Local Food, Scale and Conventionalization:
Mid-scale Farms and the Governance of “Local Beef” Chains

by

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ABSTRACT

LOCAL FOOD, SCALE AND CONVENTIONALIZATION: MID-SCALE FARMS AND THE GOVERNANCE OF “LOCAL BEEF” CHAINS

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University of Guelph

Media and consumer attention has propelled local food to prominence, and a significant price premium has signaled its potential as a value-added option for family farms looking to transition from commodity production. Many of these farms – entering an unfamiliar market – have been selling local food in groups, to share risks and investments. This strategy has introduced a scale of production and operations to the marketplace that could challenge some of the basic premises of the local food contract.

This research project was premised on the notion that the local food movement – dominated by small-scale production and direct marketing – appears to be governed by a set of principles that would be tested by the introduction of farms and farm groups of increasing scale. To understand the implications – for these farm families, local food marketing groups, and growing local food systems – this research sought to address whether these groups would adopt a more conventional approach to meet their needs, and fit their scale, or change their approach and practices to conform to the requirements and expectations established by the principles of governance that characterize local food systems.
'Local beef’ chains from across Ontario were selected to capture a range of operational and geographic scale. Interviews with farmers and coordinators investigated the extent to which scale – at farm and group level – affected motivations, as well as group governance decisions.

The research found that increased group scale limits the range of options available, and magnifies pressures towards conventionalization. Transition to larger scale favours governance based on surveillance and discipline, and suffers from lack of infrastructure that would facilitate mid-scale aggregation, distribution, and the development of bridging capital.

Farmers who had direct input into decisions invested more time and effort, but also identified more strongly with their group. Farmers who marketed through larger-scale intermediary-led groups faced fewer costs, but were treated as commodity input suppliers, and were less engaged in the group’s success. Most farmers did not see these intermediary-led groups as a long-term solution, and looked instead to policy solutions, or other alternative marketing models – including smaller-scale regional intermediaries.

For Victor Herbert Peart Mount: father, farmer, veteran – inspiration.
ACKNOWLEDGEMENTS

This research would not have been possible without the time and assistance of key members from Beef Connections, Penokean Hills Farms, Fitzroy Beef Farmers’ Cooperative, O’Brien Farms, Fieldgate Organics, West Grey Premium Beef, Beretta Organics, Kerr Farms, Slaney Foods and Glenbarrow Farms – but particularly the farmers who welcomed me into their homes and spoke candidly about their experiences and expectations.

This document was enriched by the generosity, warmth, humour and support of my colleagues in the Department of Geography at the University of Guelph: from staff to faculty to students, you have filled every room in my Hutt memory palace with friendship.

I would like to thank my advisory committee members – Dr. Alison Blay-Palmer, Dr. Wayne Caldwell and Dr. Evan Fraser – for their reflections, guidance, and corrective counter-measures, as well as inspiring mentorship and access to increasingly challenging opportunities.

My advisor, Dr. John Smithers, has provided the nurturing environment, the insights, the clarity, the humour and the freedom required to expand my horizons (think Alec Guiness in Star Wars). He also provided a neophyte to the Geography department with all of the tools, materials and guidance required to construct an academic masterpiece – and then helped me to reconstruct it when I made a mess.

A large group of friends and family (you know who you are) have supplied distraction, commiseration and criticism in just the right measures, as always. My mother,
Beverly Mount, has offered patient support over a fitful academic career – as in all life endeavours – and will finally be able to say “Finally!”

And I cannot possibly say enough about the encouragement, support, candid reflections, necessary prodding and nourishment provided by Denise, my raison d'être.

Preface

Authorship of the second and third manuscripts (Chapters 4 and 6) is shared between the student and his thesis advisor. Following the guidelines set forth by the Department of Geography, it should be noted that both manuscripts are dominated by the intellectual effort of the student.
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<tbody>
<tr>
<td>BSE</td>
<td>Bovine Spongiform Encephalopathy</td>
</tr>
<tr>
<td>CSA</td>
<td>Community Supported Agriculture</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FM</td>
<td>Farmers Markets</td>
</tr>
<tr>
<td>LEADER</td>
<td>Liaison Entre Actions de Développement de l'Économie Rurale</td>
</tr>
<tr>
<td>LFS</td>
<td>Local Food Systems</td>
</tr>
<tr>
<td>OCA</td>
<td>Ontario Cattlemen’s Association</td>
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<tr>
<td>OMAFRA</td>
<td>Ontario Ministry of Agriculture Food and Rural Affairs</td>
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CHAPTER ONE:

