

# VILLAGE FOOD LINKS FEASIBILITY STUDY

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## 1. INTRODUCTION

### Aims

To assess the possibilities for bringing fresh and local produce to people in rural areas, by linking local farms with village shops and establishing co-ordinated distribution systems. To assess the potential benefits to rural people, to village shops and to farms.

### Rationale

This study is one of the results of the 2 years' discussions and planning through the **Food Futures** project. Food Futures was set up by Leicestershire County Council and the Soil Association in April 1998 to explore what could be done to achieve sustainable development for the local food economy. Through a series of 6 workshops, trust was built up between farmers and other food businesses, local authorities, community groups, etc. and a 'vision' for the future of the local food economy was created. Central to this vision was agreement that everyone wanted to see far more of the food produced in the county bought and eaten there. This would help small farming and food businesses - who are being squeezed by external pressures, strengthen the social fabric of local communities by linking people to those growing their food for them and make a small but significant contribution to lightening the environmental impact of transport.

Achieving this vision will involve a combination of labelling of local food, publicity and awareness raising, and new ways of bringing local food to the consumer. Significant progress has already been made in this last aspect by setting up Farmers' Markets. However, Farmers' Markets are only part of the answer. Not all consumers can get to them, and not all farmers want to sell that way. Participants in Food Futures agreed that several other steps will be needed to bring local food to a wider audience:

- a. Identifying producers of food who would like to sell to local customers, and customers who are interested in locally produced food.
- b. Setting up a local 'brand' which can be used to identify local food to the consumer.
- c. Establishing a network of outlets.
- d. Raising awareness about the benefits of buying local food, and publicising where/how to get it.

*A number of different initiatives will be needed to address different parts of the food chain and different products. The proposed feasibility study addresses one consumer sector - rural customers - and one type of retail outlet - village shops.*

### Village Shops

To date, many local food links have centred on urban areas where there is a large concentrated market. However it can be in rural areas that fresh produce is most scarce. Village shops often cannot risk stocking perishable produce and sometimes cannot arrange delivery of the small quantities they need. Linking local farms into the local economy in this way will also help to build rural communities and combat isolation amongst farmers. Little work has yet been done in the region to link up village shops, farms and rural consumers.

## **Methodology**

### *Our approach to the Feasibility Study*

Food has the ability to bring people together around a range of diverse concerns including: health, community identity and environmental quality. A process that not only makes an objective assessment of possibilities but also engages the enthusiasm of participants is needed, to ensure that the feasibility study assists the development of active and self-sustaining projects.

We sought to undertake a process which would assist the development of an active and self-sustaining initiative by:

- making an objective assessment of the current situation
- identifying and assess possible options
- encouraging people to engage enthusiastically as participants in the process

## **Method Statement**

The study proceeded in the following stages

1. Research to identify village shops that wish to provide fresh and locally processed produce to their customers but currently struggle to do so. Postal survey, with follow up telephone/face-to-face research. Identification of two 'clusters' where more than one shop in an area was interested.
2. Survey of people in the area served by these two clusters of shops, to find out their interest in local food, what produce they want, what they use their local shop for and what would encourage them to use it more. Questionnaire through village shop outlets and letter boxes.
3. Survey farms in one area, to find out which are able or could in the future to supply produce to the local area and under what circumstances.
4. Consultation meetings in two areas with shops, producers and other rural businesses to develop proposals and establish support for ongoing development process.
5. Desk review of national case studies and background information for final report.
6. Final report and recommendations.

## **Funding**

Leicestershire Food Links is grateful for the support of the Countryside Agency and the Paget Trust, which has enabled us to carry out this piece of work.

## 2. BACKGROUND

### Leicestershire's Rural Economy

In common with the rest of the country, the past five years have been bleak for farmers, with falling commodity prices, increases in cheap imports and the treatment of farmers by supermarkets have reduced net farm incomes by 90% since 1995/6. Figures from MAFF show a continued decline in the numbers employed in farming in Leicestershire, and in farm incomes, with the greatest losses in pig and poultry farming.

#### Leicestershire's Agricultural Structure at a Glance - June 1998

Labour	Holdings	Nos. of Workers	No. as a % of England
Farmers Partners % Directors	2237	3837	1.8
Regular Full-time workers	609	1351	1.7
Regular part-time workers	347	689	1.7
Seasonal or casual workers	359	742	1.3
<b>Total labour Force</b>	<b>2357</b>	<b>6811</b>	<b>1.8</b>
Analysis by farm type	Holdings	Total	Area as % of total
Dairying	280	19,436	10.1
Cattle and sheep	763	27,172	14.1
Cropping	735	99,631	51.7
Pigs and Poultry	64	922	0.5
Horticulture	67	907	0.5
Mixed and Other	887	44,573	23.1
<b>Total</b>	<b>2796</b>	<b>192,641</b>	<b>100</b>

In August 1999 A Leicestershire Economic Research Partnership report detailed many of the problems facing the agricultural sector in Leicestershire. As a result, the need for urgent action was recognised by the Leicestershire Rural Partnership. In January 2000 a survey of farmers was undertaken to identify farmer's diversification and training needs and an action Programme was developed from the results. The main issues identified by the survey were:

1. The Agricultural sector in the UK is currently under pressure and facing a period of major change. There are changes due to the reforms of the Common Agricultural Policy; the strength of the sterling and falling output prices, food safety concerns such as the BSE
2. A new direction for agriculture - a shift in emphasis, from production related aid, to support for the countryside 'The Government is committed to reforming agricultural supports so that it more closely reflects the public benefits that

agriculture provides....' stated Nick Brown at the launch of the England Rural Development Plan, MAFF 1999. There will be increased resources for farm woodland and energy crops, training for environmental land management and diversification skills, Countryside Stewardship.

