



Accessing Virginia's Regional Wholesale Market Sector: Fresh Produce Food Safety Considerations

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Despite the growing demand and support for local food, there can often be significant barriers for growers trying to tap into new markets, given specific food safety expectations, policies, and requirements. This trend is particularly true for institutional buyers, who are often constrained by far-reaching institutional and/or corporate policies. While there are lots of market opportunities in Virginia, navigating the landscape for growers can be daunting, since buyer food safety requirements are not a “one size fits all” standard for all markets. To better understand current expectations and perceptions across multiple market sectors in Virginia, and help producers better align their on-farm practices with these marketplaces, the Fresh Produce Food Safety Team conducted a state-wide market assessment survey in 2015-2016. The purpose of this factsheet is to provide you with the results of that work, especially if you are considering selling produce to wholesalers.

Regional Wholesale Sector

If you're looking into selling to regional food hubs and wholesale market distributors, this information is for you! Let's start off by clarifying the difference between a wholesale distributor and a food hub: A regional wholesaler is a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/ regionally produced

food products. On the other hand, a regional food hub is a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand. Regional food hubs provide an integrated approach with many potential benefits, including expanded market opportunities for agricultural producers, job creation in rural and



Photo: Amber Vallotton

urban areas, and increased access of fresh healthy foods for consumers, with strong potentials to reach underserved areas and food deserts.

As an example of a Virginia food hub operation, we've featured the Local Food Hub here (see our resources listing for the Local Food Hub and other similar aggregators in Virginia). The Local Food Hub aims to partner with Virginia farmers in order to increase community access to local food; reaching out to them may be a good place to start! The Local Food Hub currently partners with more than 60 small family farmers throughout Virginia and believes that paying a fair price is the most important thing they can do for farmers. They also emphasize the importance of how both themselves and the growers should know that training, technical assistance, cost-share opportunities, and networking are all critical to helping reinstate small farms as the food source for the community. Through the Local Food Hub, Charlottesville schools were able to provide monthly lunches from the local farmers partnered with Local Food Hub. While starting off small in their produce supply to local schools, the Local Food Hub has a goal of growing that supply each year. Because of the aggregation of products and their branding, the Local Food Hub has been able to tap into many other markets, which might have been inaccessible for producers unable to meet volume demands and other important logistical considerations.



Photo: Amber Vallotton

As a producer, sourcing through a food hub or distributor can be a great way to go since it provides many advantages.

Many farmers and ranchers are challenged by the lack of distribution and processing infrastructure of appropriate scale that would give them wider access to retail, institutional, and commercial foodservice markets, where demand for local and regional foods continues to rise. Regional food hubs have emerged as an effective way to overcome these infrastructural and market barriers. For those smaller and mid-sized producers who wish to scale up their operations or diversify their market channels, food hubs offer a combination of production, distribution, and marketing services that allows them to gain entry into new and additional markets that would be difficult to access on their own. For larger producers, food hubs can provide product-differentiation strategies and marketing services that ensure the highest price in the market place. Moreover, for wholesalers, distributors, retailers, and foodservice buyers who would like to purchase larger volumes of locally and regionally grown products, food hubs lower the transaction costs by providing a single point of purchase for consistent and reliable supplies of source-identified products from local and regional producers."

James Barham, USDA Agricultural Marketing Service, *Regional Food Hubs: Understanding the Scope and Scale of Food Hub Operations*.