INTRODUCTION TO THE RESEARCH CONTEXT, AIM AND OBJECTIVES

1.1 Prologue

Summer of 2007 was sunny and hot, and local food was on the tip of everyone’s tongue. The most visible of the local food initiatives—the farmers markets and community supported agriculture groups (CSAs)—had captured consumer interest and media exposure disproportionate to their market share. While new local food initiatives were springing up daily, it was apparent that larger scale was necessary for local food to have an appreciable impact. But how was this local food phenomenon going to increase in scale— to create more production volumes, greater consumer access, and larger market share? Consumer demand for such growth appeared strong, and initiatives that pooled this demand—such as institutional procurement—held promise: but who would produce the extra volumes required to meet growing consumer and institutional demand?

These questions pointed to a role for mid-sized, family farms: still the most numerous—in Ontario as in most regions of North America—but struggling to find an alternative to the high investment costs and poor returns of production for commodity markets. These same farms were also being encouraged to produce for value-added markets, and ‘local food’ seemed a good fit. In fact, a survey of the province showed that a surprising number of farms had already banded together, selling in small groups through local direct markets, or through new local food chains. But the local food market that they were looking to fit into was largely supplied by small-scale farms growing vegetables and fruit, and selling directly to consumers. And these direct relationships, it
was widely suggested, provided extra-market benefits for producer and consumer, including the acknowledgement of trust, loyalty and responsibility.

While it was possible that commodity-producing farmers might adapt to the demands and nature of this new marketplace, they might also—through larger production volumes and the scale and influence of their groups—fundamentally change the nature of the local food contract. Was this the beginning of the end of local food?

1.2 Research context

In many ways, the questions about the influence of increased scale in local food were similar to those asked of the organic food movement a decade earlier (see e.g. Buck et al. 1997). In the span of two generations, the organics movement went from an alternative, place-based, anti-corporate food and agriculture counter-culture—advocating an holistic approach that implied smaller scale and localized markets—to a valuable food niche, moving standardized, verifiable product from increasingly larger farms, through consolidated food chains, using conventional distributors and retailers (Guthman 2004; Smith and Marsden 2004).

This “conventionalization” of the organic food chain brought standardized California organic product to retail stores across north America, and pushed producers and consumers who were looking for an “authentic” alternative into the arms of the “local food movement” (Friedland 2008). Under this banner, a growing number of farmers markets, CSA projects, and small-scale direct-marketing ventures provide an outlet for those looking to satisfy a diverse set of grievances about conventional food systems.
Local food has drawn attention—and a price premium—from discriminating consumers, risen in media prominence, and been singled out as an important value-added option for struggling family farms looking to transition from commodity production. Many of these farms—unfamiliar with direct marketing—have begun to sell in groups, as a way of sharing the risks and investments associated with a new marketing approach. As the production scale of local food farms (and farm groups) increases, it remains to be seen whether these new entrants to the local food marketplace will adapt their approach and practices to match the requirements of local food, or risk offending those requirements (and accompanying expectations) by adopting more conventional (less alternative) approaches that meet their needs, and fit their scale.

Such questions are necessary during periods of transition—particularly because these farmers come from a context where productivity gains have served as both motivation and rationale for farm-level development (see Evans et al. 2002; Wilson 2001). ‘Productivism’ has gone hand-in-hand with the industrialization of agriculture—from labour-saving technology to advances in genetics and farm practices—butressed by a prevailing discourse of progress, modernization, and efficiency (Buttel, 2006; Troughton, 2005). At the farm level, widely recognized signs of industrialization included increased scale of operations, achieved mainly through intensification, consolidation, and specialization of production (Woods 2005). As a result, indicators of increased scale of operation became synonymous with modernization, efficiency and productivity in broader political and policy discourse, and were used as metrics to both measure and guide ‘progress’ (Potter and Lobley, 2004: 12-13).
But these signs only indicated one type of impact that resulted from productivism. Widespread intensification almost inevitably led to overproduction and lower market prices (Troughton, 1986:99), transferring the ‘benefits of scale’ to those purchasing agricultural products. Commodification transformed agricultural output into an input of the food processing industry – enabling ‘substitution’ where necessary or possible by industrially produced alternatives (Goodman et al. 1987). This contributed to increased scale and consolidation of processing and retailing operations, which in turn led to a reduction of market opportunities for producers (Woods 2006:48-49).

