farmers (Huber and Parker 2002: 2).

By offering standard packaging, online ordering, and one monthly bill, GROWN Locally strives to provide all of the conveniences of large distributors (GROWN Locally). What makes GROWN Locally unique, their website contends, is that they can:

> deliver produce to you within 24 hours or less of harvest, making our products of the highest quality and freshness. Also, when you order and take delivery from GROWN Locally, you are dealing directly with the growers of your food. We live and work in the same communities as you and are committed to sustaining these communities.
These examples highlight the development of several relatively young producer cooperatives that market local food to wholesale buyers and individual customers. By providing adequate volumes of products, affordable prices, convenient delivery, and a professional level of service, these producer cooperatives can contribute to emerging local food systems and open new markets that growers could not access individually. These studies also suggest that the success of locally-oriented producer cooperatives depend on a combination of factors, including customer demand for local food, convenient ordering and delivery for their customers, strong marketing, professional service, high quality products, grant support, and public policies promoting local food systems (GROWN Locally; Lawless 1999; Seyfang 2004; Tuscarora Organic Growers 2004).

These case studies and websites tell the stories of several producer cooperatives in the UK and US that are working to make local food accessible to wholesale buyers while supporting their producer members: they claim to make it easier for wholesale buyers to order from them, and in doing so, help their members access new markets. This study adds to existing literature by looking at the role of producer cooperatives in local food systems from a new perspective: the wholesale customers who buy from them. The findings of this study will help the Western Montana Growers Cooperative strengthen its approach to improving the local food system by documenting the perspectives of its wholesale customers. Additionally, this study will provide valuable information for producers in other communities working to increase the flow of local food to wholesale outlets.
CHAPTER THREE
BACKGROUND INFORMATION AND METHODS

This chapter explores the history and development of the Western Montana Growers Cooperative and explains the methods used for data collection and analysis. I first describe the Western Montana Growers Cooperative's formation, mission, and goals. I then outline its membership structure, sales, and growth since its 2003 inception. Next, I discuss strategies the Co-op is using to achieve its goals; namely, to become a profitable business that contributes to the local food system. Lastly, I describe the study sample and explain my methods of data collection and analysis, concluding with this study's limitations.

Establishing the Western Montana Growers Cooperative

In 2002, the Lake County Community Development Corporation received a United States Department of Agriculture Community Food Systems grant to promote local food system development. Funds from this grant supported a staff person, who began working with regional producers interested in selling their products locally. After a series of meetings, farmers participating in the initiative explored collaborative marketing strategies. Together, they formed the Western Montana Growers Cooperative, which became an independent organization and began selling produce to customers from Polson to Missoula, Montana in 2003. The organization now supplies "fresh, quality products" to wholesale customers in the region (Western Montana Growers Cooperative
Currently, the Co-op employs two staff people, including a general manager and a truck driver/office assistant. Mark Wehri, the current general manager, works closely with members and customers to coordinate orders and deliveries. Member farms deliver their goods to a central warehouse in Arlee, Montana, where the Co-op truck is loaded. The Co-op's truck driver makes deliveries twice weekly in summer and once weekly during the winter (Western Montana Growers Cooperative 2006).

The Co-op's Mission and Goals

The Co-op's Mission and Goals

The opening page of the Western Montana Growers Cooperative website displays a photograph awash in greens: three people tend rows of vegetables below cloud-topped mountains of the Bitterroot Range. The caption reads: "Farmers coming together to build a better local food system," evoking a sense of what the members of the Western Montana Growers Cooperative are trying to accomplish. The Co-op’s mission is to:

improve the local food system of our area by reducing the demand for produce being shipped here from long distances, while enhancing the sustainability of local farms and contributing to local economic growth (Wehri 2005: 2).

Like other local-oriented producer cooperatives, the Western Montana Growers Cooperative is striving to make significant contributions to the local food system while supporting member farms.

The Co-op also provides essential services to its members who, as small scale farmers, are “struggling to find markets in a changing and competitive market environment” (Wehri 2005: 2). By pooling production and distribution, the Co-op
creates a business structure that helps its members to enter retail and wholesale markets they could not easily access as individual entities. The Western Montana Growers Cooperative website (2006) describes how the organization sees itself contributing to the local food system:

By providing a marketing and delivery service, WMGC allows the farmer members to concentrate on producing great food, while making it easier for food buyers to purchase local foods... This [the cooperative] business model makes this goal possible.

During a previous research project studying the impacts of the University of Montana’s Farm to College Program, I spoke at length with two key players in the development of the Western Montana Growers Cooperative: Mark Wehri, the Co-op’s general manager, and Jane Kile, a Co-op member who was instrumental in getting the Co-op started. Wehri sees the Coop as a “tool” to start addressing some of the local economy and environmental needs. He believes the cooperative has already begun to do this by providing an additional market to local growers and coordinating deliveries to local customers. Both Wehri and Kile suggested that the Western Montana Growers Cooperative makes is convenient for its customers to purchase local food. Kile said that the Cooperative provides: “a service to the market where we bring everybody together and they can access more product from one place than they could before.” Wehri echoes these sentiments, saying that: “We make it easier for them to buy from us, to buy locally. We simplify the process.”

Essentially, the Co-op aims to support its members while improving access to local food for wholesale food buyers in the region. This research aims to qualify the extent to which the Co-op is meeting these goals, and it explores ways the Co-op can make local food even more accessible to its customers.
Co-op Members, Products, and Sales

As of 2006, the Western Montana Growers Cooperative had fifteen member farms located in the Flathead, Jocko, Mission, and Bitterroot Valleys and Belt, Montana.

Figure 1 shows Western Montana Growers Cooperative member locations on a map of Western Montana. Most members grow produce on small acreage vegetable farms and orchards, and some supply meat and dairy products. Many members are certified through the USDA National Organic Program, but some practice organic methods without certification (Wehri 2005). The Co-op sells a wide range of items, including fresh fruits and vegetables, several chopped and bagged produce items, organic dairy products, honey, and a variety of meats such as poultry, natural beef, pork, and bison. They also serve as a freight carrier for processed foods produced by several Missoula based businesses, charging a freight fee for delivery, but not managing the sale of those items.

Figure 1: Western Montana Growers Cooperative Member Locations
The Co-op currently charges a wholesale price to customers, taking 25% to cover its operating expenses. The remaining 75% is paid to producers. Until 2005, the Co-op had paid 90% of what it received for its products, but this rate did not leave enough to cover the Co-op’s operating expenses (Wehri 2005). Under this business structure, members receive 75% of a wholesale price for the products they sell through the Co-op, which is less than what they would receive by selling directly to wholesale outlets or directly to customers. However, the cooperative business model enables members to sell to markets they may not have access to by selling independently, and the Co-op handles the marketing and delivery of member products.

In their first year of operation, the Co-op conducted nearly $10,000 in sales. Over the next few years, the volume of sales grew rapidly, from $25,000 in 2004 and $92,000 in 2005 to nearly $200,000 in 2006. Table I shows the Co-op’s sales by value for its first four years of operation (2003-2006).

Table I: Co-op Sales by Value 2003-2006
Between January and October 2006, produce sales accounted for roughly 50% of the Co-op’s value of sales. At the same time, dairy products including butter, cheese, and milk, accounted for approximately 34% of sales by value, and meat made up an additional 12.5% of sales by value. Sales of grains combined with freight fees account for the remaining 4% of sales by value in the same time frame. Table II shows the proportion of the Co-op’s sales by value for produce, dairy, meat, grains, and freight.

TABLE II: Co-op Sales by Product Category 2006

In 2006, the Co-op sold to 55 customers, up from 39 the year before. The growing customer base indicates demand for the Co-op's products and a flourishing marketing strategy. The Co-op sells to a wide variety of customers, including grocery stores (both conventional and natural foods), restaurants, public colleges and schools, non-profit organizations, and individuals. Grocery stores and restaurants accounted for 35 of the Co-op’s 55 main customers in 2006, constituting over half of the Co-op's customer base.

Between January and October 2006, sales to individual customers ranged from
less than $100 to over $18,000. Many low volume customers were one-time buyers, purchasing products for special events. Roughly half of the Co-op's sales by value between January and October 2006 were made to just seven customers. Most of their top customers are grocery stores. Nearly every customer purchases produce during the growing season. Some customers purchase only produce, only dairy, or only meat, while many purchase items from a combination of categories.

