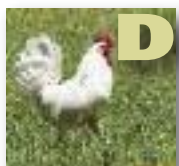


Virtual food hub helps Virginia producers tap into LOCAL FOOD MARKETS

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During the economic recession, many family farmers and producer co-ops have been able to thrive by meeting the growing demand for local food among consumers, restaurants, food retailers, institutions (such as schools and health care facilities) and farmers markets. The Internet has been a valuable marketing tool for many of them.

In Virginia and Montana, an increasing number of producers are using a software program developed by Lulus Local Food, which helps to lower the barrier to market entry for small- to medium-size producers and co-ops seeking to increase their local retail sales.

In just its third year of operation, Lulus is on track to help local food hubs ring up more than \$1 million in





sales in 2011. Lulus Internet site connects about 200 food producers and small cooperatives with more than 2,000 customer-families. It has also created the opportunity for producers

Molly Harris (facing page) created LuLus Local Food as a marketing network for small farmers and co-ops seeking to increase sales to the local food market in Virginia. Suppliers post what they have on Lulus' online listing; customers then make their selection and select a pick-up location and time. Bruce Johnson (below) updates the online inventory for Dragonfly Farms in Beaverdam, Va., as do dozens of other suppliers associated with Lulus Local Food website. USDA photos by Lance Cheung.



to participate in farm-to-school contracts, “meet and greet” marketing events with customers and to supply fresh local food to charitable organizations.

Founded by Molly Harris in late 2008, Lulus Local Food is a Richmond, Va.-based software provider for virtual food hubs that connect producers directly with retail customers. “My goal was then, and it is now, to get local food in the hands of as many people as possible,” Harris says. “We are very excited about the future of growing the local food industry and expanding this venture to help family farmers in other communities.”

Virtual food hubs can lower the costs of access to local foods for both producers and consumers by automating the sales process. Another advantage of an Internet-based food hub is the ability to carry out a transaction at any time. This means that customers can place orders whenever they wish, and that producers can update their sales items, as needed.

Simple idea morphed into an Internet platform

The “eureka moment” that prompted Harris to form Lulus Local Food came in the spring of 2008 when she met a farmer selling chickens in a restaurant parking lot. There must be a better way to connect family-owned and -operated farms with customers

searching for fresh, local food, she thought.

Harris started by assembling an e-mail list of local food suppliers in the Richmond area. She also had access to a list of customers interested in buying local food year-round. Harris compiled an inventory of what food products were available, using weekly e-mail exchanges to conduct business. The venture soon became a full-time passion for Harris.

“Molly turned up at my office with a huge box of paper, asking for help,” recalls Chris Cook, executive director of the Virginia Foundation for Agriculture, Innovation and Rural Sustainability (FAIRS), a rural cooperative development center funded by a Rural Cooperative Development Grant from USDA Rural Development. The assistance she received from FAIRS allowed Harris to incorporate, insure the business and create a business plan.

With the program continuing for a second season in the spring of 2009, Harris was able to take pre-season membership fees and apply them as capital needed for developing a software program for Fall Line Farms — an on-line, farm-to-family co-op that represents more than 75 local farms and businesses in central Virginia. With the development of the Lulus software completed in the spring of 2009, Fall Line Farms was able to expand its geographic reach to several locations

Co-ops partner with schools, health clubs, churches

Coastal Farms describes itself as “an online co-op that is a one-stop shopping program for quality local food and products ordered from the comfort of your home.” It opened a food hub in April 2010 in Hampton Roads, Va., and is marketing on the LuLus Local Food website.

Coastal Farms has formed a partnership with a local private school that is opening new doors on many levels. The

chain to establish food pick-up locations throughout the region. The food hub is offering credits to gym members and the gym says it is promoting health through exercise and eating natural food.

With 15 pick-up locations throughout the Norfolk/Hampton Roads/Isle of Wight region, hub administrator Kim Atkinson is pleased with Coastal Farms’ progress. “For small farmers, there were very few options for selling their products to the public before the online program was started last spring,” Atkinson says. “Coastal Farms has opened up a whole new venue for farmers to personalize their products, focus on quality and sell to an appreciative audience in a much broader region of southeastern Virginia.”

