

Seventh Meeting of the New Hampshire Meat Producer Working Group November 7, 2017

Attendees: 19

Mark Florenz, Peter Kress, Henry Ahern, Carol Soule, and Denyse Renck

Guests: Peter Allison (Farm to Institution New England), Stacey Purslow (NH Farm to School), Chelsea Wagner (Hannafords), Annie Rowell (Sodexo), Lauren Kaskey (Health Care Without Harm), Gail McWilliam Jellie (NH Department of Agriculture, Markets, and Food), Charlene Anderson (NH Community Loan Fund), Elaina Enzien (UNH Ext Livestock Specialist), Nada Haddad (UNH Extension), Greg Marsh (Co-Op Food Stores).

This summary reflects a range of views expressed on the issues as discussed during meetings of the New Hampshire Meat Producer Working Group (NHMPWG), comprised of meat producers throughout the state. They do not reflect the formal or public position of any one group of people, organization or coalition. All errors and omissions are the sole responsibility of Environmental Mediation Center (EMC).

This meeting focused on opportunities to sell locally produced meat to grocery stores and institutions throughout New Hampshire. The meeting notes include brief summaries from the presentations from meat buyers and organizations promoting purchasing local meat and a summary of the discussion that followed organized by theme.

Annie Rowell (Sodexo):

Sodexo has statewide initiatives in neighboring Vermont and Maine to promote purchasing of local foods for their food service contracts with universities and hospitals. For example, Sodexo's Vermont First program works with farmers, distributors, processors, state government, non-profits and supply chain players to increase the amount of local food purchased by Sodexo. Approximately 15% of food purchased by Sodexo for accounts in Vermont is sourced from Vermont producers. Vermont First has an advisory panel of Vermont producers and other stakeholders to assess the needs and demands of Vermont's producers as well as providing overall guidance to Sodexo.

Sodexo does not currently have a New Hampshire First program. Sodexo would likely be willing to meet with the New Hampshire Department of Agriculture, Markets, and Food and other stakeholders to discuss what would be necessary to develop a local food promotion program in New Hampshire. For New Hampshire to get a Sodexo representative, there would need to be a ground up push to make it happen. In Vermont, Farm to Plate made an economic impact argument for why buying local is good for the state. New Hampshire would likely need to do something similar.

Lauren Kaskey (Health Care Without Harm):

Health Care Without Harm's Healthy Food in Health Care's goal is to support an environmentally sustainable food system and increase the procurement of healthy and

nutritious food to hospitals. In addition to focusing on issues such as reducing use of antibiotics for livestock and promoting sustainable meat, there is interest in using locally raised and possibly grass-fed meat.

Food procurement varies by hospital with some preferring to purchase from large distributors and others who purchase from individual producers because the price may be lower. For convenience sake, some hospitals try to avoid small deliveries from multiple producers.

Labor is a major expense and there is demand for value added products that minimize the preparation time for kitchen staff. There is an interest in purchasing local food but the price can't be too much higher than similar products from out of state.

There is a "blended meat" campaign to promote burgers made with ground beef and roasted mushrooms. This effort enables hospitals to purchase smaller quantities of local meat ("less meat, better meat") and mix it with the mushrooms to provide a locally sourced product at a more affordable price point.

Chelsea Wagner (Hannafords):

Hannafords promotes purchasing from local producers through their "Local Good" program and has a coordinator who works with local food producers in the application process to become an approved vendor. Ground beef is the single largest category of meat purchases from local producers, but high-end cuts such as steaks, tenderloin and pork loin, chicken breasts and tenders are also purchased. Hannafords also purchases value added products such as sausages (both links and bulk) and meatballs.

Demand for fresh meat is higher than frozen meat. Meat that is delivered fresh, is sold fresh. Meat that is delivered frozen, is sold frozen. Ideally, producers need to deliver fresh meat regularly; frozen meat does not tend to move. For meat producers who either have small volume or can't deliver weekly, aggregating with other meat producers to provide fresh meat weekly at the volume required is a great tool.

Products sell best when a story is told. People like buying local and being able to identify which farm produced the meat. It helps for producers to be able to maintain their brand identity. One strategy to tell consumers about the farm would be to use bar codes or QR codes the consumers can scan to learn additional information.

Hannafords can handle small volumes from many producers. While buying from many small producers poses an increased administrative burden, Hannafords has a program in place and is willing to buy local despite the extra work.

