



Creating a Market for Locally Produced and Locally Consumed Food in Nevada

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Rising levels of obesity across the United States and in Nevada, growing consumer interest in locally grown and produced food, and the growing interest by food producers to find local markets for their products are a few of the many trends that continue to support the creation of markets for locally produced and locally consumed food in Nevada.

This fact sheet summarizes four articles used as part of a presentation to the Healthy Communities Coalition 2012 Food Summit held in Silver Springs, Nevada in October 2012. The first section of this fact sheet explores the potential benefits enjoyed by consumers of a locally produced and locally consumed food system in Nevada. The second section examines the potential benefits that could be enjoyed by Nevada farmers, growers and ranchers. The third section looks at two models of a locally produced and locally consumed food system that could be modified to fit Nevada. The final section concludes with some closing observations.

Benefits to the Consumer

Alfonso, Cohen and Nickelson (2012) present a case study of farmers markets in southeast Georgia. The authors point out that, "Over 33% of U.S. adults aged 20 years and almost 19% of U.S. children aged 6-19 years are obese. The steep increase in the prevalence of obesity over the past several decades has become a considerable public health concern because

of its association with serious, life-threatening illnesses."

While Alfonso, Cohen and Nickelson (2012) do not argue that farmers markets and other similar locally produced and locally consumed food systems can single-handedly solve obesity, the authors did find that, at least in southeast Georgia, farmers markets were capable of encouraging a healthier physical, economic and social lifestyle. Nationwide, Alfonso, Cohen and Nickelson (2012) found that approximately 27 percent of American consumers already purchase a significant amount of their food from farmers through farmers markets on a weekly basis. With low-income individuals being more likely to consume less than five servings of fruit and vegetables per day, the authors argue that urban farmers markets could help increase the consumption of fruits and vegetables within low income neighborhoods.

Other consumer benefits that Alfonso, Cohen and Nickelson (2012) identified include: (1) a general improvement in environmental health outcomes by reducing transportation distances of food and encouraging people to walk and use their bicycles, (2) a general improvement in local economies, as farmers markets tend to serve as incubators for new small businesses, and (3) a general reduction in costs associated with obesity by modifying the local ecology to support healthier behaviors.

Benefits to the Producer

Conner, Colasanti, Ross and Smalley (2010), using a series of telephone surveys and polls of growers and consumers in Michigan, found that farmers markets can significantly improve the farm viability of farms that use farmers markets as a primary distribution point for their produce, dairy, and meats. The authors speculate that, "Food viability poses a grave challenge to the sustainability of agriculture and foods systems: the number of acres in production continues to decline as the majority of farms earn negative net income (in Michigan)." Furthermore, Conner, Colasanti, Ross and Smalley (2012) conclude that the, "...distribution at farmers markets, can directly enhance food sustainability by improving farm profitability and long-term viability, as well as contributing to an array of ancillary benefits."

While much of the scholarly research regarding locally produced and locally consumed food systems has focused on the health and cost benefits transferred to consumers, Conner, Colasanti, Ross and Smalley (2012) argue that the process of producing and consuming local foods must be thought of as a complete system with benefits being transferred to producers as much as they are transferred to consumers. Based on their research, the authors find that, "Viable farms are an indispensable piece of sustainable food systems." In developing a sustainable food system, Conner, Colasanti, Ross and Smalley (2012) identify two related marketing strategies for farmers who participate in local farmers markets.

First, farmers need to aggressively and actively promote the benefits of locally grown foods. By promoting the related economic, social, land use and public health benefits of farmers markets enjoyed by consumers, the research done by Conner, Colasanti, Ross and Smalley

(2012) in Michigan, and later in Iowa, found significant job and income growth among local farmers resulting from increased consumption of locally grown produce. By promoting these economic, social, land use and public health benefits, farmers can significantly alter consumer behavior in favor of supporting farmers markets through increased reliance on farmers markets for locally produced produce, dairy and meat products, which leads to increased economic benefits for the local farmers, dairies and ranchers.

Second, farmers can enhance their profitability by communicating the need to keep land in productive agricultural uses while fostering a host of community economic benefits. Conner, Colasanti, Ross and Smalley (2012) found that in Michigan, as in many other areas of the United States, the productive agricultural land that immediately borders established urban and suburban areas had tended to shrink as urban and suburban areas continue to encroach on rural and agricultural land. This encroached upon agricultural land tends to be the most profitable for farmers, largely because of its proximity to established urban and suburban centers. By keeping this land in productive agricultural use, farmers can lower their production and transportation costs. These savings that ultimately be transferred to local consumers, including low-income consumers who are in particular need of fresh produce, dairy and meat products.