Due to steady sales through Lulus’ website, which now accounts for 95 percent of its annual sales, Brookview Farm in Manakin-Sabot, Va., no longer needed to operate an on-farm store. That allows the farm manager to spend more time in the fields.

Brookview Farm sells all-natural, grass-fed beef to customers via the Internet, but has also been able to sell large supplies of ground beef to the local public school system and to supply charitable organizations through the Pounds of Plenty program (see main story).

In the past two years, Lulus Local Foods has worked with several religious denominations interested in supporting the concept of “food in faith” and promoting healthy communities. Harvest dinners have triggered an interest in sourcing local food in church kitchens, where weekly dinners are often served to large groups of church members. These contacts have served both as a means to educate consumers and help to expand the market for the food hubs.



school chef is interested in promoting healthy eating habits among the children of the school and is purchasing fresh, local food through Coastal Farms.

The school is promoting the Coastal Farms program among the families of its students. A percentage of the registration fee that families of students at the school pay to join the food hub is contributed to the school scholarship fund.

Coastal Farms has also partnered with a local fitness



throughout the metropolitan Richmond region.

Fall Line Farms' success resulted in other producers, farmers markets and cooperatives asking about the possibility of setting up a food hub that would use the same Internet platform. The result was the Lulus Local Food network website.

Internet business expands season

The Center for Rural Culture (CRC) is a nonprofit based in Goochland County, Va., where it operates a thriving farmers market each summer. VA FAIRS worked with CRC and the Local Roots Food Co-op to use the Lulus online ordering system to expand its farmers market to a year-round operation. This cooperative effort has been highly successful. CRC was also able to make the farmers market manager position a permanent, rather than seasonal, job.

Lulus' network currently consists of five food hubs: four in Virginia and one in Montana. Each hub operates a

Facing page: Christy (left) and Lilah Talbott gather their order at the Fall Line Farms' pick-up point at Bon Air United Methodist Church in Richmond. Christopher Douherty (left) looks for sunflower sprouts with blemishes while hand-washing sprouts at Manakintowne Specialty Growers, a 21-acre farm in Powhatan County, Va. Jo Pendergraph's family and "team" raise specialty produce there for chefs and food markets in Richmond, Charlottesville and Williamsburg, as well as a local food hub. USDA photos by Lance Cheung.

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number of pick-up locations for a wide variety of local food products. Products sold include fresh fruits and vegetables, grass-fed meats and dairy products, homemade breads, pasta and prepared foods and condiments. Several new food hubs plan to join the network in the near future.

The current Lulus software is designed to connect producers with retail customers. A new version of the software is being developed with continued support from VA FAIRS.

“This new version is designed to be much more user friendly and interactive for all parties involved,” says Harris. “It will allow producers to easily sell through multiple hubs and will enable hubs to network among themselves. It will also allow for restaurant chefs, local school systems and institutions (such as hospitals and colleges) to purchase food from local farmers.”

Not operating a standard “brick and mortar operation” is a financial advantage for virtual food hubs. But this makes the website and other technical infrastructure extremely critical for these operations.

Differs from a CSA

The producers and co-ops working under the Lulus marketing umbrella offer a vast array of products for sale, usually at a price that is competitive with local retailers. It brings together a widely dispersed customer base and producers. This system allows producers to set their own prices. Even though they pay a percentage of sales as a fee to the food hub they belong to,



Kate Lainhart gathers shungiku micro greens before cutting them into “bite-sized” lengths for Manakintowne Specialty Growers. Facing page: Pigs at Keenbell Farm in Rockville, Va., are pasture-raised by third-generation farmer C.J. Isbell. The farm produces grass-fed beef, pastured pork and free-range eggs using “beyond organic standards” as part of the Fall Line Farms co-op local food hub. USDA photos by Lance Cheung.

this still allows them to retain a higher price than if they had sold through an intermediary. Lulus itself does not set membership fees or service fees; the software program allows each food hub administrator to set these fees based on local market conditions.

Most of the food hubs work on a weekly cycle, with orders opening and closing over a period of time. Food pick-up at a preferred location is scheduled on a specified day.

In most CSA (community supported agriculture) programs, customers get an

assortment of whatever crops are currently being harvested, as determined by the CSA. But in this food hub system, a customer can order a specific item from the participating network farms, much like shopping from an online catalogue. The customers only pay for what they order each week. There is no minimum or maximum order and the customer is not required to order each week.