**Strategies for Success**

Grants and donations have been essential to the success of the Western Montana Growers Cooperative during the first three formative years. In addition to initial funding from a USDA Food Systems grant, the Co-op received funds from the Montana Department of Agriculture’s “Grow Through Agriculture” program to develop its identity preserved marketing strategy, and has also been supported by private donations. Financial support has contributed to covering operating expenses and to maintaining a staff person during its first four years of operation, enabling the organization to operate and grow at a time when the business was not profitable on its own. Just as new businesses require capital, often in the form of loans or stocks, the Co-op required start-up funding to move it towards a profitable and self-sustaining business structure. Start up funding is an integral component of emerging local food systems because it enables producers and communities, like the Western Montana Growers Cooperative, to engage in new strategies while limiting the financial obligation and risk to participating individuals.
According to Wehri, the Co-op received grants to support the development of the organization based on the assumption that the Co-op would be self-sustaining in several years time. The Co-ops expenses include paying members for what they sell, staff salaries, operating and maintenance costs, and office expenses. Wehri projects that the Co-op’s revenue will increase, while the fixed costs of operating the business will remain generally stable. With four years under its belt, the Co-op expects to be profitable without grant support during 2007.

To insure success as start-up grant funding runs out, the Co-op is launching an identity preserved market strategy. By improving their marketing, the group hopes to open new markets, expand existing ones, and generate a higher return to Co-op members (Wehri 2005). The identity preserved marketing strategy consists of a Co-op label, point-of-sale promotion, and an updated website. The Co-op displays its logo on its delivery truck and on product labels, in part to promote brand recognition. It also lists the name of the farm where each product came from on labels, giving customers a connection to the individual farms where food is grown. The Co-op is currently creating new signage display in businesses where their products are sold, including narratives telling the story of individual farms and producers. The group recently posted “farm profiles” on their newly remodeled website that show beautiful color photographs and product icons. Several members have posted descriptions of their operations. The bright logo, point of sale signage, and new website help the Co-op build name recognition and customer loyalty, and promote a sense of connection between the Co-op’s members and its customers.
Recruiting new producer members is another important strategy the Co-op is using to meet the growing demand for its products. Wehri (2005: 2) reports: “The cooperative realizes building its membership is the key to success.” In response, the Co-op is actively seeking out new members who “are serious about growing high quality produce” (Wehri 2005: 2). New members will allow the Co-op to provide both new products and higher volumes, thus improving the service it can offer to its customers.

The Western Montana Growers Cooperative offers a unique source of local food for wholesale customers in the region, providing access to multiple farms and products with one order and delivery. In their first three years of operation, the Co-op has dramatically increased its volume and value of sales to a growing customer base. They hope the strategies described above will enable them to better serve their customers and build a stronger local food system. The remainder of this chapter describes the methods used to document the perspectives of several customers regarding their business relationships with the Western Montana Growers Cooperative, and their suggestions for how the Co-op can improve its service to them.

The Sample

As a means of understanding the role of the Western Montana Growers Cooperative in the region’s emerging local food system, I spoke thirteen of the Co-op’s wholesale customers. Their perspectives offer valuable insight regarding the extent to which the Co-op helps its customers overcome some of the barriers to purchasing local food faced by wholesale buyers and ways the Co-op could further enhance the local food system.
I selected participants from the Western Montana Growers Cooperative’s “Summer Call List,” the primary list used by the general manager to contact customers for bi-weekly orders, which includes the names of the Co-op’s primary customers. Wehri, the Co-op’s general manager, provided this list to me, along with information regarding the value of each customer’s purchases from January to October 2006. Each customer listing is broken into contacts for produce, dairy, and meat.

I selected participants that would provide perspectives based on type of business, types of products they purchase from the Co-op, varying values of purchases, and a range of distances from the Co-op’s central location in Arlee, Montana. Speaking with a variety of customers provided diverse input about the Co-op and its service, helping me to more fully understand the Co-op’s role in the local food system, and allowing me to compare and contrast each customer’s unique experience purchasing from the Co-op.

The research focuses on grocery stores and restaurants because they make up the bulk of the Co-op’s customers based on value of purchases and the greatest number of customer types. I interviewed participants from businesses in seven different western Montana towns, ranging from 15 to 230 miles from the Co-op’s central location. Tables III through Table VI describe the sample in detail.

**TABLE III: Types of Participating Businesses**

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Number of Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery Store</td>
<td></td>
</tr>
<tr>
<td>*Natural Foods Grocery (N=4)</td>
<td>7</td>
</tr>
<tr>
<td>*Conventional Grocery (N=3)</td>
<td></td>
</tr>
<tr>
<td>Restaurant</td>
<td>6</td>
</tr>
</tbody>
</table>

Participants perform a variety of jobs at their businesses. Six participants are produce managers at grocery stores, three are store or restaurant owners, another three are kitchen and/or dining room managers at restaurants, and one is a meat department manager at a grocery store. Participating businesses varied in size and years of operation. Five participating businesses are small, employing 1-20 people; five are mid-sized with 21-50 employees; and the remaining three are large, with more than 100 employees. The thirteen participants in this study represent approximately 37% of the Co-op’s base of restaurant and grocery story customers, and 24% of its total customer base. The
combined purchases of the thirteen participating businesses constitutes a significant portion of the Co-op’s business, amounting to about $82,000 from January to October 2006; more than half of the Co-op’s $177,000 value of sales for that time frame. The perspectives of this study participants provide important insights from a significant sample of purchasers.

Data Collection and Analysis

During November and December 2006 and January 2007, I conducted thirteen in-depth interviews with food service personnel at businesses who buy from the Western Montana Growers Cooperative. Interviews ranged in length from thirty minutes to one hour. All interviews occurred in-person. Twelve were conducted at the participant’s business and one was conducted at a nearby bar. During two interviews, store owners joined in with the main participant for part of the conversation. All thirteen people I asked to interview agreed, giving me a 100 percent response rate. The eagerness of participants to contribute to this study seems to signify that they have a vested interest in the Co-op and its success.

In-depth interviews reveal valuable information about each businesses relationship with the Co-op, their purchasing practices, and the reasons behind their purchasing decisions to a degree that may not be possible through other research methods such as written surveys or telephone interviews.

I conducted in-depth interviews using open-ended questions from a semi-standardized interview guide (Berg 2001). I asked each participant the same basic set of questions, with flexibility to probe for richer information where appropriate. My
interview guide (see Appendix A) consisted of eighteen questions covering a variety of topics including:

- Job responsibility
- Background of business and clientele
- Use of local food
- Opportunities for additional local food products in marketplace
- Definition of “local food”
- Relationship with Western Montana Growers Cooperative
- Benefits of purchasing from the Western Montana Growers Cooperative
- Unique qualities of the Western Montana Growers Cooperative
- Opportunities for Western Montana Growers Cooperative to improve service

Every interview was taped and transcribed verbatim. I coded data from the interviews through content analysis, using topics and themes to make the data analytically comparable (Berg 2004). Coding categories were selected based on topics covered in the interviews, as well as themes that arose from the data itself. Within each category, I assigned a specific code label to each relevant statement made by participants. If two participants provided similar responses in that category, I gave their statements the same code. This method of analysis enabled me to count the frequency of responses in each category and to identify the range of responses; in essence, categorizing and coding data according to relevant themes allowed me to compare and contrast the perspectives of each participant. In many instances, participants provided rich, detailed responses, giving me a depth of information that goes beyond the limitations of a relatively small sample size. For the analysis, I often use direct quotations to accurately depict the perspectives of study participants, using pseudonyms to protect the identity of participants. To make participant responses easier to read, I have omitted awkward phrases such as “um” and “you know.” Given the small sample size, this data does not represent the views of every customer who purchases from the Western Montana Growers Cooperative. Instead, in-
depth interviews afford a richer depiction of the experiences and perspectives of these thirteen food purchasers in particular.

As detailed in the literature review, this research is based on the assumption that efforts to relocalize food systems will benefit rural communities, family farmers and ranchers, local economies, and the environment. There are many challenges, however, to putting local food systems in place. Groups like the Western Montana Growers Cooperative are working collaboratively to overcome the challenges of food system relocalization. With this in mind, this research explores how the Western Montana Growers Cooperative is contributing to emerging local food systems in the region. Thus, I decided to speak with people involved in food purchasing who deal directly with the Western Montana Growers Cooperative. I wanted to find out if the Co-op is helping food purchasers overcome some of the challenges of buying local food and how it can better meet the needs of its customers. By speaking with food purchasers who buy local food from the Co-op in particular, I hoped to discover the lessons that lie within their experiences so that the Western Montana Growers Cooperative may be more effective in pursuing its mission to “build a better food system,” and that other producers and food purchasers may carefully assess whether cooperative marketing and distribution of local food is an appropriate approach for their community.