3. Farm Incomes are falling and there is a need for farmers to adapt their business. Farm incomes have fallen by 58% between 1996 - 1998. Farmers have a love for what they do. They are specialists - they know how to run their farms. However, in order to survive, farm businesses have to become 'market orientated' as well as efficient producers. They need to exploit potential new opportunities by adding value to what they already do or seek new ways to diversify that brings lasting economic, environmental and social benefits
4. Farm Incomes are falling and there is a need for farmers to adapt their businesses - Falling incomes, time, and tenancy restrictions constrain diversification plans. The fall in farm incomes severely constrains farmers' ability to adapt and respond to changes.
5. Farmers are being forced to cut hired labour or work harder to run struggling businesses. A survey undertaken by the NFU in 1999 (Routes to Prosperity for UK Agriculture) found that the highest percentage of respondents stated their reason for not diversifying was due to the lack of labour (28%), followed by lack of physical resources (22%). Falling incomes, time, and tenancy restrictions constrain diversification plans.
6. A new direction for agriculture - a shift in emphasis due to changing consumer demand for food. Consumers are becoming increasingly discerning about the quality and origin of the food they buy. Scares such as BSE have driven concerns about food safety and health. As a result, food quality and the way it is produced, and transported is becoming as important as food cost in influencing consumer choice. There will be increased resources for organic conversion aid.
7. Economists predict that in the UK 20% of agricultural business will be responsible for 80% of the production. In Leicestershire the smaller farm holdings (0.5 hectares) are already in decline (24% fall in 1997). In contrast, larger holdings (100+ hectares) have seen a rise of 3%. The trend towards larger farms will have a major impact on the economy and landscape of rural Leicestershire.

As a result the Leicestershire Rural Partnership developed an action programme which became part of a successful £1.5 million Single Regeneration Budget programme for rural Leicestershire. The programme is developing a number of projects aimed at helping farmers, including Business Buddies, an advice centre, Farmers Market support, I.T. training and local food links projects (see below).

## Village Shops

Research by the Countryside Agency in 1999 found that many local services in rural areas are declining and that accessing basic services can be difficult. In both 'lone-shop'

and small town centres, many smaller food shops are only marginally viable, whilst some have already closed. Post offices continue to decline in numbers, whilst rural pubs are declining at an estimated rate of 3 per county per year. Nationally, a number of approaches have been taken to help maintain local services including:

- business rate relief;
- diversification e.g. village shops starting video hire;
- joint-service provision e.g. siting post offices in farm shops;
- partnerships e.g. links between local growers and local food shops;
- Local 'self-help' e.g. community owned and run shop or pub.

In Leicestershire 48% of 188 rural parishes (two thirds of all rural parishes) have no permanent village food shop. The Rural Community Council's database contains 73 food shops located in villages. These are sole-shops but also post offices and specialist food shops. Due to concerns for the decline of the village shop, a Village Shop Development Scheme was set up by the Rural Partnership to supply advice, support and grants. A retail consultant has been made available to shops for consultancy.

No previous research has been carried out into the views of village shop proprietors or their customers.

## Local Food Links

Local Food Links are the term given to new and traditional ways of linking local producers to local consumers, thereby cutting down long distance transportation of food and animals, increasing the producers' profit and the value added in the local area and keeping money circulating in the local economy. In Leicestershire, local food links take several forms:

- Farmers Markets: running in three market towns and shortly to be starting a fourth, where local producers come together to sell their produce directly to consumers on a regular monthly or fortnightly basis
- Local Food Guide: published in 2000 and listing 60 local farms, food processors and restaurants selling or serving local food
- W.I. markets: where cooks and gardeners within a community come together to sell home produce such as cakes and jams which are often made from local ingredients
- Independent butchers: selling meats locally raised and slaughtered
- Distribution schemes: businesses producing, buying and distributing organic and local produce to drop off points or homes, including vegetable box schemes, meat boxes and fruit boxes and farmshop.net (see below).

Local produce available through local outlets in Leicestershire includes: cobs, pork pies, venison, beer, cordial, ice cream, stilton, beef, honey, mushrooms, blackcurrants, wine, cakes, samosas, tofu, bread, flour, vegetables, spring water, eggs, potatoes, emu meat, ostrich eggs, bacon, chutnies, lamb, pork, asparagus, strawberries, geese, turkeys, red Leicester and yoghurts.

Research was carried out by Leicestershire County Council in 1998 to assess the level of interest in local food links among local farmers and growers. Survey forms were sent out

to 1024 farm businesses representing one half to one third of all Leicestershire and Rutland producers and there was a 10% response rate. Amongst the respondents:

- 29% were interested in marketing co-operatives
- 26% were interested in farmers' markets
- 21% were interested in bulk contracts with large purchasers
- 19% were interested in local processing

The barriers to more local marketing identified in the report were:

- Financial barriers
- Supermarkets' centralised distribution
- Closing down of local abattoirs
- Closing of local shops
- Planning regulations
- Farmers attitudes
- Consumer preferences
- Shortage of local vegetables and fruit
- Shortage of local organic production

### Leicestershire Food Links

Leicestershire Food Links Ltd was set up in December 1999 as a notforprofit co-operative company, following the Food Futures programme (see above). **Our mission** is to put local producers in touch with local consumers, to

- improve the economic prospects of farmers,
- provide better access to fresh affordable food for consumers and
- protect and improve the environment.

We support co-operation and co-ordinated distribution of food, and we hope to see a better informed community through more contact with local farmers.

The management board is made up of farmers and growers, local authority officers, community groups and individuals. Members of the board have a wide range of experience including farming & growing, launching & running retail & farmers' markets, community development and enterprise, marketing & promotions, working in & with local authorities, environmental work. LFL employs a part time Farmers Markets Organiser. The enterprise is or has been supported by the following organisations: Leicestershire County Council, Leicestershire TEC, Hinckley & Bosworth Borough Council, Charnwood Community Council, The Springboard Centre, Coalville, The Countryside Agency, The Paget Trust, Leicestershire Rural Partnership SRB and a number of local food enterprises.

LFL is developing a number of services and projects designed to develop the local food economy:

- Providing support to a number of local councils and organisations to set up and manage Farmers Markets; producing promotional materials for all Farmers Markets in the county; developing an accreditation and verification service for producers and markets.
- Carrying out feasibility study into quality meat marketing initiative in partnership with Lincolnshire quality beef and Lamb
- Developing a brand and marketing materials for Leicestershire produce.