Survey Highlights

All of the respondents reported that they procure daily during peak seasons for various produce items. The main purchasing priorities for wholesalers were quality, third party food safety audits, availability, adequate liability insurance, and delivery capabilities. The barriers identified with this sector included insufficient volume of deliverable produce, as well as corporate restrictions that would otherwise hinder the sale of produce to the institution. Maintaining third-party food safety certification is often standard

practice in the wholesale market, although with food hubs, there is more flexibility and room for on-boarding. It is likely wholesalers and aggregators would increase their purchase of Virginia-grown produce if more Virginia growers could meet requirements for food safety and provide proof of liability insurance. This sector in particular may be of interest to local producers who lack adequate means to transport their product, or to maintain proper temperature control in relation to food safety regulation. Distributors often have access to advanced food delivery logistics, and in many cases can circumvent some of the hurdles that a local producer may encounter. Since product is being aggregated, uniformity and consistency can be streamlined and maintained—something that is especially important for certain market sectors like schools and institutions. The wholesale route can also remove much of the hassle factor felt by producers when conducting multiple direct transactions with buyers.

Purchasing Priorities

- ◆ Quality
- ◆ Food Safety Certification
- ◆ Availability
- ◆ Grower/Producer Liability Insurance
- ◆ Delivery Capabilities

Barriers to Purchasing

- ◆ Insufficient Volume
- ◆ Corporate Requirements/Policies
- ◆ Product Consistency
- ◆ Lack of Product Diversity
- ◆ Grower Lack of Understanding of Buyer Requirements

Recommendations

- ◆ Larger distributors may work with smaller, local aggregators or food hubs to source locally-grown food from small farms. Thus, consider working through a smaller intermediary aggregator.

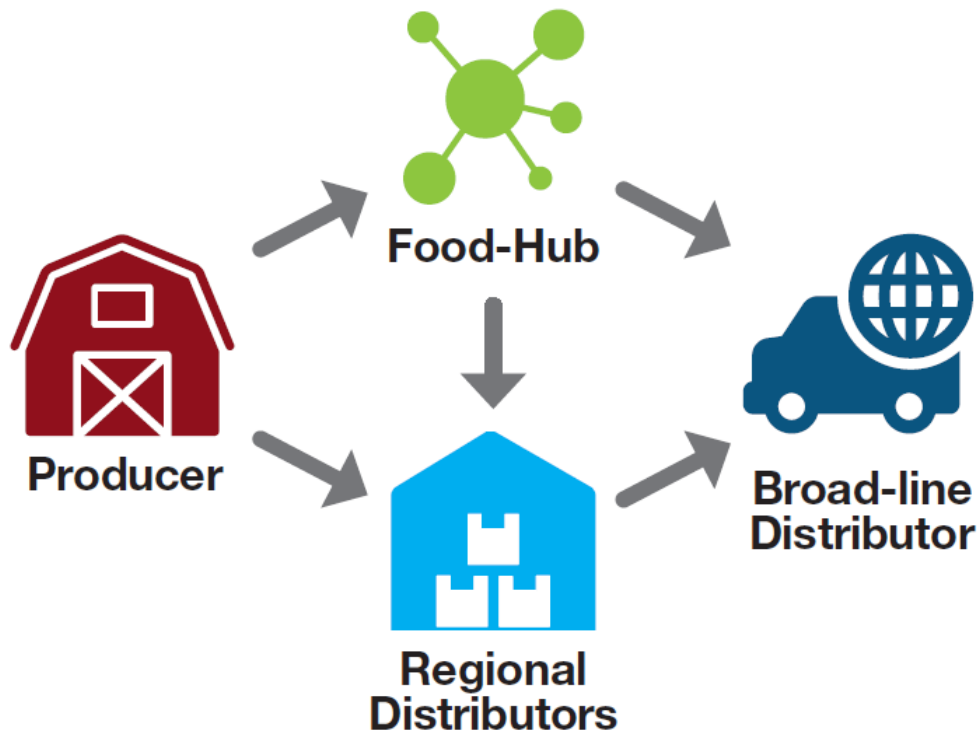
- ◆ Consistent communication with your prospective wholesale buyer is critical to your success in this market sector.
- ◆ Maintaining third-party food safety certification is often standard practice in the wholesale market. It is likely wholesalers and aggregators would increase their purchase of Virginia-grown produce if requirements for food safety could be met by more Virginia growers.
- ◆ It is important to ask a potential buyer specific questions about what audit schemes or sections of particular audits they require, and whether they have an on-boarding policy that allows for transition time to achieve higher levels of certification.
- ◆ Remember that some buyers may provide assistance to growers in the form of audit cost-share or training opportunities, so be sure to ask!
- ◆ Make sure you are familiar with the Food Safety Modernization Act (FSMA) Produce Safety Rule (PSR) regulations and how they affect you as a producer. In many cases, wholesalers may want you to receive PSR training, along with any GAP certification requirements.