Limitations of this Study

Although these methods provide rich, detailed information from in-depth data gathering, this study also has limitations. A larger sample size would strengthen the amount of data available for analysis. Widening the sample by including customers from
different types of businesses such as public institutions, buying clubs, organizations, and individuals would provide a broader range of perspectives. Conducting a separate set of interviews with producers who are members of the Western Montana Growers Cooperative would also strengthen the study by adding additional perspectives from other stakeholders in the local food system who are directly involved with the Co-op. Essentially, a larger sample size of customers who purchase from the Co-op and additional types of study participants would provide a broader understanding of the Western Montana Growers Cooperative’s current contributions, and the potential to further enhance the local food system.
CHAPTER FOUR
CUSTOMER PERSPECTIVES ON THE WESTERN MONTANA GROWERS COOPERATIVE

This chapter presents the findings of this study. First, I describe participants' definitions of "local food" and the use of local food at their businesses. The next section details participants' relationships with the Western Montana Growers Cooperative, followed by their views on the benefits of purchasing from the Co-op and differences participants see between buying from the Co-op and purchasing local food from other sources. This section also presents concerns and suggestions participants have for how the Co-op can improve its service and increase customer access to local food.

*Use of local food*

Understanding how people define “local food” gives meaning to the local food system they are a part of. More than half of this study’s participants define local food as “made in Montana,” meaning grown or raised within the state. Of those, half consider food coming from the “Northwest” or states surrounding Montana as secondarily local. Several participants defined local food as that which comes from “Western Montana” or a specific region within western Montana. Three other participants provided specific distances from their business that food could come from and be considered local: seventy miles, one-hundred fifty miles, and three hundred miles. These statements indicate that participants consider “local” as coming from a particular geographic region they identify with and are a part of.
To gauge how much local food each business uses, I asked what percentage of the food used during the 2006 growing season came from local sources. Most respondents estimated percentages based on their use of produce only rather than all food used by their business. This may be because most grocery store participants were managers of specific departments, and may not be familiar with the purchasing practices of the business as a whole. Also, produce may be the category of food that is most often purchased locally, making it more easily comparable. Six participants estimated that between 50 and 80 percent of the produce they use during the growing season is local. Three estimated that 20 to 35% of the produce they use during the growing season is local. One participant said her restaurant uses more than 80% local produce during the growing season. One produce manager and one meat department manager each said that about 5% of food used in their department during the growing season is local. One participant was not sure. It seems that local food, particularly produce, makes up a considerable portion of food purchased by many participants during the growing season.

Most of this study’s participants use local food year round. For example, almost all save local storage crops for extended use after the harvest, including winter squash, apples, garlic, onions, beets, carrots, potatoes, and cabbage. About one-third of participants reported using meat and/or dairy year round, with meat products including burger, poultry, pork, lamb, sausage, and jerky. Several participants also reported using local honey, salsa, and mushrooms year-round. Only one participant, a produce manager, said they don’t use any local products outside of Montana’s main growing season.

Businesses where participants work have purchased local food for one and one-half years to nearly thirty years. Eight participants reported that their business has
purchased local food since the store or restaurant opened. All of the businesses that have purchased local food for five years or less have been using local food since the time they opened. Every participant said their business purchases local food from multiple vendors, ranging from two vendors to around forty. Most participants also mentioned the names of specific farms they buy local food from.

Given how long these businesses have purchased local food and the number of vendors they use, it seems that local food is somewhat significant for their operation. To find out more, I asked each participant to rate the importance of local food to the business they work for. Nine participants deemed local food to be “very important” and four considered it “somewhat important” to their business. Over half of participants who said local is “very important,” and one who said “somewhat important” explained their statement by saying it is important because it supports local farmers and the local economy. “We want to support local family farms,” Tom said. Some participants noted that local food is very or somewhat important because it is “fresh,” “high quality,” and “customers want to buy it.” Three participants mentioned that although local food is important, “price is a big factor.” Pete stipulated that while local food is “very important,” he needs a “constant supply.” While purchasing local food is important to participants, it seems that their commitment to it may be based on conditions of price, quality, and a dependable supply.

Every participant in this study lets customers know when they are selling local food. All seven grocery stores post signs signifying the origin of local products. Two even post the name of the specific farms or ranches where local food is from. One produce manager promotes the availability of local produce in the store’s advertisements.
Most of the restaurants instruct their servers to promote local food orally, and two of them sometimes print local on the menu or in specials.

Although not directly asked, over half of participants specifically mentioned that their customers want to buy local food. According to Rachel,

That’s part of our niche. I think that people that shop locally also want to buy locally if possible. They care about the community. They care about Montana. They care about… how far their product has to travel… It usually tastes better and you know where you’re getting it from.

Chris echoes with a similar sentiment, saying: “It’s good for the image. It’s not why we do it, but it is important because a lot of people have an awareness.”

Alternately, two participants suggested that “local” is not something their customers are looking for. According to Rich, his customers prefer buying from national brands:

I think that the people… want to identify with a national brand product. You’re not going to have Kraft or Swift on your [local] beef.

Claire will only tell her customers that food is local if they ask because: “they just don’t appreciate it at this point.” For these participants, buying local food is based more on the belief that buying local “supports local farmers and the local economy,” or the higher quality of local food than customers demand. Other participants also like to buy from the Co-op in part because they feel it supports participating producers and the local economy. For example, Pete said: “It employs people in the area.” Elaine thinks the biggest benefit of purchasing from the Co-op is to: “keep the money in the State.” Matt also feels that buying from the Co-op helps local people:

By working with the Co-op… we’re trying to stay local and support our neighbors as much as we can.
Clearly, buying local food is important to participants in this study. They use a significant amount of local food, especially during the growing season, and many recognize a customer demand for it. The next section describes how buying from the Western Montana Growers Cooperative fits into the purchasing of customers participating in this study.

**Buying from the Western Montana Growers Cooperative**

Purchases from the Western Montana Growers Cooperative make up a significant portion of the local food used by many of its customers. Five participants noted that between thirty and fifty percent of the local food they use is from the Co-op. Seventy percent of local food used by one participant, and ninety percent used by another is purchased from the Co-op. Two participants say that only five to ten percent of the local food they use comes from the Co-op, and four were not sure. The variety and volume participants purchase from the Co-op indicate that it is a significant source of local food for many of its customers.

Purchasers at these businesses most likely face similar obstacles to buying locally that other studies have identified, including arranging timely and dependable deliveries, the logistics of ordering from multiple producers, inconsistent product availability, the need for processed items, potentially higher prices, invoicing, packaging, and professionalism in the marketplace (Gregoire and Strohbehn 2002; Guittill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). The next section takes a closer look at how the Western Montana
Growers Cooperative is addressing some of those challenges and, in some ways, making local food more accessible for its customers.

**Meeting the Needs of Wholesale Food Buyers**

With the Western Montana Growers we’ve had a much easier process to… support the local growers… It’s really pulled together so that smaller growers can get their product to us (Alice).

By cooperatively marketing and distributing products from numerous farms and ranches in a professional manner, the Western Montana Growers Cooperative is making it easier for its customers to purchase quality local food. In many ways, the Co-op meets the needs of its customers better than individual producers. Participants in this study illustrated many examples of how the Co-op provides convenient access to local food, contributing to the emerging local food system through its unique service of cooperative marketing and delivery.

**High Quality Local Food**

Nearly every participant praised the quality and freshness of products from the Western Montana Growers Cooperative. For example, Rachel likes buying from the Co-op because “when you order them, they go and pick it that day, and then they bring it the next day.” June describes the Co-op’s onions as “the best damn onions you could possibly get.” Clark also values the quality and freshness of the Co-op’s products, saying: “The benefits are you get great quality, and as fresh as you can possibly get. You get a longer shelf life. It’s fresher longer. It tastes better longer.” Rachel thinks that the products she gets from the Co-op are “always good quality,” but also notes that “If I have
any quality problems I can just let [the Co-op manager] know and he’ll credit me.”

Quality and freshness are particularly important to wholesale food purchasers because they are selling food items in a retail outlet or serving them in meals to customers. Pete reports that he benefits from buying local food from the Co-op because “people want to buy it… They think it’s better.” While the Co-op is likely not the only source of fresh, high-quality local produce, it is important to recognize that their customers feel they get a desirable, sellable product when buying from the Western Montana Growers Cooperative.

The perceived quality and freshness of the Co-op’s products is key to keeping them in the marketplace. Quality and freshness are top among benefits of local food purchasing listed by other researchers (Markley 2002; Starr et al. 2003; Strohbehn and Gregoire 2002). One study, however, suggested that some wholesale food purchasers are concerned with the quality of local food compared with that from conventional sources (Guptill and Wilkins 2002).