Most family farms in Ontario have departed from the productivist trajectory of ever-increasing scale, output and productivity, due to numerous factors. Wildly fluctuating commodity market prices have shown repeatedly that the growth trajectory does not inevitably lead to increased returns. Family cycle, risk and conservatism interconnect to influence the family’s approach to farm expansion, debt and succession questions (Johnsen, 2003; Joseph et al. 2001). Finally, numerous options enable diverse family farm development paths (Bowler, 1996; Smithers and Johnson, 2004).

Off-farm labour has also become an indispensable family farm income source, often involving more than one family member: almost half of farm operators in Ontario have an off-farm job or business (Statistics Canada 2012). A reliance on outside income can alter household commitment to farming, influence investment decisions, and limit time and resources available for alternative options (Smithers and Johnson, 2004). These limits, in turn, have pushed mid-scale family farms towards value-added niche markets, from exotic livestock to alternative production practices.
While many of these niche options originated as survival strategies (Morris and Evans 1999), their persistence is helping to de-stigmatize a diversified farming strategy that earlier went out of fashion. Compatibility with ‘mixed’ and flexible farming strategies has made value-added markets an increasingly attractive option. In some regions, ‘enterprise stacking’ is becoming more common – really, a modern variant on mixed farming that utilizes all farm resources “to allow more family members to earn a living from the farm and accommodate different phases of the lifecycle” (Inwood and Sharp 2012: 115).

As local food rose in prominence, it was only natural that this market would be recommended to family farms as a value-added diversification option. However, it was not entirely clear how easily farmers from mid-scale farms would transition to local food markets, given a history, experience and skills developed over generations in commodity production. Local food was not another value-added commodity, requiring only local markets, and specialized equipment, genetics, or farming practices to produce verifiable product traits.

Local food was attracting consumers for a variety of reasons, the least of which were geographic proximity and product traits. Research on direct markets suggested that intangible, non-market benefits (including authenticity, responsibility, loyalty, trust) communicated through interpersonal relationships were a valuable component of the exchange. Given that local food passed almost exclusively through direct markets, communication and relationship-building skills had been essential features of the added value in the local food exchange. Not only were these skills foreign to commodity
producers, their significance was overshadowed by logistical difficulties faced by farms making the transition from commodity production.

For example, to simplify the transition and share the obligations (time and labour), these farms were combining resources and efforts in local food chains. In Ontario, more than a dozen groups – explicitly selling their product as “local beef” – had entered the market at various operational and geographic scales, combining the resources and production volumes of between 4 and 35 farms. While collective actions eased the burdens on individual farmers and created efficiencies, was this approach compatible with the small-scale farming and production volumes that many identified with local food? And would these groups deliver the difficult-to-identify intangible benefits associated with local food?

1.3 Research Aim, objectives and structure

These two questions – of scale and fit – are at the heart of this research. As local food systems strive to increase in scale and market impact, and mid-scale family farms search for value-adding alternative markets, it is tempting to suggest that these spheres could be brought together to their mutual benefit. However, given the effects of increased scale of production on the organic movement, important questions must first be answered about the potential impacts of increased scale on the identity, the value, and the integrity of the local food marketplace (Ikerd 2005).

Answering these questions would require a thorough examination of the local food contract. What are the essential components of local food? Clearly, this would not be a simple list of structures, practices and / or goals – local food initiatives express a great
deal of diversity in all of the above. Rather, it would be necessary to identify core
governance principles and processes that not only explain the generation of added-value
across diverse initiatives, but also their stability, development, and continued viability.
As the components of local food are flexible and interpreted or prioritized differently by
participants, this ‘living’ set of operational principles must capture the linkages,
processes, emergences and synergies of local food systems, and reflect their negotiations,
hybridizations, accommodations and tensions, as well as their outcomes.

1.3.1 Research Aim

The broad aim of this research is to determine how the fundamental principles of
governance in local food systems are modified as the scale of both the participant
enterprise and the food chain increases, through an examination of ‘local beef’ initiatives
in Ontario.

To capture the effects of scale on local food systems (LFS), core governance
principles of those systems would be identified. Farms and local food chains that exhibit
qualities expressing a range in scale would then be measured against this reference point.
Key individual choices and group governance decisions would be investigated, to identify
where these subjects demonstrate continuities and deviations from the reference point, the
extent to which each may be attributed to the influences of scale, and the challenge each
represents to the legitimacy and viability of these local initiatives.
1.3.2 Research objectives

Consistent with this aim, four objectives were developed:

1. To create a conceptual framework that captures the defining principles of governance in local food systems, and serves as a reference point to investigate the effects of scale.

