Direct Marketing: Opportunities for Southeast Michigan
Food System Economic Partnership (FSEP) GREEEN Report

Background

In the spring and summer of 2006, FSEP administered demographic specific surveys to the stakeholders in the food system within Southeast Michigan. Surveys were mailed to grain producers, retailers, processors, distributors, and other producers. Additionally, surveying of food consumers was conducted in person. These surveys assessed demographics, marketing, production, and consumption trends in the region, and also investigated the relationship between current and potential food cycle practices. Barriers and possibilities for alternative markets were evaluated as well. When surveying was complete, 72 responses were returned from grain producers, 26 from retailers, 10 from processors, 21 from distributors, and 38 responses were received from other producers. Over 300 surveys were collected from consumers within the region.

Grain Production in the Region

Grain producer survey respondents reported the following:

- Primary crops grown were corn, soybeans, and wheat.
- Farm size ranged from 24 to 5,200 acres. Average farm size was 645 acres.
- Over 96% of respondents used conventional methods, while 4% followed organic practices.
- About 68% of grain farmers reported profits over the last five years, 22% reported that they broke even, and 10% ran a deficit.

Grain Marketing Methods: Actual and Desired

Actual:

- Currently over 74% sell market through a grain elevator.
- Less than 10% reported selling grain directly to a processor.
- Less than 3% reported selling grain directly to a consumer.

Desired:

- Over half of the farmers using a grain elevator said that they would prefer not to.
- About 50% of potential corn farmers, 37% of soybean farmers and 32% of wheat farmers reported a desire to sell directly to a processor.
- About 10% wanted to sell directly to consumers.

The above shifts in actual verses desired marketing methods are all highly

significant statistical findings.

Opportunities and Barriers in Alternative Grain Production

The grain producer survey assessed the barriers and opportunities for alternative markets and practices.

- Over 10% reported a desire to grow grains other than corn, soybeans, and wheat, an increase from the ~4% who actually grown them.
- Most noted alternatives were oats, spelt, barley, and canola.

Consumers cited canola and oats as grains that they consume regularly, revealing an opportunity for locally based alternative grain markets.

Primary barriers to marketing alternative grains were:

- Cost of production inputs
- Lack of near-by facilities for delivering harvested grains
- Recent price trends for other grains

Primary barriers to organic grain production were:

- Weed mitigation
- Insect management
- Disease control

Because of the high consumer demand for locally produced organic products (see below section-“Food Consumers in the Region”), these findings indicate an opportunity for education of local producers about organic management practices and an expansion of local organic grain markets.

Opportunities for Grain Products

When asked to rate interest in potential grain based products, farmers highly rated all 17 options.

Farmers favored the following:

- Fuels for home heating, engines, and industrial processes
- Cooking oils and industrial lubricants
- Livestock feed
- Food based interests included bread products and flours

Food Consumers in the Region

Consumer survey respondents reported the following:

- Primary places where they shop for food: grocery stores and multi-purpose stores.
- Primary places where they shop for locally produced foods: farmers markets and grocery stores.
- Roughly half of consumers reported that they currently buy organic grain products.
- People feel that it is “very important” to have local foods grown and available for purchase in their community.

- Consumers are willing to pay more (~10%) for local foods than for comparable non-local food items.
- Consumers stated that local products are “not available” and “not widely advertised” in their communities as primary barriers to consumption.

Retailers in the Region

Retailer survey respondents reported the following:

- Most retail business respondents were from independently owned markets or supermarkets.
- On the whole, the retailers carried about 10% local foods in their inventories.
- Fruits, vegetables, herbs as well as jams, preserves, honey, and sauces were the main local foods being carried.
- About two-thirds of the retailers carried organic grain products.
- Retailers cited “inconsistent supply” and “connecting with producers” as top barriers to carrying local foods.

Distributors and Processors in the Region

Distributor and processor survey respondents reported the following:

- On the whole, less than a quarter of the food processed and distributed by the respondents was local food.
- Around half of processors and distributors have received requests for local foods.
- Both processors and distributors cite the difficulty to find, interact, or correspond with local producers as the primary barrier to working with local foods.

Economic Opportunities in Southeast Michigan

Based on the information gathered in the surveys, FSEP has identified five primary opportunities for grain production, processing, and marketing:

- Promote increase in organic production through education about organic management practices.
- Develop new grain processing facilities in the region.
- Increase direct marketing for local grain.
- Develop new grain products.
- Encourage and enable retailers to carry locally produced goods.