- Carrying out research into village shops and local food (this project)
- Developing ideas for co-operative marketing, processing and distribution
- Producing an updated local food guide.

### Farmshop.net

Farmshop.net is a young enterprising business that only started at the Royal Agricultural Show in July 2000 but has already won the NFU Regional Entrepreneur of the Year Award. From the distribution centre in Upper Broughton, Nottinghamshire, farmshop.net source and deliver an extensive range of locally produced farm fresh foods directly to customers at their home or place of work. Utilising all major forms of communication, freephone, fax, e-mail, post and the internet, customers select their choices from a regularly updated orderform, place their order and farmshop.net identify the requirements from each of the suppliers, arrange for delivery and collection, collate the orders and deliver at the time and place agreed with the customer. Not only is there an increasing private customer base, but regular business orders are also developing for shops, restaurants, pubs, company canteens and local authorities. Although based in south Nottinghamshire, farmshop.net buys from and delivers to central and north Leicestershire. Currently 11 Leicestershire farms and food processors supply produce through farmshop.net. Produce supplied by Leicestershire producers includes: cheese, yoghurt, chicken, pork, beef, vegetables, organic produce, flour and cereals, spring water, fruit drinks, relishes, jams and cakes. The business has around 75 regular weekly customers and is slowly expanding the customer base.

### 3. RETAIL SURVEY

#### Postal Survey

73 village shops were sent a postal questionnaire seeking information about interest in buying local foods, barriers and opportunities. 5 shops replied, a slightly disappointing return rate, although this was the busy time just before Christmas. To build on this initial interest, contact was made with other shops forming two clusters, one in Melton district and one in Harborough District, to see if there was additional interest, and two resulting interviews are written up below. (see Appendix 1 for questionnaire)

- 2 had no current facilities to provide fresh produce but were interested in providing some kind of service. These were the Post Offices and their customer age was generally young mums up to late 30's and retired 60+ who lived in their village;
- 3 general stores already provided some food produce, 2 of which did home delivery and all were keen to introduce a pilot scheme;
- Only 1 sold a wide choice of bread, meat, dairy, fruit and vegetables. The other two sold only a small amount of bread and dairy, due to a lack of demand and limited storage;
- In the main the stores bought weekly from wholesalers. None carried locally produced goods supplied direct from the producer;
- Their customer age range was across the board, but they relied mainly on regular village trade who would shop infrequently for emergency goods;
- The two off licences stayed open till 9 pm, whilst the others held normal hours;
- 2 saw e-commerce as a possible opportunity, whilst the others weren't sure;
- All were interested in supporting the research further.

#### Interviews

##### HOSE VILLAGE STORE

Peter Jones in Hose has just this year opened his converted barn to offer post office services once again in the village after they finished 2 years ago. He also sells chocolates, cards on sale or return and has a cold upright fridge provided by one of his suppliers.

He knew of Farmshop.net having attended a presentation by them late last year but had some reservations as to how and if this service would benefit him. He also had unanswered queries about the logistical side of what was being offered. He had used them once for a lady who wanted organic food but had received no repeat order through

the shop. The commission of 5% also didn't seem to be very attractive as he saw a better mark up on items that he already sold in the shop ie. milk from a wholesale supplier.

He did seem more interested as a retailer, in a co-operative set up called Bridwell where for a small membership fee allowed access to greater discounts through their ability to buy as a group. Another distinct advantage was that Bridwell would run one credit check on the retailer rather than having to have one carried out by each supplier.

I spoke to the Manager at Bridwells about this concept working on a smaller regional basis for local producers but he felt that the producers would not be able to offer the discounts seen as a major benefit by members.

#### WOODHOUSE EAVES VILLAGE SHOP

Mr Sutaria did complete a questionnaire and although could see the benefits of participating in the project, did not receive many customer questionnaires back.

He is doing the following to maximise his sales opportunities:

- a) He has recently had a shop extension allowing free and clear access to his isles.
- b) He insists on clean floors and good lighting with no dusty out of date stock.
- c) His wines and spirits produced a good % of his repeat customers and he always has at least one special promotional.
- d) He has a selection of every commodity including refrigerated foods, pet foods and a selection of organic foods.
- e) Marketing every quarter with a special offer leaflet going out in all the newspapers in the village
- f) Delivery service for orders over £20
- g) Computerised data ordering system that allows for cost comparisons and analysis of sales etc.
- h) Unfortunately Woodhouse Eaves is only 5 or 10 minutes drive from a Tesco's super-store or Budgens.

#### Midland Co-operative Society

Many rural areas of Leicestershire are served by a Co-op shop, so we were interested to find out what their policy was regarding local produce.

The Manager of the Asfordby shop has had a small demand for organics but no-one specifically asking for local produce. He explained that they have a centralised ordering and dispatching centre based in Lichfield with a centralised buying system based in Manchester, who are responsible for all regional Societies. Any producer wishing to supply the Co-op would need to be part of the Co Retail Trading Group (CRTG) and put onto the approved list of suppliers. I have spoken to one of the Managers of CRTG who explained that to introduce new or special lines we would be best to contact the Marketing Manage, John King, to talk about our ideas so that he could then raise it at one of the CRTG monthly meetings. He was aware of the move towards organics and regionality, as Scotland and Wales had been having 'Meet the Buyer' days and East Anglia had some local produce introduced into their shops.

## 4. CUSTOMER SURVEY

### Introduction

5000 questionnaires were distributed through shops and newspapers in 5 areas. 188 were returned. Despite the offer of a free hamper of local food as a prize, this was a disappointingly low return rate of only 3.76 %, although there were big variations in return rates indifferent villages.