2. To identify, categorize and develop a comprehensive picture of the establishment, development and outcomes of a selection of “local beef” initiatives in Ontario – reflecting diverse typologies of scale.

3. To critically analyse how scale interacts with critical governance choices, and affects the potential of local beef chains to adopt the fundamental principles that define local food systems governance, while drawing key lessons and implications from their chosen models of governance.

4. To critically assess how the scale of both farm and group operation affects farmers’ selection of marketing chain, and their interpretation of results.

1.3.3 Research Structure

The research is presented in the form of three discrete but linked manuscripts, written for publication in academic journals. The first manuscript builds on a large body of literature on alternative, local and short food supply chains, to determine the core principles that form the basis of the local food contract. These core principles would serve as a reference point against which the effects of scale can be assessed.

In order to capture these effects, it would be important to assess these initiatives both at the group and farm levels, and get inside their approach to local food. This meant
not only understanding the motivations and expectations of farmers – and how that changed depending on farm scale – but also gaining insight into the decision-making processes at the group level, to determine the extent to which the scale of the initiative influenced choices, strategies and outcomes. The second and third manuscripts were based on in-depth, semi-scripted interviews with key informants and farmers from a range of groups.

Figure 1: Study area showing location of research groups and markets

To identify the limits imposed on these chains by scale, it was necessary to recognize, categorize and – to the extent possible – isolate scale as a variable. Criteria for
this typology included: the ‘length’, complexity and geographic extent of the food chain; the number of producers; the volume of produce; and the size of the target market. Local beef chains across the province of Ontario were ranked based on the interactions of these criteria. Several were selected, representing a range of operational scales and forms— including groups that were organized informally, as a cooperative, or incorporated. Depending on the number of producers in the chain, a comprehensive or proportional sampling of producers was interviewed.

Table 1: Factors that shape food systems processes

<table>
<thead>
<tr>
<th>Factors</th>
<th>Focus of observations</th>
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<tr>
<td>motivations / rationales</td>
<td>goals, values, principles, strategies, mission statements</td>
</tr>
<tr>
<td>representation / identity</td>
<td>marketing, certification</td>
</tr>
<tr>
<td>interactions</td>
<td>negotiations, conflict, relationships</td>
</tr>
<tr>
<td>adaptations / accommodations</td>
<td>altered practices, hybridity, flexibility</td>
</tr>
<tr>
<td>perceptions</td>
<td>(dis)loyalty, (dis)trust, (dis)satisfaction</td>
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<tr>
<td>power dynamics</td>
<td>control of decision-making</td>
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From in-depth, semi-directed interviews, the changing realities at both farm and group level were captured through a comprehensive set of observations (see Table 1). In order to interrogate the adoption of core local food principles by the selected “local beef” initiatives, special attention was given to factors that typically shape the establishment, development and outcomes of processes within food systems. This process-based approach was adopted to capture the perceptions of dynamic experiences, rather than a statistical snapshot, as the purpose was not to describe universal truths, but to find commonalities in these experiences that might demonstrate observable patterns that
would shed light on potential problems and lessons, as well as the dynamics of collaborative governance.

A key objective of this research was to identify the extent to which initiatives operating at a larger scale ‘fit’ the defining principles associated with small-scale local food systems. The second manuscript applied a process-based, critical analysis to determine how these chains reflect and incorporate the fundamental principles governing LFS, as well as the nature and scope of any deviations. The diversity of operational forms and scales would lend itself to the development of a framework showing how farm and group scales interact with key governance decisions, to influence the trajectory of these groups. This framework would help to identify the extent to which key governance decisions and scale encourage the development of chains that reflect the fundamental principles of local food systems, or move towards a conventionalized trajectory. This analysis forms the basis of the second manuscript, in Chapter 3. The framework was also applied to the case study of a large Irish beef cooperative (Appendix 1) founded on the principles of endogenous development, and which appears to address many of the issues that plagued Ontario groups.

