

# Developing Values-Based Distribution Networks with Retail Buyers

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# Project Team

## **California Team:**

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## **Colorado Team**

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## **Oregon Team**

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# Project Goals

- Identify how successful distribution networks involving small- and medium-scale producers are affected by:
  - Access to financial capital
  - Governmental regulations and policies
  - Business/entrepreneurial savvy
- Describe how these networks enhance the financial viability of small- and medium-size producers

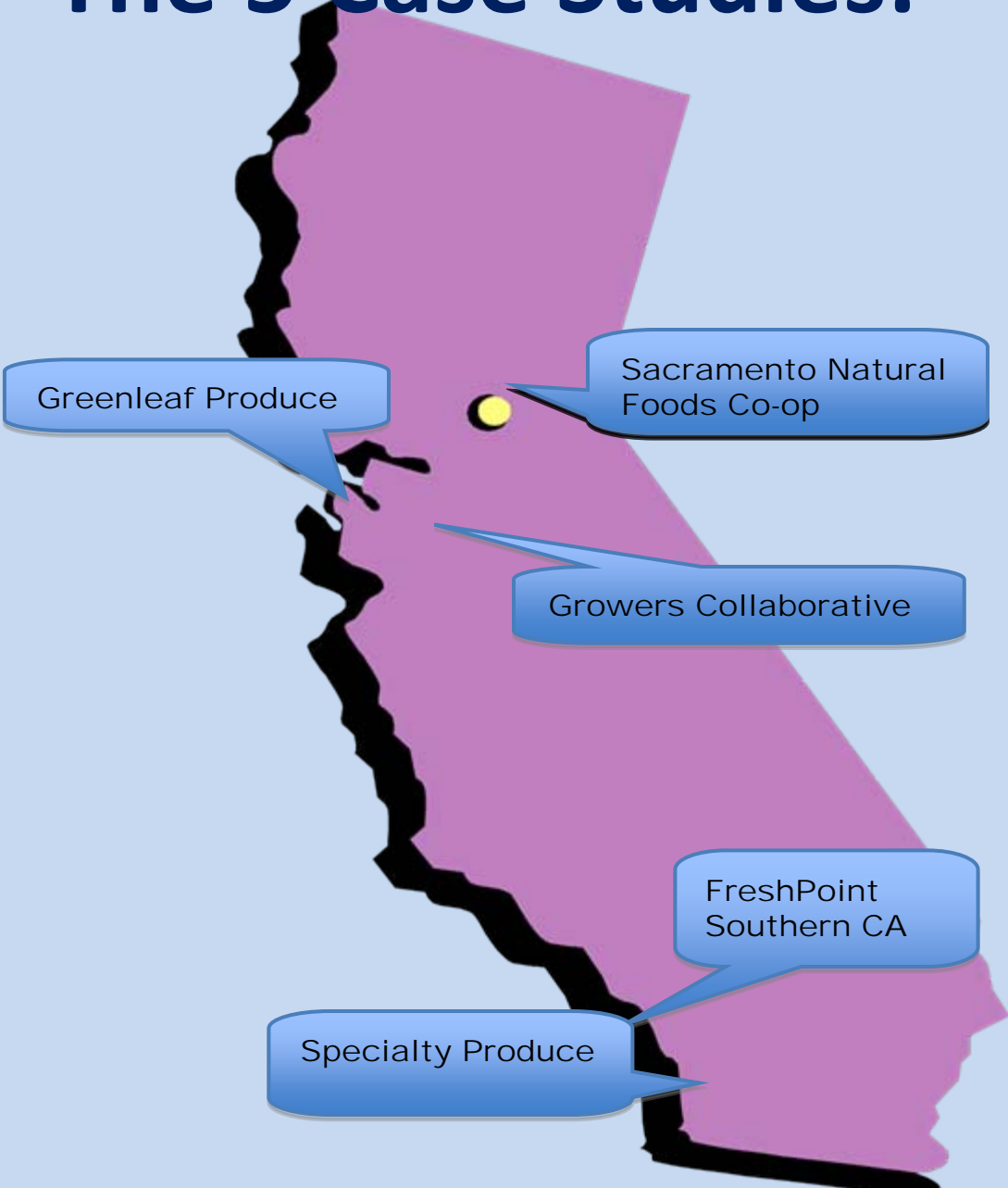
# Values-Based Supply Chains (VBSCs)

- Growers treated as strategic partners vs. input suppliers
- Able to provide increased volumes and reduced transaction costs through aggregation
- Differentiated products – local branding
- Rewards and responsibilities distributed equitably across the supply chain
- Product's value includes “story” of the people and business practices