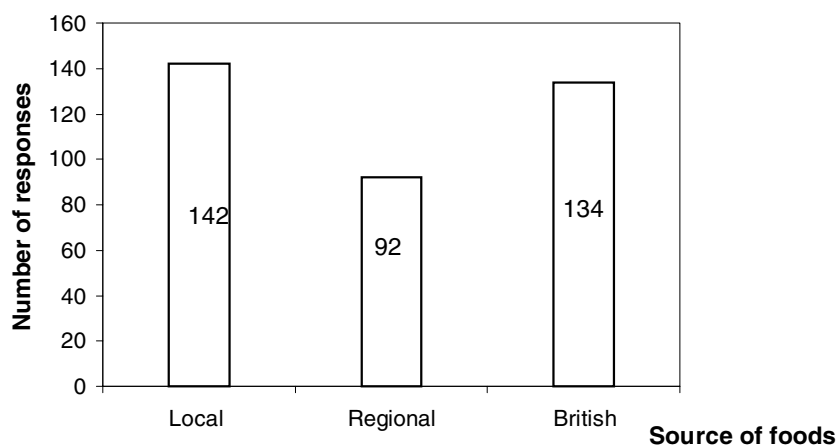
This table shows the difference in return rate from different areas. This seems to have depended on the method of distribution and the enthusiasm of shops in encouraging customers to fill them in.

Village	Number distributed	Number returned	Response rate	Distribution method
Long Clawson.	450	20	4.4%	Newspapers and shop counters
Asfordby	1300	15	1.15%	Newspapers
Fleckney	500	75	15%	Shop counters and paper
Great Glen	500	16	3.2%	PO counter and papers
Woodhouse Eaves	1000	16	1.6%	Papers

### Question 1. When possible, do you buy food produced locally/regionally/British?

76% of respondents buy local foods where possible.

Do You Buy Local foods?



**Question 2: Which type of local foods would you buy if available locally?**

81% of respondents are interested in buying local vegetables.

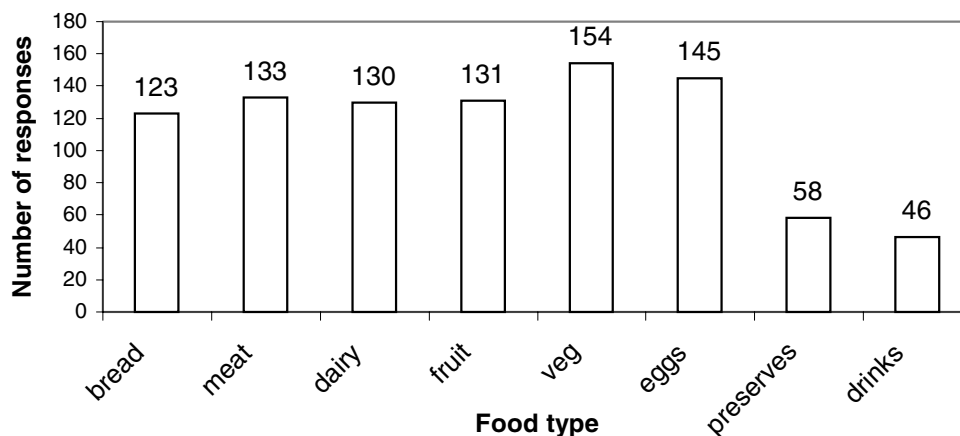
77% of respondents are interested in buying local eggs

71% of respondents are interested in buying local meat

70% are interested in buying local fruit

70% are interested in buying local dairy products

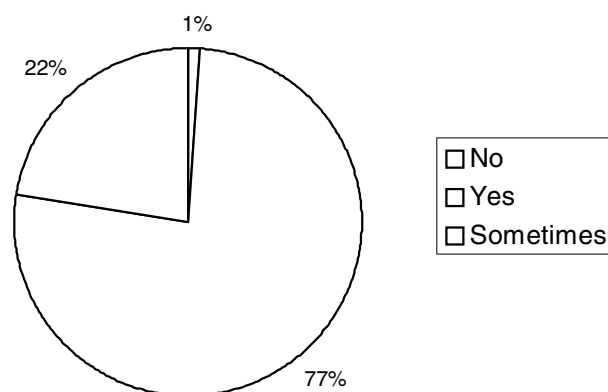
**What types of local food would you buy?**



**Question 3: Do you use your local shop?**

99% of respondents already use a local shop sometimes. This is unsurprising given that the questionnaires were distributed largely through local shops.

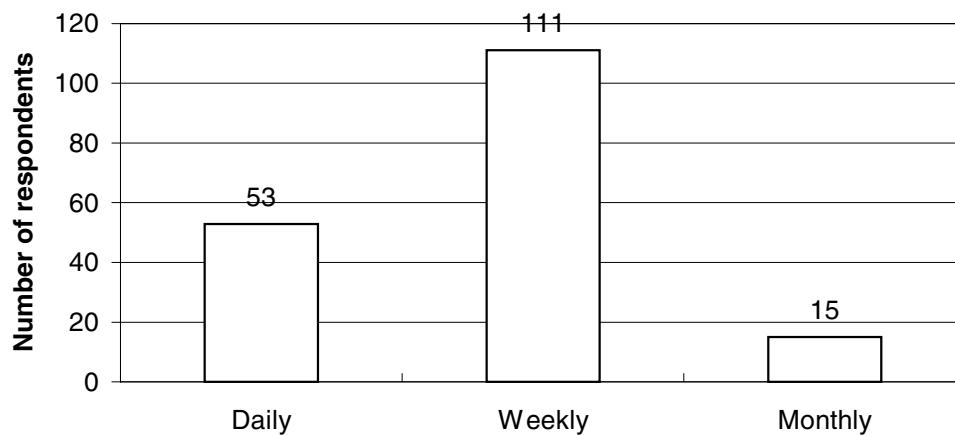
**Do you use your local shop?**



**Question 4: How often do you use your local shop?**

59% use a local shop on a weekly basis.