The membership and service fee, set by each hub, covers marketing, logistics

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and administrative expenses associated with running the program. With one order, one payment and one pick-up, customers can order food from many different family-owned and -operated farms and small businesses.

The program is also easy for producers to use. Producers sign up with as many hubs as they can service, based on geographic and time considerations. From each hub, the producers can then choose the number of delivery/pick-up locations that they want to service each week.

Producers post products available for sale and set their own prices. They collect and prepare orders, then make their own deliveries. There are no minimum or maximum quantities for any product sold. Producers can remove their listings at any time.

Some growers only raise one crop and sell for only a few weeks each year. Others post their products year-round, while others come and go with postings throughout the year. This flexibility allows producers to extend their growing seasons and try new products.

Not just for the well-to-do

Each hub has multiple delivery/pick-up options. For instance, Fall Line Farms, one of the hubs using the Lulus program, is a year-round co-op with more than 75 members and 500 active customers. More than 2,000 locally produced agricultural products are offered each week at a dozen pick-up locations around Richmond. For this hub, sales average \$10,000 a week.

Patchwork Farms, a new food hub in rural Louisa County, Va., is not only changing the way farmers source food for their own families, but has also set up a network structure for farmers to expand their market reach into larger urban cities which, in the past, they lacked sufficient volume to service.

Expanding into both urban and rural areas has shown that support for local

food is not just a trend for the well-to-do. Many of the program's thriving sites are located in working class communities where families want healthy food and to support local producers.

Increasing sales to local restaurants and education and healthcare institutions will open more doors for producers. Providing virtual tools for making these transactions seamless and efficient opens new venues for cooperative aggregations of producers.

Supporting communities

The Lulus network also has significant ties to local communities through its support for schools and charities.

When crops mature, there is often an abundance of an item which needs to be picked and sold quickly. Lulus' Pounds of Plenty program allows customers the opportunity to make a donation of local food products to selected community charities, such as the Virginia Food Bank and Meals on Wheels.

Producers love the program because they get paid for more of their production, the customer gets a receipt for tax purposes and the charities receive fresh local foods. Since it started in 2009, more than 1,200 pounds of fresh produce and grass-fed ground beef have been donated to charities in metropolitan Richmond.

"Thanks to the variety and amount of food that we receive through generous donors like Fall Line Farms, we're able to provide options to people in local communities who may not have access to such items," says Kim Bridges of the Central Virginia Food Bank and Meals on Wheels for Central Virginia. The food bank often serves needy people living in food deserts, "where the closest store doesn't offer affordable, healthy food options. For these clients, getting fresh produce or protein can be very challenging. We're grateful to have such help in the fight against hunger."

Through its farm-to-school program, Lulus provides a venue for local food producers to work

cooperatively to fulfill contracts with area schools. The contracts include preapproved items that meet the requirements of the school menus. The program also creates an efficient way for school nutrition directors to place and track orders and make payments through a centralized purchasing arrangement designed for sourcing local food.

The flexibility of this virtual buying tool allows producers to reach both public and private educational institutions. Availability of fresh produce is often limited in the winter, so the ability to aggregate products electronically to meet demand for large orders opens up a whole new market for small growers.

For events such as Earth Day and fall harvest festivals, Lulus' producers have been invited onto school campuses to visit with students and share information about their sustainable farming practices.

Dee Scherr runs a small farmer cooperative in the rural southeastern region of Virginia that sells produce through Lulus' food hubs and to local restaurants. It also participates in the Pounds of Plenty and farm-to-school programs.

"Through the Pounds of Plenty program and the generous support of co-op customers, we can bring the same fresh produce — cucumbers, tomatoes, collards, kale and sweet potatoes — to the Central Virginia Food Bank for people who would not normally have access to these fresh products," says Scherr. Through the farm-to-school program, the co-op contracts for regular weekly orders from a local school.

The future for local food is looking promising, thanks in part to the many hundreds of small grassroots efforts taking place in communities all over the country. Partnerships between private and public sectors play a huge role in the success of all these organizations. Understanding the intricate needs of all players in the local food system is mandatory for progress to be made. ■