*One Stop Shopping*

Other studies found that ordering local food from multiple producers is a major challenge for wholesale buyers trying to purchase local food. Wholesale food buyers often need more of one product than an individual producer can supply on their own, so they must purchase small amounts of the same item from several producers to fill the needed quantity from local sources. This takes significant time and effort: more phone calls, more deliveries, and more to keep track of (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and
Gregoire 2002; Valliantos et al. 2004). Through collective marketing, however, the Western Montana Growers Cooperative is able to simplify the logistics of ordering local food. For example, Chris explains: “It’s more effective and efficient to go through one person.” Similarly, Anne said that the Co-op is “that one stop shop… One phone call… to reach all those people, I think that’s the best thing they have to offer.”

Nearly half of this study’s participants appreciate the ease of ordering from the Western Montana Growers Cooperative. For example, Will appreciates being able to reach multiple producers through one phone call:

It streamlines the whole process. So I’m not getting calls from all these different growers. It goes through one person, and he calls me and tells me what’s available.

When Chris orders from the Co-op, he notices:

an amassing of products that you can then choose from. You don’t have to go and talk to the rancher to get the beef, and a different rancher to get the lamb, and then a different farmer to get the winter squash, and a different farmer to get the greens.

Clark says his business “prefer(s) to work through the Cooperative because… they can pool all their resources… so we don’t have to spend ten, twenty minutes with each guy that comes in.”

Because the Co-op sells from a diversity of producers growing many of the same things as well as some specialized food, buying from them often means a wider variety of products are available through one order. About half of the participants mentioned the variety of products the Co-op offers. For example, Matt thinks the biggest benefit of buying from the Co-op is “gaining access to a great variety of products” and “having access to the great variety of farmers and ranchers across the state of Montana.” Anne expresses similar sentiments, saying: “Because there’s a variety of farmers there’s always
a variety of products.” Additionally, some participants suggest that the Co-op offers more variety than individual producers in the area. June used to purchase from an individual farm, who then became a Co-op member. She noticed a greater variety since she began buying from the Co-op: “Before they got that going with the Co-op… they would just have a few things. But with the Co-op there’s a whole range of stuff that they have.” Similarly, Rachel says the Co-op has “the widest variety of product.” Clark also likes “dealing with the Co-op because they have a… better variety of things available.”

Cheese, poultry and other meats are particularly notable in that these products go beyond what was readily available prior to the Co-op’s existence. Variety appears to be another example whereby cooperatives may serve wholesale customers better than individual producers.

Several participants mentioned that they are able to order higher volumes from the Co-op than from individual growers. This allows them to order the volume they need from one source rather than getting smaller amounts from several sources, which other studies identified as a barrier to purchasing local food (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). As the Co-op grows and adds more producer members, it increases the volume it can supply: “We got more produce this summer,” Alice notes, because the Co-op is “working better now than it did a few years ago.” Additionally, as an outlet for many producers, the Co-op may serve as a back-up when specific items are not available from other producers. For example, Alice continued: “If [a certain farm] doesn’t have lettuce, the Co-op will. They’re able to fill in the pieces that we don’t get covered from other local growers.” Naturally, a larger base of
producers to pull from gives the Co-op a higher volume and wider variety of products from which customers can choose. By providing a higher volume and wider variety of food through one order in an important contribution the Co-op makes it easier for wholesale customers to purchase local food.

Reliable, Convenient Distribution

Numerous studies show that delivery is one of the biggest challenges faced by foodservice purchasers who want to buy locally (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). Participants in this study have suggested that the Co-op’s delivery system makes it easy for them to buy local food. Approximately three-quarters of this study’s participants think that a convenient and timely distribution system that delivers products from multiple local producers is one of the primary benefits of purchasing from the Western Montana Growers Cooperative. For example, Anne said:

I think [the Co-op is] a really good thing for Missoula purchasers because [its hard] to get up to Dixon or even further… [The Co-op’s delivery is] a really great service to provide to Missoula folks who want to purchase local stuff… I think they hit on a great idea of binding together and getting their stuff down here twice a week.

Matt offers a similar sentiment, noting that the distribution helps producers as well:

That has to be the biggest problem or difficulty: farmers trying to get their products to the restaurant without having to drive themselves to every single place to distribute… So, the benefit would have to be the distribution ability of the Co-op to get their products to us.

Several participants mentioned that the Co-op’s system of distribution and delivery works better for them than that of other local producers. Deliveries are consistent, they arrive at good times, and the Co-op brings more products from more
producers in each trip. “It works better for us because it’s within our hours of operation, whereas some of the other local growers have a harder time with that,” said Marie, a grocery store owner. Rachel prefers the Co-op’s method of delivery because she likes to “be here when the product shows up.” She likes that the Co-op’s delivery time is consistent, compared to other growers who “show up whenever they want.” The Co-op also keeps products in top condition by delivering in a “refrigerated truck,” which most other local growers do not have. Additionally, ordering from the Co-op means Rachel doesn’t “have five different delivery days.” Several participants noted that when they order from some other local growers, they “have to go to them to pick it up” (Claire), whereas the Co-op will “bring it to me” (Pete). These comments signify that the Co-op provides a delivery system that works for many of its customers, helping them overcome what other studies described as a formidable barrier to local food.

A Professional Marketplace

A professional service that meets industry standards is another important contribution the Western Montana Growers Cooperative makes to the local food system. Foodservice buyers in other studies expressed a lack of professionalism from local producers, who are often not accustomed to working with wholesale buyers. They may not have convenient ordering systems, and are less likely to meet the invoicing and packaging needs of wholesale customers. Several studies also show that wholesale food buyers are frequently unable to initiate and sustain relationships with local producers because they do not know how (Lawless 1999; Starr et al. 2002; Valliantos et al. 2004).
Nearly every participant in this study, however, recognizes the Co-op’s “professionalism in the market.” For example, Will spoke specifically about the Co-op being more in tune with “industry standards” than other local producers:

I think [the Co-op is] a lot more organized. And they’re… used to dealing with stores… Hobby gardeners… don’t know what they need to get paid. They don’t know industry standards, so I have to educate them. But… [the Co-op] knows what they’re doing and it makes it smooth to deal with them.

Other participants focused on specific ways the Co-op is better adapted to industry standards. Clark says, “They’re [as] professional in their approach as we are… You get what you order. There are not many mistakes.” Elaine notes the Co-op is working to match the standards of other foodservice distributors; “They tried to match the prices and the packaging” of conventional foodservice. Tom also describes professionalism consistent with the standards of other food distributors; “What I like are complete, accurate invoices, sturdy boxes, and a predictable schedule; and the Co-op gives me that. That’s about as high as we can aim.” Along these lines, Pete points out that the Co-op is the only local food supplier that uses invoices. The Co-op “brings you an invoice and you send them a check at the end of the month,” but other local producers bring in produce and “I give them cash right there.” Co-op products also generally meet customer expectations. For example, Pete says that Co-op produce is “clean, uniform, labeled, and bar-coded, making it easier for him because “it’s ready to put out there.” Several participants also view the Co-op’s service as more “dependable.” Other growers, explains Claire, “might not have what they say they have,” but the Co-op usually does. By conducting business in a manner similar to the distributors that food purchasers are familiar with and by providing a product that is ready for use or sale, the Co-op eases the process of ordering, paying for, and using local food.
The Co-op may be more professional than other local producers because they have a full time staff person dedicated to running it as a business. Several customers feel the Co-op does a good job of establishing business relationships with its customers. The initiative to seek out new customers is a key factor enabling the Co-op to enter the wholesale marketplace. Almost every participant indicated that the Western Montana Growers Cooperative initiated the business relationship. Participants usually learned of the opportunity to buy from the Co-op through a phone call from its general manager. Several customers had already been purchasing from farms that became members of the Co-op, but switched to buying from the Co-op once it was established. Participants at two restaurants met with the Co-op’s general manager to set up an account. A participant at a regional chain of grocery stores said the other stores in the chain already purchased from the Co-op when his store opened. Two participants were unsure of how their business learned of the Co-op.

Many participants also think the Co-op also does a better job of maintaining business relationships than most individual growers. For example, June thinks the Co-op helps make it possible for her store to buy locally because they are better at marketing their products than the individual growers she has worked with:

It’s strange to buy from the locals… We don’t know who they are unless they contact us. We can’t be out there pounding the pavement saying: “We want your stuff,” if we don’t know it’s there. And they… want to grow it, but they don’t necessarily want to market it.