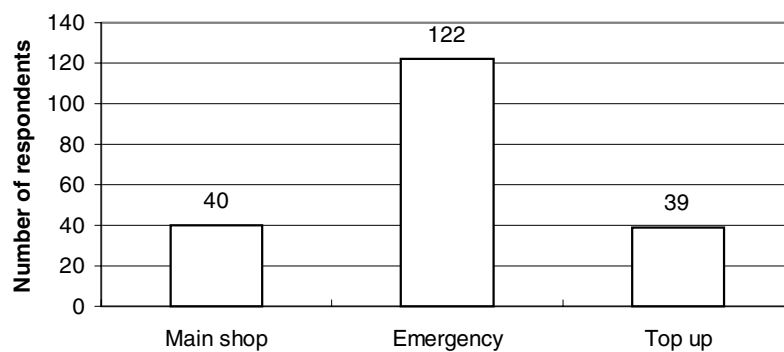
**How often do you use your local shop?**



**Question 5: What do you use your local shop for?**

65% use the local shop mainly for emergency shopping.  
21% use the local shop for main shopping.

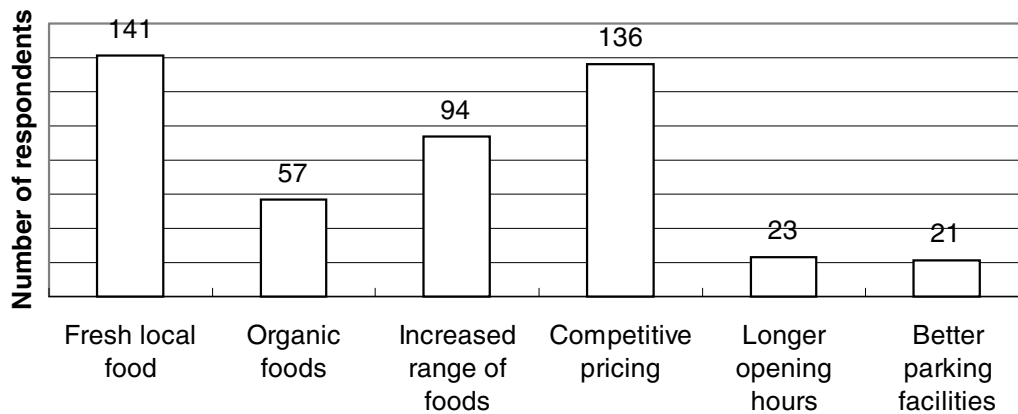
**What do you use your local shop for?**



**Question 6: What would encourage you to use your local shop more?**

- 75% want fresh local foods
- 30% want organic foods
- 72% want competitive pricing
- 50% want an increased range of goods

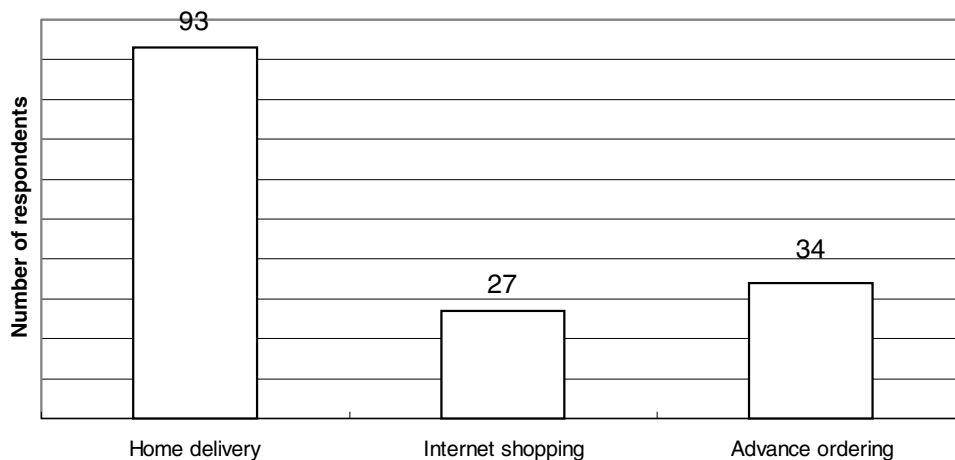
**What would encourage you to use your local shop more?**



**Question 7: would you use any of the following?**

- 49% would use home delivery
- 14% would use internet shopping
- 18% would use advance ordering

**Would you consider any of the following?**



## 5. FARM SURVEY

This research was carried out during the Foot and Mouth Disease outbreak. Our experience, alongside others, is that this was a very difficult time for asking producers to think positively about the future. Therefore we limited the survey to telephone research in one area. This is not any way a representative sample. We simply wanted to gauge the potential for more local distribution in one rural area and build on that with a meeting. However, there is nothing particularly unique about this area of the county, so we might expect similar interest in other parts of the county.

It was decided to concentrate the farm survey in Market Harborough district, as in Melton district we were working in partnership with Farmshop.net, who already have contacts with many producers in the area.

Using our own database of producers built up over several years, we selected any within a 12 mile radius of Fleckney and Great Glen. This produced a list of 20 producers who were all contacted by telephone and asked to participate in a short telephone questionnaire. 13 producers participated.

The producers raise or process a wide range of products:  
Poultry and geese; meat; vegetables; eggs; soft fruit; flour; cereals; cooked meals; organic foods; cooked meats; potatoes; baked products.

There were however no dairy producers, a significant omission.

### Results

- 1) 13 respondents are interested in local marketing
- 2) 11 respondents are interested in selling to village shops
- 3) 11 respondents are interested in home delivery
- 4) 12 respondents are interested in collaboration with other producers to provide a greater range of produce
- 5) 12 respondents are interested in shared distribution
- 6) 8 producers have the capacity to expand production if needed
- 7) 8 producers have spare transport capacity
- 8) All 13 respondents were interested in coming to a meeting on the subject.

## 6. CONSULTATION MEETINGS

Two consultation meetings were held in the two areas where clusters of interested shops were identified.