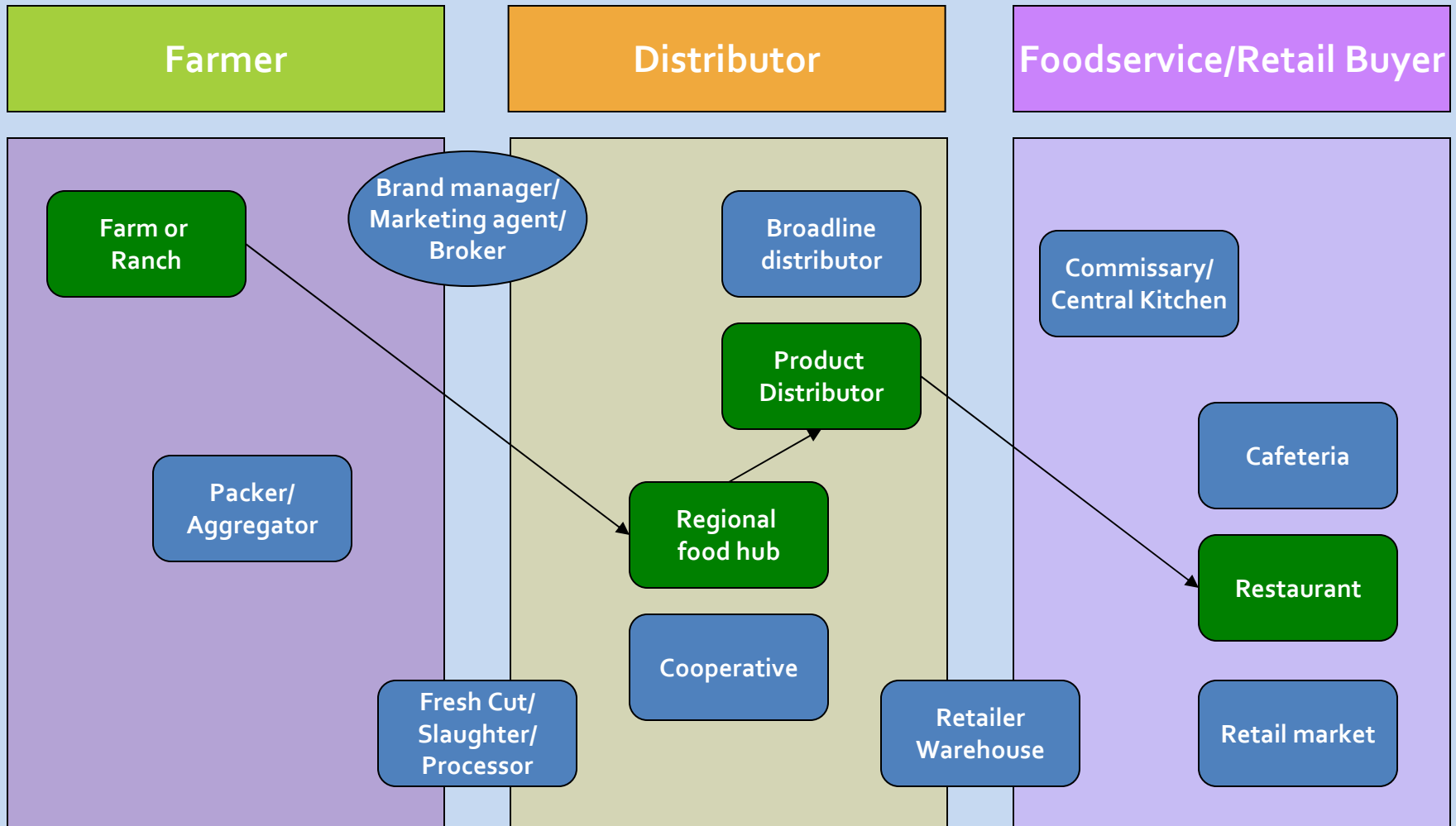
# Methodology

- 9 case studies of western US food distribution networks (values-based supply chains)
- CALIFORNIA
  - 4 cases with institutional buyers
  - 1 case with retail buyer

# The 5 Case Studies:



# Entities Involved in Supply Chain Decision-making



**Key:**

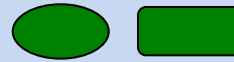
Influencer:  
Does not touch product (Oval)



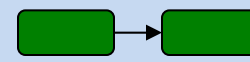
Handles product  
(Rectangle)



Typical players in  
this chain (Green)



Product flow  
(Arrow)



## Findings from 4 Case Studies:

- **Distribution expertise and prior investment** in infrastructure is important for distributors.
- The “**right balance**” of small, mid-scale and large producers in distribution networks is important for financial viability of distributors.
- **For non-profits, separating distribution and branding/marketing** reduces their financial capital requirements and allows them to focus on their strengths.
- **Non-profits allied with distributors** will probably need to continue relying on **outside funding** (grants, etc.) to support their marketing and branding.



## Findings from Case Studies:

- Retailers and institutional buyers, rather than government, have been largely responsible for imposing food safety standards (GAP, HAACP, etc.)
- Smaller growers will need to prepare for new GAP standards

# Emerging Trends

- “Aggregation hubs” or “Regional food hubs” are emerging in various forms for small and mid-scale producers to consolidate product
- Ability to communicate authentic stories of producers is critical. May trump “local”

# Retail Case: what we are learning

- Retailers and Institutions care about the same values
- Producers need to take responsibility for their own “story”
- Transparency and communication is key
- Retailers want you in the store to authenticate their story and educate customers