The Co-op, on the other hand, is better at keeping customers updated on what is available. According to Clark:

With the Co-op, we have a phone discussion about all their products at least once a week… That helps us not only know what’s out there, but it’s a better communication… As far as contacting their customers and then delivering what we order; [the Co-op is] better than [other local producers].
A business manager also enables the Co-op to do business at a time that works for their customers. “They’re willing to work with… our schedule, as opposed to having us bend to their schedule, which [is] the beauty of having a manager,” Marie offers. Having a manager also makes the Co-op “more of a business,” Pete notes. The “degree of separation has helped them be a better business,” Marie says. “Having a manager has “enabled them to be business people. I find that a lot of the local farmers around here aren’t business people, they’re farmers.” Thus it seems the proactive business strategy of the Co-op takes the pressure off wholesale food buyers to constantly seek out and sustain business relationships with local producers, and having a manager enables the Co-op to be more professional with its customers.

In summary, the Western Montana Growers Cooperative seems to be addressing another concern expressed by wholesale food buyers in other studies: lack of professionalism on behalf of many local producers (Lawless 1999). Participants suggest that the Co-op takes a professional approach to business; it knows the industry standards, works to match the packaging and pricing of other distributors, and maintains consistent business relationships, making it easier for its customers to purchase local food.

The Cost of Local Food

According to relevant literature, many wholesale food buyers are concerned about potentially higher prices of local food (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). Alternately, some participants in this study feel that the Co-op’s “prices are reasonable.” For example, Marie explains that the Co-op is “willing to work
with us and what we need” on things like price, whereas most other local farmers, she finds, are not willing to negotiate.

Other participants, however, mentioned feeling that Co-op products are sometimes too expensive. For example, Rachel compares the Co-op’s prices to more distant sources of organic produce:

Sometimes I get frustrated with paying more ... I don’t think I should be paying more from the Co-op than I do from California certified organic products.

She is especially concerned when the Co-op “still charge(s) that premium price” even when “the products aren’t certified organic.” June admits that she won’t order certain items such as chicken from the Co-op because “it’s super expensive.” Similarly, Pete compares Co-op tomato prices with conventional tomato prices, explaining why he cannot always buy from the Co-op:

They have organic tomatoes, but during the time when there are other tomatoes out and they’re going for $0.99 a pound, it’s hard for me to try and sell a tomato for $2.99 a pound.

Rachel, however, also understands why food is more expensive and is willing to pay more because of the benefits of buying from the Co-op:

I know it’s because … the Co-op has to make money… The Co-op has to mark it up, so there’s a middleman from the grower. But it also brings all the growers together, so I don’t have to talk to six different growers and have five different delivery days. I can just talk to Mark and he has all the growers together, and then I can get all the products from one place.

Price may be a particularly challenging issue for groups like the Western Montana Growers Cooperative. Wholesale buyers pay less than what a producer would get from selling directly to consumers because they also need to make a profit. In order to remain viable, the Co-op also needs to make a profit, as do the growers. Higher prices are a major challenge to developing vibrant and sustainable local food systems. The Co-op
may be able to lower its prices through increasing sales and keeping operating expenses relatively stable.

*Improving Customer Access to Local Food*

The Western Montana Growers Cooperative contributes to the local food system by providing high quality products, access to a wide variety of items from many growers, a reliable and convenient distribution system, a professional business strategy in-line with industry standards, and somewhat reasonable prices. Furthermore, the Co-op can negotiate prices and has a more convenient process of ordering, delivery, and payment. In some ways, the Co-op makes it easier and more convenient for its customers to purchase local food, alleviating some of the challenges of purchasing from independent producers. Some participants still worry about the frequently higher prices of Co-op products, which may be unavoidable given the needs of growers and the Co-op itself. Price is among several concerns customers raised about working with the Co-op, which are discussed in the next section.

*Room to Grow*

Despite the many benefits and advantages of purchasing from the Western Montana Growers Cooperative, there is still room for the Co-op to improve and expand its service. Every participant in this study contributed suggestions regarding how the Co-op can better meet their needs, such as increasing supply, building stronger relationships between producers and customers, improving delivery, and doing more promotion.
**Increasing Supply to Meet Increasing Demand**

We have more and more customers wanting locally grown. It’s becoming a trend (Alice).

If the Western Montana Growers Cooperative is to satisfy customer demand for local food, it must continue growing as a business by bringing in more producers and supplying higher volumes and more diverse products. The primary concern raised by this study’s participants is the tendency for the Co-op to run out of high-demand items. For example, Anne was frustrated that many items were not available if she was called for her order in the afternoon:

I had agreed with Mark that he could call before ten or after two, because I was busy… between ten and two with lunch… But when he called after two, a lot of times everything was gone already, which was frustrating.

Marie, who owns a small grocery store, had a similar experience: “Often, if he’d call a little bit later in the day, he’d be… sold out.” Marie recognizes and respects, however, that the Co-op is likely to make customers who buy higher volumes a priority: “We’re small-medium sized, and if we don’t have the storage or the volume to buy enough at a time, then we just miss out. We realize that’s the name of the game.” Matt feels similar frustrations:

I often find that if I don’t get in early enough, or if I don’t pre-order some things, especially salad greens… that whenever I do call to place my order they’re always gone; they’re sold out of certain things.

Similar to the findings of other studies, several participants are also concerned about the inconsistent availability of some products (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). For example, Pete feels the Co-op should “make sure they
have a steady supply of whatever they’re selling… instead of having something one week and then not having it the next week.”

Selling a high volume of product through fewer channels by selling in bulk to fewer customers may be a good option for the Co-op. It would result in fewer orders and more streamlined deliveries, rather than many small orders and delivery stops. On the other hand, focusing on large volume customers may create tension with smaller businesses who also want access to local products. This issue was particularly noticeable regarding carrots, which a few customers seldom got a chance to buy from the Co-op.

Pete said: “I didn’t get a chance to buy any of their carrots this year… I think there wasn’t a big supply.” The Co-op did, however, have a big supply of carrots during the 2006 growing season, but they sold them to customers who were ordering a lot of volume all at once instead of doling out smaller orders to more customers. Some customers were aware of this, like Marie, who suggested: “This year they were shy on their carrot supply because another purchaser bought them all.” Marie offers a straightforward solution to the carrot problem; she suggests the Co-op should simply “grow a few more carrots next year.”

In response to frustrations about the Co-op running out of many items, many participants, like Anne, suggested that the Co-op should involve “even more producers as part of their Co-op.” It would make their “variety larger,” she said. Pete thinks it would “get the continual supply thing going” if the Co-op got “those other little producers involved.” Tom has a vision for where the Co-op could go with its membership:

I have a dream in which everybody else from whom I buy grower direct is part of the Co-op, and then I don’t have to call [each of them individually]… In other words, for a purchaser it’s nice if things are modeled along the lines of one of the wholesalers that we deal with… There’s one sales rep; there’s a complete list of everything that he’s got in the house.
Ultimately, a bigger member base would require changes not only on the Co-op’s behalf, but other growers would have to choose to let go of individual accounts and join the Co-op for sales to wholesale outlets to restaurants and grocery stores. In its first four years of operation, the Co-op has already added several new members, and its growth in terms of both customers and value of sales has grown exponentially. As the Co-op continues growing, it may run the risk of moving away from its mission as a means of pursuing business success. With the stated mission to improve the local food system, it is important for the Co-op, its members, and its Board of Directors to decide how the group can continue to support its mission while simultaneously pursuing its business objectives; in essence, becoming financially viable without outgrowing its role as a local food cooperative.

Expanding membership, however, is not the only path the Co-op can pursue to avoid running out of high-demand products. It could also do more planning with customers and growers, especially during the off-season. Chris would like to see the Co-op “spending more time in the off-season in fostering some relationships.” Rachel feels that planning and having all parties make commitments would improve the availability of products: “So if we can make commitments to [the Co-op], [they] can make commitments to [the growers], and hopefully [the growers] will make commitments back.” Similarly, other research has found that making commitments before the growing season begins may be an ideal way for producers to improve their markets and wholesale customers to be sure of how much volume they will be able to purchase at what time of year (Gregoire and Strohbehn 2002; Sanger and Zenz 2004).
Some customers would also like to see a regularly updated list of what the Co-op has available. For example, Rich thinks the Co-op could “send out an order sheet where you could lump everything together… You’d have a guide, basically, to order from.” He would like to know “if they had other things to offer,” because he currently orders only a couple of items, but has not been offered a complete list of available products. Matt said he frequently gets an availability list, but suggests that the Co-op continue to improve “the accuracy” of the list.