### Scalford

This meeting was held close to Long Clawson and Asfordby. Invitations were sent to 40 shops, B&Bs and restaurants within Melton district. A dozen business people expressed interest and 7 attended the meeting, including retailers, producers and B&B owners. We decided to invite farmshop.net, a local business distributing local foods, to give a presentation at the meeting, since they are based in the area and looking to extend their service to rural outlets such as village shops. (See above for more details.) This was followed by a focused discussion on the issues raised in the research and the presentation. The following points were raised:

- No reliability in consumer habits
- Quite a few butchery rounds in Long Clawson and Eaton - how do they survive?
- Tesco and Iceland deliver to villages
- Village shops becoming less and less viable
- People don't use village shop for main shop
- Village shop customers assume village shop prices are more expensive
- Farm shop.net prices are comparable to supermarket for many products
- In commuter villages, people tend to shop on Thursdays, Fridays and Saturdays
- The impact of offering farmshop produce has been to attract younger customers.
- Promotion of farmshop has been through posters in the shop
- There is a shortage of home bakers.
- Producers going into veg are always 6 months behind
- People are not aware of prices or how to compare like with like.
- Consumer culture needs changing
- In Long Clawson, a village of 1,000 people, only 50-100 use the shop regularly and 50% of the population have never been inside
- The age profile of village shop customers is not young
- Promotion of shop through door to door leaflets
- Shop offers free home delivery
- People want evening opening, village shop proprietors work very long hours
- Farmshop.net needs a village champion who can knock on doors and generate new customers.
- Farmshop.net needs to offer the full range of goods but this may compete with existing shop stock
- Shops want wholesale service - can stock products on shelves for impulse buy as well as take orders
- The best margin is for newspapers and magazines
- Customer demand is driven by cookery programmes
- Village shops have to specialise to survive as they can't compete with the supermarkets
- Need to draw in younger customers who have money to spend.

## Wistow

This meeting was held near to Great Glen and Fleckney. Invitations were sent to 40 retailers and to 13 producers. 8 people attended, representing producers, distributors and post office/village shop owners. There was a short introduction to Leicestershire Food Links and the research, followed by a facilitated discussion. The following points were raised:

- The Co-op is the main food shop in many villages in the area. It is not good for fresh produce.
- Fresh food does not 'move' quickly enough in the villages which affects the quality
- A young 'lad' has been able to start a new business in the south of the district buying wholesale vegetables and fruit and delivering by van door to door.
- Leaflet drops produce a 2-3% Take-up of vegetable box scheme.
- There are problems with storage of perishable produce for post offices
- Village stores are mainly used by the elderly and mothers
- It is difficult to get a group of producers to agree to work together
- Growers want to sell locally where possible if the price is ok because they get paid quicker
- Growers are changing the varieties they plant for the wholesale and processing market
- Co-ordinated distribution needs a central collation point and a distribution centre
- Those who sell best are good with customers and have lots of personal contact
- Could a wholesaler specialise in local produce?
- Consumers do not like to wash and prepare veg any more
- There is an interest in local and organic veg
- People who run post offices have never dealt with food and would need help and information
- Post offices vary enormously in size, customer base and services
- Producers could increase production but there is still a problem with all year round availability
- It is hard for small businesses to sell enough - need big enough turnover - difficult to make selling in small shops; big shops are more reliable but take up weekends and involve a lot of travel
- There would be need for more packaging and labelling if moving from selling own produce to others selling it
- Producers already selling locally through Farmers Markets and veg boxes
- Customers need educating and local food needs promoting as healthy or wholesome
- Local schools have a role
- Potato grower/distributor interested in local processing
- Problem of local free buses to Fosse Park
- Need for more co-ordination between different agencies to provide support & funding e.g. for co-ordinated distribution
- Challenges of keeping fresh produce cool; increasing production means increasing storage facilities
- Retailers would like a stake or a say in a co-ordinated distribution system
- There is a co-op in Holland which distributes 30,000 vegetable boxes a week

- There would need to be a commission for shops and a simple payment and recording system.
- Don't try to undercut the supermarkets - customers are not so price sensitive
- Need to educate re seasonality but offer all-year round produce
- Very good marketing needed - quality and taste are very important

**Options discussed:**

- Expand existing vegetable box scheme
- Set up joint marketing and distribution system run by individual entrepreneur, Food Links or by co-op
- Persuade an existing distributor to collect and distribute local food

**Initial outcome:**

- Two post offices to offer existing vegetable box scheme to their customers and act as drop off point

**Summary of Two Consultation Meetings**

**Retailer Issues**

Village shop customers mainly elderly and top-up shopping  
Low margins on food  
Fresh produce does not move quickly enough - affects quality  
Competition from supermarkets - Co-op - and delivery by Tesco  
Competition by mobile veg and meat vans  
Customers want home delivery  
Not always used to handling food and little knowledge of farming/food issues - training and information needed  
Lack of storage space espec. for perishable products  
Want a say in production/distribution service  
May lose customers to Farmshop.net  
Need big enough commission on taking orders etc.  
Want wholesale options  
Disagreement as to price issues - compete with supermarkets are offer specialities?  
Farmshop.net can bring in new customers but could also take away customers

**Producer issues**

Collaboration difficult  
Better cash flow from selling locally  
Varieties changing to suit customer demand - wholesale and processing  
Transport is expensive  
Difficult to get year wide availability  
Cold storage needed  
Need reliable turnover  
Need co-ordinated distribution  
Potential for local processing

**Consumer/Marketing Issues**

Consumer education re seasonality  
Get people cooking

Village Food Links Feasibility Study, Leicestershire Food Links, May 2001

Use health messages

Tastings very good

Leaflet drops 2-3% success

Door knocking good

Have knowledge about origins, varieties and cooking of foods

Personal contact important

Pictures and demos

Younger customers interested in fresh, organic etc. but don't use local shops

## 7. CASE STUDIES

A review of case studies from other areas of the country has been undertaken, to provide ideas and inspiration of what might work in Leicestershire.

### Case Study 1: Chesswood Direct

A local telesales distribution business supplying a local/organic range of mushrooms, fresh produce, yoghurt, speciality salads and cheeses to a range of customers, predominantly catering establishments

#### **Basic profile**

- Based in Sussex, SE England.
- Revolves around 2 telesale phone calls to each business per week.
- Operates within a 40 mile radius.
- Owns 4 refrigerated vans.
- Employs a total of 36 staff (1 director, 4 drivers, 2.5 telesales people, 1 forklift operator, mushroom pickers/packers).
- Have 500 customers since Feb 2000 (80% caterers including hotels and restaurants, 20% farm shops, box schemes, speciality shops).
- £1 million turnover.

