



**January 2014**

**Appalachian Sustainable Development  
A Food Hub Model**

Kristen Park  
Dyson School of Applied Economics and Management  
Cornell University

Speakers representing numerous emerging marketing models presented stories and advice to a room of industry members at the annual Strategic Marketing Conference in Syracuse, New York. Sponsored by Cornell University's Agricultural Marketing and Community Development team, the conference gathered representatives from food hubs, collaborative marketing ventures, online marketing services, and online market development businesses. The conference's kickoff speaker was Kathlyn Terry from Appalachian Sustainable Development in Abingdon, Virginia. Terry spoke frankly about what has and has not worked in their food hub division, and gave five marketing tips to the audience. Below is a summary of her presentation.

**Appalachian Sustainable Development**

Appalachian Sustainable Development (ASD) is a not-for-profit organization that operates a portfolio of programs designed to improve the health and life of their local communities. One program, Agriculture and Food System Development, markets local and regional farm products to buyers in the food system. To do this, it has two operations that serve different buyer audiences, one, retail chains and wholesale product buyers and, the other, restaurants and small retailers.

Appalachian Harvest is the operation that serves retail and wholesale buyers. This "hub" provides a 15,000 square foot warehouse and aggregation center, two tractor trailers, marketing services, product and volume planning, group purchasing, and grower education. Training for growers is needed in GAP, market access, quality, grading and packing specs, and production methods. The cost to deliver training is quite substantial. To support all of the above services, Appalachian Harvest charges fees of approximately 20% of the selling price.

ASD conducted an evaluation of the program which has had a number of successes and challenges.

#### What Worked:

- Found huge market for organics that is unfulfilled
- Developed strong relationships with its buyers
- Buyers see value in their work
- Farmers have an alternative – on that is focused on their success
- Provided a market for remote Appalachian farmers when none else was available

#### What Didn't Work:

- Original organic focus irritated conventional growers
- Former tobacco farm plots too small for market
- Struggle to obtain ample volume from farmers

As an example of one of the problems encountered, ASD had accessed a significant demand for 1,120 cases of broccoli and 720 cases of cabbage per week from its buyers. This demand filled more than 2 tractor trailers per week, and had a retail value of between \$1.37 million and \$2.14 million for the region. Unfortunately, the opportunity fell apart because of inconsistent product quality, inability to forecast, and poor volume commitment from farmers.

ASD's other business model, Rooted in Appalachia, focuses on what it calls the "uber-local" and promotes local products to local consumers and local buyers. This too provides aggregation and distribution services but serves the smaller buyer trade. The differences from the Appalachian Harvest model are in the distribution requirements and the type of farmers that supply the local markets.

ASD believes that collaborations in the future are critical. Consistent, high quality product is in high demand. But supply is limited, and as food hubs proliferate, competition among these local food providers will pit them against one another and result in reducing prices.

Kathlyn Terry, ASD operating manager offers five great Keys to Marketing Success:

1. Establish Strong Lasting Buyer Relationships
  - a. treat them like partners (e.g., work with them to identify and then source products that help their business thrive)
  - b. provide over the top service, particularly when you are first getting to know them. Tell them what you'll do and then do it. No matter what.
2. Know Your Marketplace
  - a. create a plan and process for keeping abreast of pricing.
  - b. know where you fit (is your quality deserving of the top price? Are you reliable enough to command the top price?)
3. Forecast Availability
  - a. respect your buyer's need to always have product on hand
  - b. work with your buyers to identify their forecasting requirements.
4. Be Known for Quality
  - a. work with producers to ensure that quality standards are communicated & followed.

- b. when quality issues arise do not argue; get pictures, have an open honest discussion; educate buyers about issues such as weather or disease related causes for product deterioration.
5. Plan
- a. work with buyers to create demand projections
  - b. translate those projections into information that will allow farmers to plan appropriate plant populations/row footage, phase plantings, etc. to support even supply for buyers.
  - c. work with farmers to fill demand.

---

**“Smart Marketing”** is a marketing newsletter for extension publication in local newsletters and for placement in local media. It reviews elements critical to successful marketing in the food and agricultural industry. *Please cite or acknowledge when using this material.* Past articles are available at <http://marketingpwt.aem.cornell.edu/publications.html>.