Stacey Purslow (NH Farm to School):

NH Farm to school works with schools, producers, and other stakeholders to increase locally produced foods in school cafeterias. Most of the purchases from local producers

have been fruit and produce, but some schools purchase locally raised meat as well. Balancing tight food budgets and nutritional regulations can make it challenging for schools to purchase local meat. It is important that the school chef is interested in buying local. Each individual school can make the decision to buy local meat.

Commodity ground beef is very affordable for schools compared to locally raised ground beef that sells for over \$5/lb. As a result, most schools do not purchase locally raised ground beef on a regular basis. Schools must also purchase from an approved vendor and the process usually requires competitive bidding. The most likely way to increase purchases of locally raised meat is to insert language in the competitive bidding process that requires purchasing a certain percentage of the total meat budget from locally raised sources. There is a need for more education in how schools can incorporate more locally raised beef and pork into their school menus.

Peter Allison (Farm to Institution New England):

Farm to Institution New England works to increase the amount of local food served in schools, hospitals, colleges and other institutions. Most of New Hampshire's small producers such as New Hampshire's livestock farmers, have to find the right opportunity to sell to large institutions. They may be hesitant to make the investment to increase production to meet the needs of a large institution unless they know they can sell their products at a profitable price point. Producers may find some institutions who appreciate the "less meat, better meat" approach where a smaller serving of high quality local meat is supplemented by more grains and vegetables.

Small producers who do not have the volume to provide regular deliveries for the main food service at the institution should look for opportunities for catering special events (ie alumni gatherings at colleges) at institutions. Through special events, producers can establish a relationship with the institutions and build from there.

Greg Marsh (Co-Op Food Stores):

The Coop Food Stores mission includes promoting local foods. The Co-Op buys whole and half sides of beef from local producers at \$5.08/lb for all natural grass fed beef. The Co-Op purchases local grass fed ground beef from between \$5 and \$6/lb. Ground beef is in high demand all year and during the summer there is an increased demand for steaks for grilling. The Co-Op already offers commodity, natural, organic, and grass fed local beef. Currently, there is no need for additional vendors. Other stores in the area may have room for additional local vendors and should be contacted. There are few local value added products so there is an opportunity for great local value added products to be sold.

Labelling products with a sticker that reads "Locally raised in NH" would help promote sales. Vermont has established a brand based on their reputation and New Hampshire could do the same.

Discussion:

Competing on Price:

The high cost of production for NH's meat producers is a significant challenge and the working group has yet to develop strategies that would enable producers to compete based on price. NH's meat producers must sell their products to the small niche of consumers who are willing to pay more for locally produced food. Direct sales to that niche market has been the main source of revenue for most NH meat producers. Expanding beyond direct sales to consumers such as to grocery stores and institutions poses other challenges such as distribution and production volume.

One strategy discussed to make purchasing local meat more affordable was the "less meat, better meat." Although the price of the meat would remain the same, the campaign promotes purchasing smaller quantities of high quality meat. Working group members had a mixed reaction to the campaign. On the one hand, they supported the notion of promoting the purchase of high quality locally produced meat in affordable portion sizes. On the other hand, they did not want to say anything disparaging about the quality of any other producer's meat.

One working group member wondered whether a similar strategy could be to price the meat per serving and not per pound. Smaller portions (within reason) of locally produced meat could fit within constrained institutional budgets.

Improving Distribution:

Grocery stores and institutions require a certain volume of meat delivered to their stores on a regular basis. Most NH meat producers are small operations and those requirements can be challenging. Meat producers' days are already full and sometimes there simply isn't enough time in the day to make deliveries and operate the farm. One working group member had to drop contracts with grocery stores and a few institutions for that reason.

Strategies that improve distribution can compromise brand identity. The goal is to find solutions that maintain brand identity while improving distribution. Utilizing existing delivery services is the simplest approach, but working group members commented that paying the 15% to 20% service charge takes a significant portion of your profits.

One strategy suggested was to look for opportunities for a group of producers to collaborate on an account with a buyer. For example, if a group of producers became approved vendors for a particular buyer for a product such as local grass-fed ground beef, they could alternate who supplies and delivers the meat that week. That could provide a solution to the triple challenges of providing the necessary volume, maintaining brand identity, and finding the time to make weekly deliveries.

One working group member wondered whether it would be possible for the processors to deliver products for an affordable fee. This arrangement if acceptable to the processors,

could be more efficient than having the producers pick up the meat from the processors, than deliver the products to wherever they are selling them.

