

Food Hub Expectations of Farmer-Producers

By Roberta M. Severson, Director
Cornell University Cooperative Enterprise Program
Charles H. Dyson School of Applied Economics and Management
Cornell University
Ithaca, NY 14853

Food hubs are emerging as a next-generation effort to increase access of local foods beyond direct-to-consumer sales. Food hubs tend to aggregate product from small and mid-sized farms and sell to other intermediary buyers, which include wholesalers, distributors, retailers or institutions. What should a farmer or producer anticipate when a new food hub contacts them about purchasing product?

1. Farmers should expect to receive wholesale prices. Product will enter a wholesale market channel. Slight premiums may be paid as the product is valued by buyers seeking locally-sourced goods. These prices will not equal retail prices received through direct-to-consumer sales.
2. Most food hubs will expect product to be graded and packed to industry standards at the farm before delivery to the food hub. Once the product is brought to the food hub, it will be inspected before it is off-loaded to the dock.
3. Food hubs may provide services such as pick up from the farm, washing, sorting, or packing. These services have a cost. If farmers chose to utilize these services, then expect discounts on the wholesale prices that they will be paid.
4. For produce growers, anticipate that the food hub may want to develop a growing or pre-season commitment plan. The growing or pre-season commitment plan is a 'good faith' effort. It is not a contract. This plan will identify what will be grown for and how much will be delivered to the food hub in any given week during the growing season. These plans should be agreed upon well in advance of the growing season. The growing plan levels the supply of product delivered to the food hub and allows the hub to project the amount of product to be sold to buyers at any given time.
5. Expect that the food hub will be in contact with the farmer to make sure volume and quality are on track for the expected delivery date. Weather events and disease can impact the quantity and quality of the product. If the expected product cannot be delivered to the food hub, the farmer needs to contact the food hub immediately so that the food hub can source product from other producers.
6. Many food hubs (especially those handling produce) operate seasonally. Most food hubs desire to be in the market place longer. Consider how to adopt season extension technologies to allow more product to be delivered from your farm to the hub for a longer duration. Early season and late season products may command some price premium.

7. Be prepared that food safety certifications are mixed and can change. Some of the buyers sourcing product from the food hub will require food safety certifications. Other buyers may not. The food hub may provide the opportunity to comply through Group Gap certification. Regardless of the need for food safety certification, or lack thereof, the product must be handled to ensure the highest quality and safety standards, and maintain the cold chain before delivery to the hub.
8. A food hub may inquire about the farmers' openness to grow new and different products. Farmers should think carefully about growing new products as new crops can be expensive to produce, have a learning curve to develop expertise, and may require investment in other equipment. However, there can be financial reward for being an early innovator. Ask yourself, "Can I do this well? Does this new product have traction in the market place or is it a fad? Do I have the time, money, and space to grow this? Am I able to bear the risk of growing this new product?"
9. Do not expect the food hub to take surplus product, above what was agreed upon in the pre-season growing plan. Contact the hub to see if they can market the additional product and when to deliver it.
10. Customers may contact the food hub for additional product. The food hub will seek to meet this demand from and will contact the farmers with whom they have the strongest relationships with first.
11. Farmers should ask how and when they will receive payment for product they sell to the food hub.
12. They should learn about or visit the hub before making the first delivery to see how much space is available to off-load the product.
13. Food hubs are a means to market local, source-identified products. Farmers may be part of the marketing efforts of the food hub.

This could include:

- Developing a brand and labels specific to the farm business to differentiate it from other farms.
- Developing farm business website for food hub customers to learn more about the farm and provide a linkage to the food hub's web page.
- Meeting with food hub customers as the buyers may want to learn more the farms from which the product is sourced.

Food hubs present new opportunities for farmers to access wholesale marketing channels. Their primary functions have included aggregating, marketing, and distributing locally-sourced products, which are then sold to other intermediary buyers. Some food hubs are exploring light (wash, cut, pack) or value-added processing, which will provide additional opportunities for farmers. Cooperatives have provided services similar to food hubs for decades. To learn more about the best practices utilized by cooperatives in aggregating, marketing, and distributing locally-sourced products from their member farms see *Building Success of Food Hubs Through the Cooperative Experience – A Case Study Perspective* (Cornell University, Charles H. Dyson School of Applied Economics and Management, Extension Bulletin 15-04).