

## Case Study 5

### **Sale of Locally Produced Foods to a Cooperative Food Store** *Grand Forks Food Co-operative -- Amazing Grains, Grand Forks ND* *Interview with Betsy Perkins, Manager*

Case study by  
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#### *Abstract*

Cooperatively operated, organic food stores by virtue of their philosophy and organization would be natural outlets for marketing locally- or regionally-produced foods, especially organic or natural foods. The Grand Forks Food Co-operative does purchase some foods locally, but the major concern is consistency in quality and quantity of produce. Another concern is the difficulty in dealing with a number of small producers. Although the co-op does stock some local produce, most notably milk, eggs, and meats and will be stocking fresh produce from a community supported agriculture (CSA) operation in Euclid, MN this summer, the actual volume in terms of sales is rather small. Most of the produce stocked by the food co-op is provided by several food distribution warehouses in the Twin Cities. The manager would stock more local produce if local producers were organized into a cooperative system that could overcome the problems of quantity, quality, and delivery.

#### **History**

Grand Forks Food Co-op was started over 30 years ago as a buying club. People organized to order food in bulk to be delivered by truck every four weeks. The organization grew to where it needed a building for goods to be stored and picked up more conveniently than every four weeks when the truck came.

Grand Forks Food Co-op is a member-owned cooperative. Originally, one had to become a member and volunteer some time in order to shop. Now shopping is open to anyone whether or not they are members. It has paid staff and some occasional volunteers who get a discount. At present, there are 220 members who pay a \$100, one-time, investment in the co-op. Benefits of membership are that members sustain the business, receive a monthly newsletter, and receive a five percent discount.

The co-op moved to a downtown location in January, 2000 and renamed the store to Amazing Grains Natural Food Market. The co-op had \$180,000 in sales in 1999, and in the first half of 2000 sales that amount doubled. When the store moved downtown, it added a bakery after purchasing the equipment from Mira's Bakery. The staff of the former bakery taught the staff of the co-op their recipes for breads and cheese sticks. The store also makes soups and sandwiches, and now has a juice bar.

#### **Suppliers and Vendors**

Amazing Grains is a member of the Blooming Prairie Cooperative warehouse in Minneapolis, MN, which serves as its main supplier. Blooming Prairie Cooperative receives its produce nationwide and supplies Amazing Grains and other co-op stores around the Upper Midwest. Most of Amazing Grains' flour and grains come from Natural Way Mills. Sometimes

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Amazing Grains deals directly with Natural Way Mills and sometimes with Tochi Products in Fargo, ND, for convenience. If Amazing Grains can make a large enough order, it orders directly from Natural Way to reduce shipping costs.

Roots and Fruits, another co-op distributor, provides Amazing Grains with fruit, vegetables, and some cheese. Roots and Fruits gets its produce both nationwide and internationally. For instance, the pears are ordered from Argentina and other produce is ordered from Mexico. Amazing Grains purchases only organic produce from Roots and Fruits, most of which comes from California, Florida, and Texas, especially in colder months.

Amazing Grains carries frozen organic meat. It orders organic milk from Blooming Prairie and non-Bst milk from Land O'Lakes. The prices of some organic produce are very comparable to that of conventional produce. Amazing Grains has had apples at the same price as Leever's conventionally-raised apples. Some of the co-op's produce costs more than other grocery stores, depending on perishability and supply. "Right now with bad weather in California, broccoli is scarce, so it is expensive. If you are looking for value, you will not find organic broccoli at a good price," says Betsy Perkins, store manager.

Frontier Herbs, another co-op, provides bulk herbs, spices, vitamins, and health and personal care products. Amazing Grains also deals with Tochi Products in Fargo, ND, which is not a co-op, through which it buys most of its bulk grains and nuts. Blooming Prairie supplies most of the other items in the store once a month.

Because Amazing Grains provides organic products and because most of its vendors are themselves cooperatives, the co-op assumes that they are a socially and environmentally conscious businesses. Perkins said, "They are co-ops and they are into organics. They are not the typical capitalist business out to make a buck at any price. Not that all businesses are that way, but because of their co-op philosophy and who their members are, they are just more socially and environmentally conscious."

### **Relationships with Local Suppliers**

When asked how she would define "local," Perkins said, "Personally, I think 'local' is when the farmer/producer delivers it directly to me." Perkins said she does business with local suppliers especially if they have products she thinks are good ones she could sell and that no one else carries. She said she likes to keep those to a minimum because dealing with many local suppliers can be difficult. Thus, in terms of volume, the amount of locally-produced foods is small.

Amazing Grains has a local producer who supplies eggs, and it orders beef and lamb from North Outback, which consists of the Terry and Janet Jacobson and Dennis and Diane Schill farms. It orders pickled garlic from a producer in Minot, ND, and procures fresh produce from Michael Klawitter's CSA in Euclid, MN. Amazing Grains previously dealt with a local producer for edible beans, but that arrangement did not work well. It also ordered potatoes from a local producer, however he built a warehouse and now ships all his potatoes to an organic warehouse in Minneapolis. He decided that he did not have time to deal with local marketing.

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Amazing Grains recently started to order baked breads from Pierre's Bakery in Thief River Falls, MN. Sheryl O'Donnell and Virgil Benoit, the bakeries' owners, bring breads to Amazing Grains four times each week. Amazing Grains also orders bread from the Great Harvest Bakery in Fargo, ND, which ships bread to Grand Forks twice each week. Rhubarb jam is ordered from a local processor, and Amazing Grains recently started to sell bee balm soap made in Fischer, MN by a woman in her home.

### **Interest in Securing More Local Produce**

Perkins said she would like to purchase more local produce if they were products she wanted, were of good quality, and for which she does not already have a local supplier. The produce or products must be organic or at least all-natural. Processed foods must not have any artificial ingredients. "Organic, all-natural, good tasting, reasonable price, and something that fits with what we think our customers are looking for" were the criteria Perkins said she would use to evaluate new produce or products.

Perkins said she must be more careful with fresh produce because it will go bad if it does not sell. She was reluctant to predict which fresh produce would sell based on the sales at the previous store. Seasonal produce did not sell well there because most members had access to fresh produce from their own gardens or from the farmers' market. Perkins thought she may get more walk-in customers with the downtown location. She will carry produce from the Kalwitter's CSA to determine whether fresh produce will sell in the new location. She will try almost any shelf-stable product. If they do not sell well, she will not reorder them; however, if they sell well, she will keep them on the shelf.

### **Overcoming Obstacles to Purchasing Local Produce**

Perkins said she would be interested in working with an organization to develop a producer co-op to market fresh or processed organic or natural foods if it would be able to deliver produce consistent in quality, quantity, and delivery. She would prefer to deal with one supplier than with several small producers.

Perkins stated she would like to order locally produced fresh, organic poultry. However, when the only USDA inspected poultry processing plant in the state closed, producers lost the opportunity to deliver fresh poultry to buyers like Amazing Grains.

Other products Perkins suggested she could sell were natural, organic, or North Dakota raised or produced sample gifts. Since Amazing Grains typically carries bulk items, it rarely has gift items.

Perkins believes there is a growing demand for organic produce. There are a couple natural-pathic doctors in the Grand Forks area who send their patients to Amazing Grains. Perkins noted that more people are looking at the wholistic approach to health including the foods they eat so they are frequenting the store. She sees the growing concern about genetically

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modified organism (GMO) foods have stimulated an increased demand for non-GMO foods like soy products. The only places customers may purchase these items are in organic food stores.

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