Increasing Volume:

In addition to sharing accounts for meat buyers, the working group discussed aggregating meat from multiple producers under a joint label. One working group member already aggregates meat from other producers. This strategy can be effective to develop the necessary volume for larger accounts without committing any individual producer to take the risk of significantly expanding production. It may be possible for aggregating partnerships to be developed tailored to meet the marketing opportunities in NH. This is especially true for ground beef because of the high demand. If successful, the relationship could be expanded to other premium cuts.

One working group member talked about some aggregators who “green wash” their label, by advertising that their products come from multiple small farms, when in fact the vast majority of what is being sold comes from one major producer.

Co-branding:

Co-branding meat with the aggregator and the farm that produced the meat can be an effective strategy to increase volume yet maintain the consumers’ connection to a small local farm. The working group members discussed how their target consumers want to know information about who and where the meat was produced. Co-branding could increase the volume to serve large accounts and provide consumers with the information to connect with the local producers. The working group members also liked the idea of using digital technology to provide more detailed information about the farm and the farmers that produced the meat.

Developing local food to institution promotion programs similar to neighboring states:

Over the past several years Maine and Vermont developed programs to increase sales from local producers to institutions. This was a long-term effort that included both a “top down” and “bottom up” approach. For example, Vermont developed a comprehensive Farm to Plate Strategic Plan and producers were actively involved in meetings with institutions. The Vermont Agency of Agriculture played a large role in working with Sodexo to facilitate the partnership with local producers. In Maine, a consortium of University of Maine schools requested proposals for a food service contract contain specific language requiring using 20% locally produced food in Maine by 2020. Sodexo now maintains a staff person in both Vermont and Maine to facilitate increasing the purchase of local foods.

According to the NH Department of Agriculture, Markets, and Food, about six years ago they had a series of meetings with Sodexo and NH producers but little progress was made. The working group members suggested scheduling another meeting in the near future to discuss what can be done now to increase local food purchases and what NH would need to demonstrate to get Sodexo to make similar commitments that it made to locally produced

food in neighboring states. The state could also play a major role by requiring a certain percentage of food be purchased from local food producers in all state food service contracts.

Sodexo commented that Vermont and Maine made it easy for it to step up with a “very clear ask” that included a definition of what is local food, clear goals in their state farm to plate programs, and a “critical mass of producers who had the necessary volume of products. Working group members suggested that we work with the New Hampshire Food Alliance which developed a series of reports that would be instrumental to support this effort.

Developing a Relationship with Institutions:

After discussing the challenges to sell meat to institutions for daily food service needs, working group members and guests discussed how starting small and building a relationship with the institution is a good first step. For example, institutions such as colleges often host special events that may have less restrictive budgets and only require episodic deliveries. These special events can be a significant channel to sell local meat and can also begin a relationship with an institution that can grow to a more regular account.

Increasing Sales to Schools and Hospitals:

The working group discussed how restricted food budgets often prevent schools from buying locally produced meat. Schools must purchase from approved vendors through a competitive bidding process. That generally results in the schools purchasing commodity meat because it’s considerably cheaper than the \$5.50/lb for non-grass fed and \$6.50/lb for grass fed meat that a local producer shared as their wholesale price.

One producer shared how they offer a discounted price to schools and hospitals in order to make purchasing local meat fit within the budgets. The working group also discussed the importance of building relationships with chefs who are interested in purchasing local foods. One goal would be for the schools to issue requests for proposals that contain a requirement to include a certain percentage of locally sourced food.

Value Added Products:

The working group members and guests discussed the opportunities to improve profitability through the sale of value added products. Several buyers at the meeting confirmed interest in purchasing locally produced value added products such as meatballs made from grass-fed ground beef. One challenge facing NH’s meat producers is access to licensed and USDA inspected kitchen facility to create value added products.

In Vermont, the Mad River Food Hub provides fully equipped and USDA inspected processing rooms available for rent by the day. The facility is designed to serve the small producer who needs an affordable licensed and inspected processing facility to grow their business. A similar facility in New Hampshire could enable local producers to take advantage of the profits available through value added products.

Approved Processing Facilities:

The working group members expressed interest in learning more about Hannafords's criteria for accepting local meat from some but not all approved USDA processing facilities in New Hampshire. If there is a concern with any processing facility that would inhibit sales, the working group members would like to be informed about it.