The Co-op could also meet customer demands by offering additional products. Just over half of the study’s participants suggested specific items that they would like the Co-op to sell, including cherries, melons, peaches, strawberries, potatoes, corn, and processed products like frozen vegetables. Pete suggested that the Co-op focus on “unique” products: “Start thinking about things that people want, that appeals to them so that their mouth waters when they think, ‘wow, a peach, wow, that’s something.’” While the Co-op may choose to respond to customer demand for new local foods, these same demands open doors for educating consumers about Montana agriculture and seasonal eating. Sweet corn, for example, requires immense quantities of water and hot weather, making it difficult to grow in Montana. The Co-op may choose to promote products that grow well in Montana, and educate consumers about seasonality.

Minding the Gap

Producer cooperative may offer more products, convenient ordering and delivery, and a more professional business relationship than individuals, but it also means there are additional links in the chain between producers and consumers. Building stronger
linkages between food producers and consumers is a key goal to local food system
development (Feenstra 2002; Morris and Buller 2003). While to Co-op is effectively
shortening the physical distance food travels through the food system, several participants
raised concerns about the remaining disconnect between themselves and the Co-op’s
members. For example, June explained: “When you order individually from the person
who grows it and they bring it in, you get to see them and talk to them about their
garden… You don’t get to see it with the Co-op.” Co-op members could overcome this
distance, Rachel suggests, by “coming to meet us.” In addition to putting a face to the
products customers are buying, meeting producers directly would help them know “what
…retailers would expect in sizing or packaging or quality.”

These concerns raise the question of how the Co-op can make local food
convenient for wholesale customers without simply reproducing the structure of the
dominant food system it set out to challenge. Effectively serving wholesale customers
depends upon the Co-op’s ability to act like a conventional distributor with convenient
ordering and delivery, strong marketing, and professional service. On the other hand, its
ability to challenge the dominant food system means it must stand apart from
conventional distributors. Providing distinctively local products is a good start, but
customers want more. As illustrated above, wholesale customers are interested in
interacting directly with growers, which would open communication among the players
in the food system and gives customers a sense of who they are buying from. Building
stronger connections between consumers and Co-op members could also eliminate some
of the concern about member farms not all being certified organic, which is a timely and
costly process for producers. With more direct connections, consumers can get to know
who they are buying from and their farming practices, without needing a label to convince them of the integrity of the food they purchase. Stronger linkages between consumers and the people and places where their food is produced could also encourage more seasonal eating.

Wholesale customers and Co-op members could be given more opportunities to interact through yearly or bi-annual meetings. Furthermore, while the Co-op’s sales to wholesale markets shorten the distance between producers and consumers, it does not eliminate it entirely. While a disconnect between producers and consumers is inherent in wholesale marketing, the Co-op could take a number of steps to narrow this gap, such as inviting wholesale customers to tour the Co-op’s central operation or member farms or sharing stories about its products and members through take-home brochures and point of sale displays for end consumers.

Another result of buying from the Co-op rather than directly from producers is that the person handling the orders may not know a lot about a particular product, Chris points out. He says that because the Co-op is:

representing the people, they… might not know what the animals were fed or exactly where they’re from; because… they’re getting their meat from different ranchers.

Although it’s “a lot of information for them to keep track of,” Chris thinks the Co-op manager could be “a little more informed about what they’re selling,” and provide more detailed information about specific products. Chris also spoke about getting zucchini that were too large and watery to use, because he prefers relatively small zucchini. To avoid this issue, he suggested that the Co-op manager pay closer attention to, and keep better track of the individual needs of each customer.
Although the majority of participants are satisfied with the Co-op’s delivery service, a few had concerns. For example, Claire feels the Co-op sometimes: “delivers at really inopportune times for a restaurant.” Marie only gets deliveries once a week, but would like “twice a week delivery” because “it might make our produce fresher.”

Several people I spoke with do not currently receive deliveries directly from the Co-op; their goods are delivered by a Co-op member or they meet the Co-op’s delivery truck in town. One participant feels that “trucking is still a bit of an issue for them. It would be nice if they could [deliver to me with] their own truck… and deliver more often,” instead of having less frequent deliveries from a second-hand delivery person.

Direct delivery for Matt:

means that I… don’t have to rely on the chain gang to get products here… Every time things are handled or moved around, then there’s greater chance for something to happen to the product. Temperature changes [are] never ideal.

As the Co-op grows, it may make sense for them to add more delivery days or add a second truck to reach more distant customers without going through a secondary delivery person.

“Promote, Promote, Promote!”

Several produce managers think the Co-op can do a better job of promoting themselves. “Promote, promote, promote!” are the words of one produce manager, who thinks the Co-op “should get out there and promote their product.” “A produce manager doesn’t have any chance to promote something,” Pete explains. “So that’s why you need a sign, you need something.” He suggests the Co-op “run a commercial or buy an ad in the newspaper” or “come up with a nice label that catches peoples eye.” Similarly, Rich
would like a sales representative to come to his store and help figure out “the best place we can be displaying” the Co-op’s products. Marie would like more display information about the growers for her customers to see: “I think getting together farm biographies would be a good thing for them to do, with some pictures… I think that would be a good selling point.”

In the past year, the Western Montana Growers Cooperative, with help from the Montana Department of Agriculture, has created labels and promotional material as part of an identity preserved marketing strategy. They created a Co-op label, which now appears on each box and bag they deliver, including the name of the farm where produce is grown. They have also created a number of farm biographies with pictures, which appear on their website. At the time of this research, however, photos and farm information were not available for customers to post at their stores and restaurants. It seems, however, that additional signage, labels, stories about individual farms, and any other promotional material will be welcomed and used when they are made available to Co-op customers.

Additional Concerns and Suggestions

Several participants offered concerns and suggestions diverging from the central themes listed above. For example, Marie mentioned that she received an order of broccoli that was over-ripe; “When it shows up flowering, loose heads and stuff like that, it just doesn’t sell well.” Additionally, Pete feels like he does not know a whole lot about the Co-op and how it operates:
I still don’t know how much they produce every year. I don’t know how much I buy compared to other stores or if I’m the only store that buys from them… I don’t know as much about them as I probably should.

Others offered specific suggestions. A restaurant owner would like the Co-op to accept credit cards. Another participant would like the Co-op to call earlier in the day because she has “to order from [another supplier]” on the same day and sometimes the Co-op calls too late. She also suggests that the Co-op should be sure of what is available when they call. One participant would like the Co-op to do “more packaging, like bagged carrots, two pound bagged carrots, five pound bagged carrots, two pound [bagged] beets, bagged onions.”

**Continuing Support**

Overwhelmingly, participants in this study expressed support for the Western Montana Growers Cooperative and the work they are doing. In fact, every participant plans to continue purchasing from the Co-op in the future. Many recognized that the organization is still in the early stages of development. The Co-op is “in its infancy,” says Alice. Will feels that “We’re all so new to this game that it takes a while to work things out. I’m really excited and I anticipate that this will take off.” Similarly, June said: “It’s really important that the Co-op keeps going; and keeps going and gets even bigger.”

Some participants recognize the strides the Co-op has already made in its first few years of operation. They have “come a long way,” Rich acknowledged. Likewise, Rachel admits that the Co-op is “working better now than it did a few years ago.” Some people offered praise for specific issues the Co-op has already worked through. For
example, Rich said that each department at his grocery store needed “its own invoice…
but that was a problem that was addressed and taken care of.” Similarly, Pete was
receiving herbs in bulk, but he needed “the herbs to come in a package with a bar code
that can be scanned… with labeling… and they started doing that.”

As this study’s participants have suggested, the Co-op has taken bold steps toward
building the region’s local food system. Through cooperative marketing and distribution,
the Western Montana Growers Cooperative has addressed many challenges faced by
wholesale food buyers who want to purchase local food. Many customers appreciate the
high quality of the Co-op’s products, and the ease of purchasing a substantial volume and
variety of local food from multiple producers through one phone call. They also
appreciate the convenience and reliability of the Co-op’s delivery, and acknowledge the
professional manner in which the Co-op does business. Together, these factors enable
the Western Montana Growers Cooperative to meet many needs of wholesale customers
better than individual producers can independently. There remain, however, a number of
areas in which the Co-op could improve to better serve its customers, including:
increasing supply, working to bridge the gap between producers and consumers that
exists in a cooperative business, improving delivery, and doing more promotion.
Addressing some of these concerns could help the Co-op to make local food more
accessible to wholesale food purchasers in the region and to continue it on its path of
building a better local food system.