In the third manuscript, the motivations, attractions, expectations and evaluations of farmers were analysed to determine the influence of the scale of farm and group operation on farm-level outcomes, and on farmers’ assessment of the legitimacy and viability of local marketing initiatives. The results provided insight into the potential for processes of conventionalization to influence local food outcomes.
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<td>Introduction (n/a)</td>
<td>Research context; research aim and objectives; thesis structure and contributions</td>
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<td>Ch.2</td>
<td>Mount, P., 2011. Growing Local Food: Scale and Local Food Systems Governance. Agriculture and Human Values 29(1), pp. 107-121.</td>
<td>Review and theoretical analysis of literature; creation of a conceptual framework capturing the defining principles of ‘local food’ – a reference point to test the effects of scale</td>
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<td>Ch.4</td>
<td>Mount, P. and J. Smithers. Linking Scale, Practice and Legitimacy in Local Food: Insights from the beef sector in Ontario. (In review) Journal of Rural Studies</td>
<td>Process-based, critical analysis of key governance decisions of the selected chains, using a framework that compared development trajectories – to determine how they reflect and incorporate the fundamental principles governing LFS</td>
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<td>Ch.5</td>
<td>Mount, P. and J. Smithers. The Conventionalization of Local Food: Reflections from the farm on the potential of local, alternative beef marketing groups. To be submitted to the Journal of Agriculture, Food Systems and Community Development</td>
<td>Analysis of the motivations, and evaluations of farmers, to determine the influence of the scale of farm and group operation on farm-level outcomes; assessment of the conventionalization of local food</td>
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<td>Interview guide: key informants</td>
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<td>Appendix D (n/a)</td>
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1.4 References


CHAPTER TWO:

BUILDING A CONCEPTUAL FRAMEWORK THAT CAPTURES THE DEFINING PRINCIPLES OF GOVERNANCE IN LOCAL FOOD SYSTEMS

Publication details:

Mount, P., 2011. Growing Local Food: Scale and Local Food Systems Governance. Agriculture and Human Values 29(1): 107-121. (DOI) 10.1007/s10460-011-9331-0 The final publication is available at: http://www.springerlink.com/content/w21t2718w368157w/?MUD=MP

2.1 Manuscript -

Growing Local Food: Scale and local food systems governance

2.2 Abstract

“Scaling-up” is the next hurdle facing the local food movement. In order to effect broader systemic impacts, local food systems (LFS) will have to grow, and engage either more or larger consumers and producers. Encouraging the involvement of mid-sized farms looks to be an elegant solution, by broadening the accessibility of local food while providing alternative revenue streams for troubled family farms. Logistical, structural and regulatory barriers to increased scale in LFS are well known. Less is understood about the way in which scale developments affect the perception and legitimacy of LFS. This value-added opportunity begs the question: Is the value that adheres to local food scalable?

Many familiar with local food discourse might suggest that important pieces of added value within LFS are generated by the reconnection of producer and consumer, the direct exchange through which this occurs, and the shared goals and values that provide
the basis for reconnection. However, these assertions are based on tenuous assumptions about how interactions within the direct exchange produce value, and how LFS are governed. An exploration of these assumptions shows that existing assumptions do not properly acknowledge the hybridity, diversity, and flexibility inherent in LFS. A clear analysis of the potential of scale in LFS will depend on understanding both how value is determined within LFS, and the processes through which these systems are governed. Such an analysis shows that, while scaled-up LFS will be challenged to maintain legitimacy and an identity as “alternative”, the establishment of an open governance process – based on a “negotiation of accommodations” – is likely to enhance their viability.

**Key words**  Local food, scale, value-added, direct exchange, governance; local food systems, family farms, alternative agriculture

**Abbreviations**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>FM</td>
<td>Farmers market</td>
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<tr>
<td>LFS</td>
<td>Local food systems</td>
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**2.3 Introduction**

Across North America, new urban foodscapes are dotted with grazing “locavores,” marking the territory of their 100-mile diets, twittering of Buy Local and “field to fork”
campaigns; and flocking to resurgent farmers’ markets. Their enthusiasm has captured
the attention and imagination of a constantly growing number of consumers, journalists,
chefs, politicians, academics, farmers, and food retailers (Feagan 2007; Dale 2008; Rance
2008; Hein 2009). The buzz over local food has reverberated across the developed world,
and has produced a cacophony of newsletters, blogs and media stories; and spawned
multiple foodie bestsellers, big-budget films, an iPhone “app” for locavores, and even
gardens at Buckingham Palace, and on the White House lawn.

While the buzz has largely been supportive, some academics have examined
critically - and challenged – assumptions and expectations that underlie local food
systems (LFS) (Hinrichs 2003; Born and Purcell 2006; DuPuis and Gillon 2009),
including the benefits of reduced food miles (Desrochers and Shimizu 2008), and the
potential of LFS to be more than elite niche markets for relatively small numbers of
specialized producers (Allen et al. 2003; Goodman 2004; DuPuis and Goodman 2005;
although, see Seyfang 2008). Increasingly, LFS analysts assert that in order to capitalize
on the momentum of this movement and to broaden accessibility, local food entities will
have to scale-up, engaging either more or larger consumers and producers (Born and
Purcell 2006; Friedmann 2007; Hinrichs and Barham 2007; Donald 2009; MacRae et al.
2009), in commodities and regions where this is appropriate (Andrée 2009).