Photo: Mark Sutphin

Producer Checklist

- ◆ Have you considered the pros and cons by choosing to sell your product to a regional wholesaler or food hub? While there are many advantages to selling via a wholesaler, there can also be disadvantages like obtaining a lower price per unit. Since there is less or no direct end-user interaction, explore whether or not that aspect of marketing is valuable to you—some producers love the face-to-face relationships, whereas others are happy to let someone else handle that part of the process!
- ◆ What food safety policies does the wholesaler have?
- ◆ Do they require a 3rd party food safety audit, such as Good Agricultural Practices (GAP) certification? If they do not, are there other food safety requirements such as implementation of particular GAPs like regular water testing, handling, traceability, worker training, packaging, etc.? If they do require an audit, which particular scheme?
- ◆ Do they require training in the Produce Safety Rule?



Sources of fresh produce for wholesalers showing various access routes for producers. While product may move from a regional food hub or wholesaler to a broad-line distributor, typically product is distributed to other markets, such as public schools, institutions, restaurants, and retailers.

Graphic by Sarah Gugercin, Department of Horticulture, Virginia Tech.

Resources

Food Hubs

Clarifying the Regional Food Hub Concept

https://wrdc.usu.edu/files-ou/publications/pub_4203234.pdf

National Good Food Network

<http://www.ngfn.org/resources/food-hubs>

Regional Food Hubs

<https://www.uky.edu/Ag/CCD/marketing/foodhubs.pdf>

Regional Food Hubs Resource Guide

<https://www.ams.usda.gov/publications/content/regional-food-hub-resource-guide>

Regional Food Hubs: Understanding the Scope and Scale of Food Hub Operations

https://www.dvrpc.org/food/pdf/2011-05-06_barham_supplementalmaterial.pdf

Wholesale Markets

How to Sell Produce Wholesale

<http://asi.ucdavis.edu/programs/sarep/research-initiatives/fs/supply/breaking-into-selling-wholesale>

Wholesale and Retail Product Specifications: Guidance and Best Practices for Fresh Produce

<https://www.cefs.ncsu.edu/ncgt/wholesale-and-retail-product-specs.pdf>

Wholesale Success

<http://www.familyfarmed.org/publications/wholesale-success/>

Some Virginia Wholesale Markets

Appalachian Harvest

Appalachian Sustainable Development's rural food hub that sources local produce from southwest Virginia and northeastern Tennessee.

<http://asdevelop.org/ah/>

Local Food Hub

Located in Charlottesville, Virginia, the Local Food Hub sources locally produced foods to institutions, retailers, restaurants, and schools in the region.

<https://www.localfoodhub.org/>

Produce Source Partners

Virginia's largest independent produce distributor with expertise in procurement and a commitment to supporting local growers.

<http://producesourcepartners.com/>

Southwest Farmers Market

This GAP-certified market distributes local produce to regional grocery store chains. Located in Hillsville, VA.

<http://swvafarmersmarket.org/wholesale/>

On-Farm Food Safety and Certifications

National GAPs Program

<http://gaps.cornell.edu/educational-materials>

USDA GAP/GHP Audit Program

<https://www.ams.usda.gov/services/auditing/gap-ghp>

Virginia Fresh Produce Food Safety

<http://www.hort.vt.edu/producesafety/>

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