Interest in local food is expanding beyond traditional direct marketing outlets
such as farmers markets, farm stands, and community supported agriculture. Wholesale
buyers are increasingly interested in purchasing local foods, and their commitment is
base on both personal interest and consumer demand. The feasibility of purchasing local food, however, depends on a number of factors, including: the availability of affordable, high quality local food; the availability of sufficient volumes and varieties of local food; a convenient ordering system; reliable and convenient distribution; and professional local food suppliers that are in-line with industry standards.

This case study demonstrates that the Western Montana Growers Cooperative can meet many of these objectives, and by doing so, make valuable contributions to emerging local food systems. Cooperative marketing opens markets that are difficult for individual producers to access and it makes the process of ordering, delivering, and paying for local food more convenient for wholesale customers. The Western Montana Growers Cooperative can work to overcome remaining barriers to local food marketing by continually responding to the needs of wholesale buyers, building a stronger and more vibrant local food system as they evolve.
CHAPTER FIVE
BUILDING A BETTER LOCAL FOOD SYSTEM

This study set out to better understand the contributions the Western Montana Growers Cooperative makes to the local food system in its region. By speaking with a sample of the Co-op’s restaurant and grocery store customers, I explored the extent to which the organization helps its wholesale customers overcome the barriers to purchasing local food, and reported a number of concerns and suggestions participants have regarding how the Co-op can improve its service to them.

Local food systems offer consumers opportunities to reconnect with their food, the land where food is grown, and the people who grow it (Feenstra 1997). They also enable farmers and ranchers who sell distinctly local products to regain a competitive foothold in the marketplace (USDA 2003), and result in more vibrant local economies (Bellows and Hamm 2000). Furthermore, increasing local food supplies could substantially reduce the distance food travels, the amount of fuel used, and the CO$_2$ emitted from food commerce (Pirog et al. 2001).

Food producers, consumers, and activists are finding creative ways to shorten the social and physical distance between producers and consumers. Direct marketing of agricultural products through outlets such as farmers markets, community supported agriculture, and farm stands has grown in recent years (USDA 1997; USDA 2002). Consumers are also increasingly interested in buying local food through more conventional outlets such as grocery stores, restaurants, and cafeterias (Halweil 2005; Lawless 1999). The incorporation of local food into these types of wholesale markets is
critical for local food system expansion, especially because this is where consumers spend the majority of their food dollars.

Researchers are working to understand opportunities to better integrate local food into wholesale markets. Previous studies demonstrate that wholesale food purchasers recognize a number of benefits of buying local, including: supporting local farmers; good public relations; fresh, high quality, and nutritious food; and decreasing transportation related pollution. However, a number of barriers still exist, such as: the logistics of ordering from multiple producers; inconsistent product availability; a need for pre-processed items; potentially higher prices; lack of professionalism on behalf of local growers; and local producers’ being unfamiliar with industry standards (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004).

Producer cooperatives have the potential to overcome many of these challenges. Cooperative marketing and distribution of local food would enable wholesale customers to order and pay for food from multiple farms through one transaction. Cooperatives could also potentially offer more volume and variety of local food than could individual growers. Essentially, producer cooperatives may be able to meet the needs of wholesale buyers better than producers who selling independently (CIAS 1999; Starr et al. 2003; Zeuli 2002).

New producer cooperatives selling local food to wholesale markets are growing in popularity. Eostre Organics in the UK, Homegrown Wisconsin, GROWN Locally of Iowa, and the Tuscarora Organic Growers in Pennsylvania are four examples of relatively young, locally-oriented cooperatives that claim to contribute to emerging local food
systems by opening markets that growers could not access individually. Their success rests on the ability to provide an adequate volume of products, affordable prices, convenient delivery, and a professional level of service. These cooperatives also rely on customer demand for local food, grant support, and public policies that promote local food systems (GROWN Locally; Lawless 1999; Seyfang 2004; Tuscarora Organic Growers 2004). The Homegrown Wisconsin and GROWN Locally case studies and the Tuscarora Organic Growers websites illustrate the goals of several producer cooperatives, their keys to success, and offer lessons for producers hoping to establish similar organizations.

This research adds to existing case studies of producer cooperatives that sell local food by exploring the experiences of the people who use the cooperative. Their perspectives augment our understanding of the emerging local food system. While other studies tell the stories of existing producer cooperatives and primarily focus on how producer cooperatives can be financially successful as businesses, this study focuses on ways the Western Montana Growers Cooperative currently contributes to the local food system. Furthermore, its findings, based on the input of participants, lead to a number of recommendations for the Co-op to continue building the local food system. Essentially, the findings of this study aim to help the Western Montana Growers Cooperative celebrate its successes and plan for the future, while serving as a model for other communities who want to expand local food in wholesale markets.

Since 2003, the Western Montana Growers Cooperative has been working to build a better food system by cooperatively marketing fresh, local food to the region’s wholesale buyers and, in doing so, enhancing the viability of local farms and the local
economy. In 2006, the Co-op had fifteen members who sold fresh fruits and vegetables, honey, dairy, and meats to a variety of customers including: grocery stores, restaurants, public institutions, non-profit organizations, and individuals. In its first three years of operation, the Co-op’s value of sales grew from around $10,000 to nearly $200,000. The organization has thus far depended on grant support for start-up funding. With several years of experience under its belt, an expanding customer base, and a new identity preserved marketing strategy, the Co-op is moving towards a profitable business structure. The Co-op recognizes that building its membership base in coming years will be key to building an economy of scale, whereby marketing and delivery costs remain relatively stable while the increasing value of sales generates income to cover the Co-op’s operating expenses. More members and a higher volume of products will also enable the Co-op to meet growing customer demand for their products.

Seeking to understand the extent to which the Western Montana Growers Cooperative is helping wholesale food purchasers overcome barriers to buying local food, I conducted in-depth interviews with thirteen customers about their experiences buying from the Co-op. I selected participants from grocery stores and restaurants to gain a range of perspectives based on type of products they purchase from the Co-op, varying values of purchases, and a range of distances from the Co-op’s central location in Arlee. The limitations of this study rest in the small sample size, participants from only two customer categories: grocery stores and restaurants, and little input from the Co-op’s members. Yet the focus on the Co-op’s customers was deliberately chosen to provide an independent source of feedback to the Co-op so that it can continue to develop.
Local food is very or somewhat important to every business associated with this study. Many participants mentioned that their customers want to buy local food, although some are committed to buying locally even without customer demand. The variety and volume of food that participants purchase from the Co-op indicate that it is a significant source of local food for many customers; in this way, the Co-op contributes to the local food system.

The Western Montana Growers Cooperative makes it easier for many of its customers to purchase high-quality, local food by meeting many of its customers’ needs, thus overcoming many of the barriers identified by previous studies. For example, participants appreciate the freshness and quality of the Co-op’s products, which other studies have identified as a key benefit of purchasing locally (Markley 2002; Starr et al. 2003; Strohbehn and Gregoire 2002). By enabling customers to order local food from multiple producers through one phone call, the Co-op is helping its customers overcome a major challenging of buying locally identified by previous studies: the logistics of ordering, accounting for, and arranging deliveries of local food when buying from multiple producers to obtain the needed quality of local food (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004). Buying from the Co-op often results in a higher volume and wider variety of products than would be available from individual producers. Many participants in this study also feel that the Co-op’s delivery system makes it easy for them to buy local food. While other studies found that wholesale buyers often don’t know how to initiate relationships with local producers (Star et al. 2002; Valliantos et al. 2004), the Co-op seems to be overcoming this barrier.
by initiating and consistently maintaining business relationship with its customers.

Furthermore, other studies indicated that wholesale buyers are frustrated by the inability of local producers to meet their invoicing and packaging needs (Starr et al. 2002; Valliantos et al. 2004). The Co-op, however, makes local food more accessible to its customers by meeting their invoicing and packaging needs. In summary, these examples illustrate several ways the Co-op makes local food more accessible to wholesale customers, overcoming numerous barriers identified by other studies (Gregoire and Strohbehn 2002; Guptill and Wilkins 2002; Lawless 1999; Markley 2002; Starr et al. 2002; Strohbehn and Gregoire 2002; Valliantos et al. 2004).

Other studies suggest that producer cooperatives can enhance local food systems by providing wholesale customers adequate volume of products, affordable prices, convenient delivery, and professional service (GROWN Locally; Lawless 1999; Seyfang 2004; Tuscarora Organic Growers 2004), but do not focus on additional measures for improving local food systems. This study, however, highlights steps the Western Montana Growers Cooperative could take to better serve its customers, including increasing supply and delivering directly to all customers; and doing more promotion.