Growing numbers of intermediary initiatives are currently seeking to engage farms
that have been excluded or left behind by the local food movement. The president of
Local Food Plus – one such intermediary group – provides a compelling motive:
We’re very supportive of smaller projects like direct marketing and farmers markets, but these only encompass about two per cent of the market, which will not transform agriculture — so we have to start engaging farmers who are not part of those systems. (Stahlbrand in Biggs 2009, p. 13)

Involving mid-sized family farms in local food initiatives looks at first to be an elegant solution: achieving (larger) scale in LFS while providing a much-needed source of added value (and therefore, income) for a large cohort of struggling farm households. Over the past decade, farm commodity groups, industry analysts and commentators throughout the developed world have both encouraged and discouraged family farm pursuit of the value-added opportunities of marketing food locally (Gooch 2007; Hinrichs and Barham 2007; Charlebois 2008; Dale 2008; Stevenson and Pirog 2008).

However, the opportunities presented by value-added local food chains have been debated without a thorough accounting of what lies behind the local food premium, and beg important questions related to scale. The scholars at the Agriculture of the Middle project have suggested that scale of operation has trapped these farms in an agricultural purgatory: “Mid-sized farms are the most vulnerable in today’s polarized markets, since they are too small to compete in the highly consolidated commodity markets, and too large and commoditized to sell in the direct markets” (Kirschenmann et al. 2008, p. 3).

In order to better understand potential of growth in LFS, it is first necessary to explicitly identify sources of added value, and determine whether – and to what extent – such premiums are accessible to those operating at increased scale. The following section identifies sources of added value that will be difficult to access at larger scales unless logistical, structural, and regulatory barriers are overcome. This analysis sets the context for the remainder of the discussion, which focuses on the perhaps more significant – and
less understood – set of intangible qualities that influence the perception of participants, and the character of added value within LFS.

2.3.1 Barriers to scale growth in LFS

The picture is complex. While regional and sectoral variations are apparent throughout the developed world, over the last generation off-farm income has come to play a major role in the development path of most family farms (Smithers and Johnson 2004; Pritchard et al. 2007; Alasia et al. 2009; Oberholtzer et al. 2010). In a story typical of many regions, the most recent Canadian Census of Agriculture shows that almost half (48.5%) of farm operators identify their occupation as non-agricultural (Statistics Canada 2008), and that the majority of gross farm revenue comes from off-farm employment (OMAFRA 2009b). These realities shape the decisions of family farms. For instance, if it is widely believed – within the farm community at large – that accessing added value from local food requires an increase in farm labor, significant off-farm commitments will give pause to many families considering such a transition.

The notion that local food can help these farms is contingent on a degree of scale neutrality: the logic, practice, and principles of systems based on small-scale production must in some way apply across all scales of production. And yet, this is clearly not the case with key aspects of LFS. Research on short food supply chains in Europe (e.g., Renting et al. 2003; Ilbery and Maye 2005; Sonnino and Marsden 2006), suggests that a significant portion of the added value for farmers comes through the elimination of profit-taking intermediaries (i.e., processors, distributors and retailers) in the food chain. The potential of these short food supply chains, as with LFS, has been demonstrated by
producers who can easily take advantage of geographical proximity, direct sales to consumers, and minimal processing requirements. Farmers who produce commodities that require processing, or operate at a scale – of production volume, market, or geographic extent – greater than typical of LFS, will be challenged to access these advantages, and the portion of the local food premium that is attached.

The primary focus of many mid-sized farms is the production of livestock and commodity crops – where processing is a necessary intermediary. In order to retain value, while adding processors and retailers between themselves and consumers, these farmers would have to create – or become a part of – vertically integrated food value chains, controlling process and profit from farm to consumer. This option has become difficult to put into place where regional processing, distribution and retailing have succumbed to the efficiencies of scale and concentration, as well as to regulations that favor large-scale processors and retailers (Baxter 2008; Marion 2009). It is clear that – absent a developed local food infrastructure – mid-scale producers will not engage in local food initiatives without a significant investment or re-focus of time, effort and money.

