

**Emerging Markets: Linking producers with consumers through alternative wholesale distribution networks**

**Mandela MarketPlace** of Oakland, California received \$50,000 to operate an alternative distribution network for underserved producers, to increase urban market networks, reduce distribution costs by sharing transportation costs, and increasing wholesale order volumes. Funds were used for transportation, distribution, marketing, promotion, and outreach activities.

[Final Report FY09](#)



## FINAL PERFORMANCE REPORT

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**Date:** January 15, 2011  
**Recipient Name:** Mandela MarketPlace  
**Title of Project:** Emerging Markets  
**Grant Number:** 12-25-G-0915  
**Location:** Oakland, CA

### **PROJECT SUMMARY: Issues, problems, interest and/or need for project**

Access to fresh, affordable foods is critically limited in communities like West Oakland. *Emerging Markets* is an innovative approach to leverage existing urban market networks to increase access to fresh foods grown by underserved producers. MMPlace's existing networks include market booths that serve seniors, convenience stores, grocery retail (Mandela Foods Cooperative) and nearby small restaurants. This project will increase the number of inner-city convenience stores that provide local produce grown by underserved producers and assist store owners with structural improvements, outreach and marketing so they can offer fresh produce in their stores.

Of 80,000 farms listed in the 2002 Agriculture Census, over 60% are less than 40 acres, and 60% have a value of sales at less than \$25,000. In Fresno County, about 2 million acres are recorded as farm land. 58% of this land is less than 40 acres, and 40% of total farm land with a recorded value of sales at less than \$25,000. In Santa Cruz County, of the 750 farms, 96% are less than 40 acres. 50% of the total farms with value of sales less than \$25,000. These numbers indicate that small farms within 200 miles of Oakland are in jeopardy, and the farmers who operate them are living at or near poverty.

This *Emerging Markets* program formed from a realized opportunity in the urban center of West Oakland, California to link unmet community demand for affordable fresh foods with markets that expand income avenues for local and underserved producers. Based on the most recent Agricultural Census, small farms, 9 acres or less, are in rapid decline in California – decreasing 24% in 2002. Many of them are under threat of closure if urban-based programs are not poised to open untapped markets to them, or create markets and opportunity that support, instead of out-compete, the small farmers. MMPlace has a three-year history working with 16 producers who operate in Fresno, San Joaquin, Merced and Santa Cruz Counties.

West Oakland is a diverse community of about 20,000 residents based on 2000 Census data. Its racial/ethnic composition is 64% African American, 16% Latino, 9% Asian, 7% White, 5% other races. It is one of the poorest neighborhoods in the Bay Area. Almost forty percent of its



households have no car. In West Oakland, there is one liquor store for every 300 residents. These stores are the primary source for supplying daily dietary needs but offer few fresh fruits, vegetables, and meats.

**PROJECT APPROACH: How the problem was addressed**

In developing a systemic approach to food security, having local food access hubs that link underserved producers to the urban consumer is key for successfully increasing access to and consumption of affordable fresh foods and the security of small farm survival.

This USDA/FMPP grant will support an alternative local produce distribution center that develops and supplies emerging urban based markets with produce grown by local underserved producers.

With support from both USDA CFP and RMA grants, MMPlace has explored various community-based markets that offer potential support to underserved producers. These markets include produce stands, small stores, restaurants and grocery retail. *Emerging Markets* will work directly with underserved producers within about a 200 mile radius of Oakland to improve availability of locally produced foods for low-income people while improving the sales and market opportunity for producers. This program establishes MMPlace's local distribution center that buys from underserved producers and sells to emerging urban markets, and meets both community need for fresh food and farmer need for expanded opportunity in urban retail. Such a distribution center fills an additional access gap for foods grown using sustainable practices that are lower priced than organic, and in more demand than conventional produce. Small farm producers are ideal suppliers for a community-based distribution center that links them to urban consumers. The convergence of need, awareness and support sets the timing for success in building this market program. *Emerging Markets* builds upon current MMPlace programs such as the Healthy Neighborhood Stores Alliance that networks convenience stores so they can purchase produce directly from underserved producers through, and our Market Booth program that avails targeted low-income and elderly populations produce direct from farm to consumer.