One of the most surprising findings of that participants identify the Co-op another link in the food chain that creates distance between producers and consumers. On one hand, the Western Montana Growers Cooperative has created a highly efficient system of coordinating local producers, product ordering, and delivery to effectively overcome many barriers of incorporating local food into wholesale markets. But because wholesale inherently create a gap between producers and consumers, the Co-op runs the danger of acting more like a conventional distributor and less like a local food advocate. Creating
connections between food producers and consumers is a key component of a local food system (Feenstra 2002; Morris and Buller 2003). As such, those connections deserve special attention when local food is being sold through wholesale outlets instead of passing directly from growers to consumers. Outreach and education to both wholesale customers and end consumers about the Co-op, its products, and its member farms is a crucial step the Co-op can take towards building the connection between producers and consumers in its markets.

Some participants are concerned about the premium price the Co-op charges for its products, though most recognize the Co-op’s need to cover its operating expenses. Increasing the volume and value of supply may enable the Co-op to lower its prices by building an economy of scale with relatively stable operating expenses.

Continually acknowledging and addressing the concerns and suggestions of wholesale customers will enable the Western Montana Growers Cooperative to further improve its service and contribute to an emerging local food system in the region. Accordingly, I offer the following recommendations:

**Increase supply.** Participants in this study would like the Co-op to continue increasing its supply of local products. Incorporating more members into the Co-op is probably the most feasible way to increase the volume and variety of products available. Because customers are interested in products the Co-op does not currently offer, including several varieties of fruit, as well as potatoes and corn, the Co-op could invite local producers that grow these items, or request that existing members grow and sell these items through the Co-op. The Co-op could also communicate customer demand to
its members and suggest that they sell more high-demand items - especially carrots – through the Co-op.

Create an availability list and update it regularly. Creating a weekly list of available items would help customers know what the Co-op has on hand, especially concerning new and seasonal items. Such a list would also educate customers about seasonal availability of local products. It would also help customers know in advance what items are not available from the Co-op so they can place orders with their other suppliers. The Co-op might also consider posting a weekly list of available products on its website. The Co-op could additionally take a long-term approach to product availability by promoting seasonal products through a seasonal-based recipe book or take-home calendar highlighting seasonal products.

Facilitate stronger linkages between Co-op members, wholesale customers, and end consumers. Facilitating stronger linkages between Co-op members, wholesale customers, and end consumers may be the most critical step the Co-op can take to strengthen the region’s local food system. The Co-op could overcome some of the separation between producers and wholesale customers by creating a forum for the two parties to interact. This could take place at a yearly meeting where every Co-op member and customer is invited to share their concerns and ideas. Co-op members could also participate in a “Meet your Farmer Day,” setting up a table with information, samples, and a farmer for customers to talk to at grocery stores or restaurants. Some customers would also like more information about the Co-op itself. The Co-op could create a pamphlet that describes the Co-op, its members, and its mission, giving customers a stronger sense of who they are buying from. The Co-op could also tell its story through
with a menu insert or table-tent for restaurants, highlighting a member farm or product and giving telling the story of the Co-op itself.

**Improve product information.** The Co-op should be able to provide detailed information about each product it sells. The Co-op manager should become familiar with each new product that comes on-line, and refer customers to individual members with any unanswered customer questions.

**Direct delivery.** Participants who currently receive their Co-op orders from a second-hand delivery person or who meet the Co-op truck in town indicated that they would prefer to receive their orders directly from the Co-op delivery truck. As the Co-op’s volume of sales and customer base grow, it may be able to add delivery days or purchase a second delivery truck in order to deliver directly to each customer.

**Promoting the Co-op.** Although the Co-op’s wholesale customer base is growing year by year, they could expand their promotion to the end consumer. The new Co-op label, website, and upcoming brochures are a good starting point for promotion. The Co-op could promote itself through television or radio ads, T-shirts with the Co-op label, and more bagged or packaged items displaying the Co-op label. More promotion would contribute to the Co-op’s identity preserved marketing strategy creating name and label recognition and educating consumers about the importance and availability of local food.

New producer cooperatives selling local food are forming around the country, serving as valuable components of reemerging local food systems. This case study shows that through cooperative marketing and distribution of fresh, high quality local food, and a professional business approach in-line with industry standards, the Western Montana
Growers Cooperative makes it easier for wholesale food purchasers to buy local food. In doing so, the Co-op is opening markets that would be more difficult for producers to access on their own. The Western Montana Growers Cooperative could improve its service and make a stronger contribution to the region’s emerging local food system by adopting some or all of the recommendations described above. Producers and communities who are interested in strengthening local food systems may consider the cooperative model for marketing local food to wholesale customers, using the lessons from this case study to guide their development.
References


Heffernan, William D. and Mary K. Hendrickson. 2002. “Multi-national concentrated food processing and marketing systems and the farm crisis.” Presented at the annual meeting of the American Association for the Advancement of Science Symposium: Science and Sustainability, Boston, MA.


APPENDIX

IN-DEPTH INTERVIEW GUIDE FOR CUSTOMERS OF THE WESTERN MONTANA GROWERS’ COOPERATIVE

OVERVIEW:

Thank you for taking the time to meet with me today. I am studying producer cooperatives for my Master’s Thesis at the University of Montana, using the Western Montana Growers Cooperative as a case study. To do this, I am speaking with a number of businesses in the region who purchase from the Western Montana Growers Cooperative about local food and their relationship with the Co-op. Your perspective will help me better understand how producer cooperatives fit into the purchasing practices of businesses like yours, and how coops might make local food more accessible to wholesale customers.

Before we get started, I want to let you know that your identity as a participant in this study will remain confidential. Your name and the name of the business you work for will NOT be used in any written reports or presentations. So, I hope you feel you can be candid during our conversation today.

RECORDING:
If it’s okay with you, I would like to tape-record today’s interview so I can accurately reflect your views when I write my thesis. Is it OK if I record our conversation? 
[IF YES, TURN TAPE RECORDER ON. IF INTERVIEWEE DOES NOT WANT TO BE RECORDED, ASK IF IT IS OK TO PROCEED WHILE TAKING NOTES]

Great! Let’s get started.

Background- First of all, I’d like to learn a bit about you and [NAME OF BUSINESS].

1. Can you tell me a little about yourself and what you do here?
   
   Probes: What is your position here?
   
   What are your major responsibilities?

2. Can you tell me a little bit about [NAME OF BUSINESS], like how long has it been around?

   Follow-up: Is [NAME OF BUSINESS] locally owned?
Follow-up: How many people work here at [NAME OF BUSINESS]?

Follow-up: About how many full time positions would you say that equals?

3. So, in general, how would you characterize your clientele?

**Local Food Purchasing**

Thanks. I understand that [NAME OF BUSINESS] uses at least some local food. I’d like to learn a little more about that.

4. About how long has [NAME OF BUSINESS] been purchasing food from local sources?

5. How many different vendors would you say you have purchased local food from this year?

6. About what percentage of all the food your business uses during the growing season comes from local vendors?

7. Do you use local foods at other times of the year?
   
   IF SO: Tell me more about that.
   
   IF NOT: Why not?

8. Are there any products you would like to purchase locally if they were available?
9. When you think about the goals of [NAME OF BUSINESS], how important would you say it is to buy local foods? Would you say it’s very important, somewhat important, or not important at all?

   Why do you think that is?

   Follow up: Do you specially advertise or display local food?

10. Well, now that we’ve talked about buying local food, I’m interested in how you would define “local.”

**Purchasing from the Western Montana Growers Cooperative**

Thanks for sharing that with me. Now that I know a little bit about your business’s use of local food, I’d like to learn about your purchasing from the Western Montana Growers Cooperative in particular, which I may refer to as the “Co-op.”

11. How did you first learn about the opportunity to purchase from the Western Montana Growers Cooperative?

12. Can you tell me a little bit about what you purchase from the Co-op?

13. About what percentage of your local food purchases are ordered through the Co-op?
14. So, what do you think is the biggest benefit of purchasing from the Western Montana Growers Cooperative?

    Probe: Are there any other benefits?

15. In your experience, is purchasing from the Co-op different than purchasing from other local vendors? IF YES, how so? IF NO, why not?

16. What might the Western Montana Growers Co-op do to make it easier for you to access local food?

    Follow-up: Do you have any concerns or suggestions for how to improve the Co-op’s service?

17. Do you think you will continue to purchase from the Co-op in the future?

18. Is there anything else you think I should know about purchasing local food or the Western Montana Growers Cooperative?

    Thank you so much for your time today. Can I get in touch with you if I have any further questions?