However, these barriers are not inherently insurmountable, and many possible solutions have been identified (Andrée 2009; Lyson et al. 2008; Donald 2009; Baker et al. 2010; Harvie and Steffey 2010). For example, loss of processing infrastructure in the beef sector has generated protests over the enforcement of inappropriate regulations, and translated into targeted policies, including money for new regional slaughtering facilities, as well as innovative private sector solutions such as mobile slaughter facilities (Adelman 2009; OMAFRA 2009; Vannahme 2009). In fact, the difficulties of inadequate finance, disappearing infrastructure and inappropriate regulation have been so compelling that the
emphasis in the development of scale in LFS has been on solving the logistical problems that prevent farmer participation. This emphasis conceals an implicit assumption that local food can be treated as a typical value-added niche; that – once logistical barriers are overcome – family farms will be free to sell local food. It may not be that easy.

**2.3.2 Accounting for the local food premium**

A full assessment of the local food premium must account for the possibility that local food is not simply another familiar value-added niche opportunity requiring only a distinct commodity, and the strict control of the commodity production process. Virtually all accounts of local food benefits include a multiplier effect from the interaction or reconnection of producers and consumers. Reconnection generates intangible qualities; some piece of added value that is difficult to quantify because it relates to the perception of participants. The emphasis on logistical barriers discounts the value of these intangible qualities, or suggests that they are natural outcomes of selling local food. But clearly a change in the scale of production that alters how the participants interact may in turn affect the generation of intangible qualities and the perception of both the factors that add value and the resulting price premium.

In fact, many have suggested that these intangible qualities – generated by the direct exchange between farmer and consumer – are critical to the success of local food systems (Ostrom and Jussaume 2007; Feagan 2008; Henry 2008). In this account, the relationship formed through direct marketing creates the opportunity for a personal exchange of ideas, stories, questions and reassurances. The potential for interaction and transparency in this relationship delivers accountability and trust, and, through this, security and confidence –
qualities that can only be assumed, or accepted as given, without this interaction. Moreover, this direct exchange of ideas provides the opportunity for participants to establish a shared set of goals and values that will govern their relationship and serve as the basis of their alternative identity. This interpretation suggests that: (a) local food is more than a commodity; (b) that a significant part of the local food premium reflects the delivery of intangible qualities; (c) that this delivery would be more difficult if the form of exchange is altered to accommodate scale; and that (d) successful scaling up, therefore, will not be achieved simply through increased volume. Calls to grow the local food system may thus beg two fundamental questions:

1. Would the value that adheres to local food be lost with greater scale?
2. Is it possible to develop local short food supply chains, involving larger family farms, without violating the basic tenets of local food systems?

As reflexive systems, LFS develop because of challenges to the legitimacy of the practices, externalities and outcomes of conventional food systems (Beck et al. 2003). Critical to the viability of these growing LFS, therefore, is understanding the perception of the participants, and maintaining legitimacy in the process of scaling-up. Given the farm-level constraints of scale and sector, creating space for mid-sized family farms in LFS may sever the direct relationship, and demand scale structures and mechanisms typical of conventional food systems, such as branding (to transmit a story of quality and authenticity); certification (to transmit a guarantee offering reassurance and trust); and retail (to connect with a large number of consumers). These changes bring into question the ability of such LFS to deliver intangible qualities and maintain a distinction as an alternative to conventional food systems. This in turn would challenge their ability to retain legitimacy, as well as any premium attached to local food.
In short, while it is primarily the local food premium that attracts family farms to local food marketing, in this value-added assessment the premium is almost entirely accounted for by processes, relationships and structures that may be ineffective – or difficult to maintain – at larger scale. If an important part of the local food premium is, as this account suggests, intended to compensate the producer for intangible benefits that are generated by reconnection via direct exchange, then the introduction of upscale structures questions the ability of producers to successfully deliver food locally, because they will be challenged to maintain a direct exchange with their consumers.

However, it must be acknowledged that these conclusions are based on tenuous assumptions about how intangible qualities – and added value – are produced; the nature of interaction within the direct exchange; and the nature of LFS governance. To better understand the potential of scale within local food systems, these intangible qualities cannot be black-boxed, and treated as both indispensable and/or a natural outcome of LFS – either generated by the direct exchange, or embedded in underlying shared goals and values.