Inherent within these two strategies exists a trade-off between the attributes associated with all purchases (price, convenience, quality, etc.) versus those more closely associated with local food and farmers markets (locally grown and relationships with local farmers). Although Conner, Colasanti, Ross and Smalley (2012) conclude that further research is needed to more fully understand how farmers markets and locally grown foods can contribute to the overall sustainability of locally produced

and locally consumed food systems, the authors argue that proper marketing of the benefits of farmers markets by participating farmers can help alleviate the perceived trade-off between quality, local food, and convenience.

Creating a Market for Locally Produced Food: Two Examples

This section looks at two examples of how locally produced and locally consumed sustainable food systems were developed in other communities: (1) the use of small hospitality enterprises (SHE's) such as locally owned restaurants, and (2) the use of a local school district.

The ability of the private sector to create a value-chain between consumers and multiple producers and suppliers is one way to create a market for locally produced food. Alonso and O'Neil (2012) examine how SHE's in the southern United States have helped to create a market for locally produced food by creating a value-chain between consumers and local producers of produce, dairy and meat products. The authors identified four trends in the southern United States that led to the practice of SHE's buying a greater amount of their produce, dairy and meats from local producers, including: (1) growth in agritourism, (2) an increased concern for food quality by the public, (3) an increased willingness of the public to pay a premium for local foods, and (4) an increase in the need to grow local businesses due to the increased pressures of globalization.

After sampling 41 SHE's in two cities, the authors found that when asked how important the promotion of local products was to their operation, "the feedback from respondents who answered this question was that more agree (6, 28.5 percent) than disagree (4, 19 percent) with the importance of promoting local foods and produce." However, despite a significant number of respondents indicating that the

incorporation of local foods into their business model was important, Alonso and O'Neil (2012) found that, "...when the subsequent question about their actual involvement was raised, participants' recognized minimum or no involvement." The authors found that a perceived lack of convenience with buying from local producers, past negative experiences with local producers, an expectation that local producers should initiate the contact with the small hospitality enterprise, and the perceived expensiveness of buying locally produced food were all reasons why the SHE's chose to buy from regional and national distributors instead of local food producers. For a sustainable locally produced and locally consumed food network to prosper in Nevada, policy makers and program developers will have to first overcome these perceived disadvantages associated with buying local.

A second way to create a market for locally produced food is to use the power of public policy. The creation of a national cap-and-trade program, as part of the Clean Air Act Amendments of 1990, demonstrates the power of public policy to create a market for a particular good or service where no market once existed. The overview of this aspect of the Clean Air Act Amendments of 1990 provided here is used only to demonstrate how public policy can be used to create private sector markets.

Vig and Kraft (2010) trace the development of a national cap-and-trade program for carbon credits back to Title IV, most commonly known as the Acid Rain Program, of the 1990 Clean Air Act Amendments. The Acid Rain Program established a market-based initiative by the U.S. Environmental Protection Agency to reduce overall atmospheric sulfur dioxide and nitrogen oxides. The Acid Rain Program established a set maximum allowable amount of air pollution that could be permitted within a geographic area. Power production utility companies could

then adopt clean technology that would produce power, but with fewer emissions. The difference between the lowered level of air pollution produced by the utility company and the maximum allowed level of air pollution would create a credit that the utility company could then sell on an open market to utility companies that pollute more than the clean-technology-adopting utility company.

Marshall, Feenstra and Zajfen (2012) look at a similar use of public policy in the San Diego Unified School District as a way of creating a market for locally produced produce, dairy and meat products. In 2010, the district initiated a Farm to School program with the primary intent of directing a portion of the district's approximate \$57 million annual food budget to support local farms, dairies and ranchers while introducing healthier foods to the district's student population.

After two years of program implementation, Marshall, Feenstra and Zajfen (2012) found that, "Between the 2009-2010 and the 2010-2011 school years, the percent of local produce purchased increased from 0% to 5.12%, as defined by FSD's (Food Service Department) definition of SD (San Diego) local. In the 2010-2011 school year, the FSD spent \$173,239 on local purchases, which reflects the payments made to eight local farms."

Conclusion

The development of a comprehensive and sustainable locally produced and locally consumed food system in Nevada, based upon the research summarized in this fact sheet, as part of a presentation made at the Healthy Communities Coalition Food Summit in October 2012, raises the possibility of effectively tackling obesity and other health concerns in Nevada, while simultaneously creating profitable business

opportunities for Nevada's farmers, dairies and ranchers.

The research presented in this fact sheet suggests that policy makers and program developers will have to address the need to properly define "local produce" the need to properly plan, the need to properly estimate the capacity of local farms to meet seasonal demand, and the need to overcome occasional problems in communication or ordering between local producers and local consumers.

References

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