**History and origin of ideas:** A move into the new area of direct sales was precipitated by the loss of a major supermarket contract, which left the company with a surplus of mushrooms to get rid of fast. In general, the company felt they were not making any money from selling to supermarkets who took all the profit margins, so decided to explore direct sales locally within a 20 mile radius. As members of the regional food group, Taste of the Southeast, they talked to other members and discovered similar problems. In Oct '98, hired a van and got a temporary telesales operator, offering a service of grade one produce delivered direct. The enterprise revolved around two telesales calls a week to pubs, clubs, hotels, restaurants, village and farm shops. By Christmas there were 200 customers.

**Products:** It has expanded its range of produce from mushrooms to include vegetable and speciality products, e.g. various types of mushrooms including wild and organic lines, potted herbs, potatoes, tomatoes, peppers, onions, cabbage, cauliflower, leeks, carrots, yoghurts, cheeses, fromage frais, organic cream, speciality local cheeses. Products are all local where possible unless it is out of season. CD rents 15 acres of land and has a contract with a local grower to produce seasonal vegetables and speciality salads directly for the business.

**Delivery mechanism:** Customers order from CD who in turn order from producers. CD then collect from producer, often while in turn delivering mushrooms. CD delivers produce on to customers and returns payment to producer. Some organic producers make up boxes for speciality organic restaurants that are ordered and delivered by CD. Produce is brought in one day and delivered first thing the following day.

**Handling charges:** CD charges a minimum of 20% for their service. The producer sets the price bearing this in mind. This charge covers

- Placing orders.
- Collection from the producer.
- Breakdown of produce into individual orders, packing (including pre-packing for certain customers) and delivery, after telesales call.
- Collection of payment from customer and delivery back to producer.
- Attendance at trade shows on behalf of producers, showing their products.
- Cold calling for new customers.

### Case Study 2: Skye Distribution Pilot

This pilot scheme was set up as an outcome of the Skye Food Futures project, a partnership between local partners and the Soil Association to develop the local food economy of Skye. It was found that many local outlets were finding it very difficult to source local products because most were exported from the island and there was little in the way of local distribution infrastructure. A 'man with a van' came forward offering to pilot a distribution system collecting farm produce and delivering it to shops and restaurants. Petrol costs were subsidised and there was no charge for using the service.

#### **Basic profile**

- Operates once a week
- Producers responsible for finding buyers and vice versa.
- Driver simply acts as link, organising delivery round
- Route follows main routes
- Products - seafood, veg, eggs, dairy
- No refrigerated van initially

Following the initial short pilot, evaluation was carried out. The results were very positive for buyers, and fairly positive for producers. Some producers dramatically increased their outlets and re-evaluated their business and its potential. Users were happy to contribute to the costs of distribution in the future, although it was felt that due to the rural nature of the area there was a case for continued funding to ensure viability. This would enable it to go off the beaten track. A refrigerated van was considered a necessity for the future.

### Case Study 3: The Happy Pear

The Happy Pear is a community owned shop in Hartland, Devon. Taken over by the community in 1998 with help from an EC grant, the shop is committed to providing local and organic produce where possible. Faced with a lack of local organic producers, the shop contacted local producers to gauge their interest in diversifying to supply the shop. Eight local growers expressed interest in converting to organic production. Although initial interest has come mainly from small holders, the shop hopes that with time, larger growers will become interested, especially once the proposed community café has been opened. This is a good example of an initiative originating with the community/consumers and the retailer rather than producers.

## 8. CONCLUSIONS

Developing opportunities for local food purchasing and supply can have multiple benefits for consumers and producers. These include health benefits - freshness, economic benefits - quicker payment for producers, increase custom for village shops, environmental benefits - reducing road transport of foods, and social benefits - strengthening links and mutual support between different members of rural communities and economies.

However, this research has shown that the provision of local food into village shops is a complex process with many barriers to success. Village shops are losing business as villages become dormitories for urban workers. Those with the money to spend work and shop outside, using the village shop only for top-up shopping. Village shop customers tend to be the village-bound - elderly, children, mothers, local workers - who are not those with significant incomes to spend in the village shop. Fresh produce is most difficult to stock as it does not 'move fast enough' and consequently is seen as poor quality and not bought. Some village stores - especially those based on post offices - are not equipped with cold storage to store much perishable produce.

However, customers clearly expressed their interest in accessing more local produce, especially vegetables. Although price is considered important, for many existing village shop customers access to fresh vegetables is very limited and so price is not likely to be the first determinant of demand. This may also be the case for other fresh produce, but will be less the case for frozen products such as meat. Stocking local produce is also likely to be a way of providing a clear alternative to supermarket products, since village shops cannot compete on the basis of price.

One significant issue in Leicestershire is the relative shortage of vegetable production. Leicestershire is not suitable for large scale field vegetable production in competition with Lincolnshire. However, diverse, small-scale and speciality vegetable growing is perfectly possible in the county, as already demonstrated by several farm businesses which grow for vegetable box schemes, farmers markets and other local markets. A further related issue is the seasonal nature of vegetable production and how to fill the 'hungry gap' in early spring when there is little locally produced veg for sale. Support will be needed to help farms diversify into vegetables for local production, and to help existing producers to expand. Farmers will take some persuading that there is a market locally for such produce if they take the risk of diversifying. The approach will need to come from the local shops and their customers.

The biggest problems in getting more local food into village shops are to do with the economies of storage, distribution and marketing of small quantities of produce. It requires good collaboration between a number of producers together with a centralised co-ordination system. This is already being trialled with some success by farmshop.net in north Leicestershire. However, the farmshop.net system does not necessarily hold the key for village shops, since with their home delivery system there is nothing to stop consumers ordering direct from farmshop.net bypassing the village shop altogether.