In particular, disadvantaged and minority farmers face challenges accessing mainstream distribution networks which constrain their access to wholesale and other retail. Funding for this project establishes a model for producers to access an alternative distribution network that supplies small urban retail and direct marketing opportunities. It also builds the consumer base through education, outreach and exposure to producers. This convergence will be self-sustaining because it gives producers access to emerging and growing urban markets, and allows them to increase their production and sales. This project develops an alternative distribution-consumption model that can be replicated in other similar communities



**GOALS AND OUTCOMES ACHIEVED:**

MMPlace has been part of the West Oakland community for 8 years. We have established relationships with 4 corner markets, community residents, market booth customers at senior centers and senior housing, and local restaurant and meat store. We incubated a new grocery retail and nutrition education center in West Oakland (Mandela Foods Cooperative). We partner with 16 local producers to create more direct access to urban consumer-base.

**Results:**

- 12 producers realized increased sales of \$2,000 to \$10,000 from direct wholesale to urban consumer markets
- 2 convenience stores and 1 grocer purchase directly from alternative distribution center
- 40% of Mandela Foods Cooperative produce comes direct from local producer network
- MMPlace distributed 500 marketing and outreach materials, conducted 12 outreach activities and 4 education activities to increase urban consumer base
- MMPlace conducted 5 sessions with producers to develop and assess alternative distribution network

<b><u>Objective/Task #</u></b>	<b><u>Timeline</u></b>	<b><u>Outcome</u></b>
<b>Objective 1: Increase and stabilize inner-city retail markets for 11-20 underserved producers</b>	<b><u>Complete</u></b>	<b><i>Provided 6000 lbs of local produce direct from farmer partners to 2 corner stores, 60000 lbs to small grocery retail, over 7,000 lbs to produce stand markets Equating to over \$75,000 of additional income to farmer partners</i></b>
<b>Objective 2: Establish alternative distribution networks for 11-20 local producers to connect with emerging urban markets that increase their direct farm sales</b>	<b><u>Complete</u></b>	<b><i>Purchased over 60,000 lbs of produce direct from 12 local farmer partners</i></b>
<b>Objective 3: Develop urban consumer base for produce grown by underserved producers</b>	<b><u>Complete</u></b>	<b><i>Conducted 12 outreach activities Collected 150 consumer surveys Distributed 500 informational materials consumers &amp; retailers</i></b>

**BENEFICIARIES**

How and how many farmers/vendors will benefit. Emerging Markets will directly benefit at least 11-20 local producers and 2 neighborhood retail markets, 1 grocery retail, 4 market booths through an alternative distribution network that meets producer needs. Mainstream distribution and sales channels are challenging for underserved producers and small urban markets. The *Emerging Markets* program will operate an alternative distribution network for



underserved producers, facilitate increasing urban market networks to share costs of transportation and wholesale order volume, and conduct marketing and outreach activities to build and stabilize the farm to store linkages. MMPlace will conduct a neighborhood-based education, outreach and marketing campaign to build an emerging consumer base, raise consumer awareness about availability of producer in the “new” market settings – whether stores, produce booths, delivery, and so on, and link producers and consumers through small, local markets.

Financial benefit farmers/vendors will receive. Based on already existing networks, this project provided \$75,000 in direct sales for local producers. As the producer and consumer base expands, and consumer demand increases in response to outreach and education activities, the financial benefit can increase.

Overall potential impact on the local/regional farm economy. The impact on the regional farm economy was \$75,000.

#### LESSONS LEARNED

This project has been extremely successful in building farmer relationships, establishing an inventory system and set of metrics for establishing an alternative wholesale distribution strategy that meets in particular the needs of under-resourced and minority farmers. We realized the importance of developing this strategy as a business, and develop business metrics and strategies from the start. We also learned to create deeper relationships with fewer farmers, rather than working to expand the number of farmers we work with quickly. We also anticipated adding at least 7 more convenience markets to our network in Oakland. We learned that it takes much more time, resources and development to service the corner markets effectively. We see that we need to start a bit more slowly, documenting along the way our business metrics and strategies, before we try to add additional clients. We believe we will meet our additional 7 store mark by 2012.

#### CONTACT PERSON

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