One solution would be for farmshop.net to offer delivery in certain villages only to the shop, with customers having to collect from the shop or the shop arranging its own local

delivery system. This is likely to be in any case more viable since distribution to scattered rural homes can hardly be economic. Farmshop.net are currently looking at regional distribution centres.

Alternatively, groups of shops could organise with groups of local farms to create an organic veg box system for the area. This would require less organisation and would provide village shop customers with the one produce they most want and which is hardly ever available to them.

Another alternative would be to combine the Skye system with the traditional mobile veg van - where a 'man with a van' collects produce and drives around delivering - perhaps with a well advertised drop off outside a village shop at a certain time every week. The village shop would benefit indirectly by knowing that customers would be drawn to the shop - rather than directly. Or the shop could take a commission for marketing the van service. This way, the shop would not need to worry about handling perishable foods or taking advance orders. This would be the lowest risk system for the shop but a high risk system for the 'man with a van'. However, these risks could be shared if a number of farms collaborated to hire the van and driver and pay for marketing and distribution. This system could begin by approaching an existing food distribution business.

A further option would be to set up community co-operatives encompassing producers, consumers and retailers. This would be the most time consuming to set up and most complex to organise, but might be the only way to ensure that all needs are met and to ensure loyalty amongst all parts of the chain.

A simple option would be to hold 'Meet the Buyer' events where local producers have the opportunity to promote themselves to local retailers. One way of doing this would be to arrange a visit to a local farmers market. By distributing a Local Food Guide to all local retailers, they could then be encouraged to make direct contact and organise for their own needs.

One of the most crucial elements to make any of these successful is high quality marketing and information. Local produce needs a much higher profile, and to make a success of a local food distribution system, customers in rural areas need to be drawn in to support and 'own' the system, in the same way as happens with a community run shop. This may mean customers joining a scheme which gives them benefits, having opportunities to visit the local farms, receiving regular information about 'their farms', invitations to tastings, community recipe books and so on. Every effort must be made to persuade customers and potential customers of the value of supporting the initiative - in terms of their health and diet, their rural economy, their shop and their environment. This will not be easy, as evidenced by the poor return rate for our customer survey in many areas. However, given the great success of farmers markets in Leicestershire, there is clearly an appetite for local food which is likely to be shared by rural dwellers, who after all have chosen to live in rural areas because they like the countryside and what it has to offer.

Finally, it's important to note that we didn't achieve all we hoped to during the research. We hoped to come up with more defined schemes to put to customers and get their support. However given the slow response to our initial surveys in some areas, this would have proved difficult in the time-scale. This work now requires a development worker to

work over a longer period of time bringing all key players on board. However, we believe that as a result of the research, farmshop.net will work with a group of shops in Melton district offering both wholesale and retail services to village shops, and that in Harborough two post offices will seek to act as drop-off points for an existing vegetable box system as a first step towards introducing more local foods.

Leicestershire Food Links will monitor these developments as part of our follow up and seek to carry out further research and evaluation.

## SWOT Analysis - local food links in rural Leicestershire

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
DIVERSITY OF LOCAL PRODUCE	SHORTAGE OF VEGETABLE PRODUCTION
FARM BUSINESSES ALREADY GEARED UP TO SELL LOCALLY	SHORTAGE OF ORGANIC PRODUCTION
VILLAGE SHOPS STILL EXIST IN MAJORITY OF PARISHES	SHORT GROWING SEASON
EXISTING CATERING DISTRIBUTION CHAINS FOR RUAL AREAS	VILLAGE SHOPS NOT WELL SUPPORTED
FARMSHOP.NET BUSINESS	RETAILERS NOT IN CONTACT WITH LOCAL PRODUCERS
LEICESTERSHIRE FOOD LINKS	DIFFICULT TO REACH NEW CUSTOMERS
RURAL PARTNERSHIP	POOR VEGETABLE PROVISION IN LOCAL SHOPS
	POST OFFICES DON'T HAVE COLD STORAGE
<b>OPPORTUNITIES</b>	<b>THREATS</b>
CUSTOMER DEMAND FOR LOCAL, HEALTHY, WHOLESOME FOOD	SUPERMARKET COMPETITION
POST OFFICES DIVERSIFYING	CUSTOMERS PRICE SENSITIVE
VILLAGE SHOP DEVELOPMENT SCHEME	COOKERY FADS ENCOURAGE FOREIGN PRODUCE
SCHOOLS CATERING BUDGETS CHANGING HANDS	PEOPLE NOT COOKING AS MUCH
MOBILE GRRENGROCER VANS	COST OF DISTRIBUTION
FUNDING OPPORTUNITIES - ERDP	

## 9. PRELIMINARY RECOMMENDATIONS

RECOMMENDATION	KEY PLAYERS	RESOURCES
Establish two monitoring groups one in Melton district and one in Harborough District to review developments following initial research.	Leicestershire Food Links Farmshop.net Shops and post offices	Administrative support Project worker time
Write to all village shops with results of research and seek more support/interest in future work. Article in Village Voice. Set up more local groups of shops to consult consumers and local farms. Produce info sheet.	Leicestershire Food Links Rural Community Council	Mailing Admin costs Project worker to help organise research, meetings and working groups. Writing and printing costs
Secure funding for programme of work with producers re diversification into vegetable production for local needs and expansion for existing producers	Leicestershire Food Links NFU	Trainer and training resources Mentoring scheme Grant fund
Produce marketing information for Buy Local campaign with opportunities for 'personalisation' by different shops/distributions schemes. This should be tied to promotion for farmers markets and the local food guide.	LFL Rural Partnership	Leaflets, posters, postcards, local food guide, brand
Ensure village shop development scheme and other support considers local food purchasing and associated needs. Input into next village shop seminars in September.	Rural Community Council LFL	Project worker time
Secure funding for project worker to set up community co-operatives encompassing producers, consumers and retailers. Carry out action research, trying out different options in different areas to see which works best and evaluate on ongoing basis.	LFL Rural Partnership	Project worker Admin costs