The following analysis challenges these assumptions, and shows that many of the presumed basic tenets of LFS in the literature are in fact based on normative expectations which, while incompatible with greater scale, are not explanatory of LFS governance and reality. A focus on the process behind the establishment of LFS in the same literature points to a set of fundamental principles that govern such systems – principles that, while sensitive to scale, may not preclude scale development. A clear analysis of the potential of increasing scale in LFS will depend on understanding both how value is determined within LFS, and the fundamental principles on which these systems currently are based.
2.4 Unpacking the fundamental principles of local food

The most common portrayals – from academia to popular media – suggest that the fundamental principles of local food systems must surely include the (a) reconnection of producer and consumer, (b) the direct exchange through which this occurs, and (c) the shared goals and values that underlie the system. Closer inspection shows that these portrayals speak to the potential of LFS, but not their realities. The notions of reconnection, direct exchange, and shared goals and values are reductionist caricatures that essentialize both form and participants, and overlook important evidence of hybridity, flexibility, and fetishization. In order to have explanatory value, the principles that shape the governance of these systems must capture the varied, hybrid, and flexible reality, and not simply reflect their potential. But these common portrayals are worth a closer look because, while the assumptions that surround them often distract, they also offer clues to the processes and principles governing local food systems: clues that will help growing LFS determine their best route to viability.

2.4.1 Reconnection of consumer and producer

Local food is often presented as offering an alternative to the dis-connected relationships found in conventional food systems. In this alternative relationship the interaction of producer and consumer in a direct exchange will inevitably lead to the reconnection of the food system (see Grey 2000; Hendrickson and Heffernan 2002; Kirwan 2004; Morris and Evans 2004; Venn et al. 2006; Sage 2007). In a recent paper, Morris and Kirwan (2010, p. 132) found that “Both policy makers and academic analysis has [sic] tended to treat the concept of reconnection normatively, as something to be worked towards as a desirable end goal rather than a process that needs to be subject to critical analysis”.

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These words echo others who have problematized such characterizations as insufficiently nuanced (Hinrichs 2000; Winter 2003; Goodman 2004; Sonnino and Marsden 2006; Higgins et al. 2008). Criticism is most often reserved for dualistic portrayals, and emphasizes a need to recognize the wide range of embeddedness (Winter 2003; Chiffoleau 2009), marketness (Hinrichs 2000; DeLind 2003) or alterity (Allen et al. 2003; Kirwan 2004) found in local and conventional food systems, typical of all networks of exchange.

But the notion of return implicit (and often explicit) in these tales of reconnection (see Grey 2000; Kirwan 2004; Venn et al. 2006) is problematic not only because it suggests a straightforward return to an historical (implicitly simpler, more authentic and fulfilling) food system based on direct relationships, but also because it minimizes the recent fundamental transformations of the participants and sites of such reunions. The most significant influences on the current and future configuration of food systems in the developed world is the context provided by conventional food system failures and benefits, and the lasting effects on consumers and producers of their experiences within both conventional and alternative systems.

Reconnection requires more than a physical re-coupling of farmers and consumers, currently separated by the lengthening food chain that has stretched between them – a distance structurally imposed by conventional food systems. This reunion must also acknowledge and accommodate the changes introduced by both separation and time. The transformation of the rural landscape – through the processes generated by the industrialization of agriculture – has created a differentiated farm community, exhibiting a range of adaptations informed by diverse experiences of change (Marsden 1999;
This historical activity has produced competitive spaces occupied by conventional and alternative food systems, as well as by rural development schemes and manufacturers looking for the (relatively) cheap labor available in rural regions. These new “micro-geographies of rural space” (Sonnino and Marsden 2006, p. 194) make for uncomfortable neighbors: intensive confined livestock production facilities, cash croppers, small-scale organic vegetable growers and beef farmers compete for land on power corridors servicing new wind farms. The practices, infrastructures, target-markets and side-effects of the activities of neighbors create diverse interests and priorities – and conflict – within as well as outside the farm community. Re-connected LFS will not be immune to the perceptions and power dynamics that underlie this continual renegotiation of rural space and governance. A public broadly perceived, by farmers, to lack understanding, empathy or appreciation (Smithers et al. 2005) will have to accommodate modern farm families with 1) little or no experience addressing diversity in consumer demand (or diversity in their consumers); 2) a greater familiarity with (and perhaps affinity to) productivist practices (Schneider and Francis 2005); 3) a restricted ability to adapt production practices (Ostrom and Jussaume 2007); and 4) a perceived loss of control over on-farm decision making (Dedieu et al. 2009).

Conventional food systems have failed farmers and consumers in different ways, produced divergent priorities, and influenced how they might re-connect in an alternative platform. For small and mid-scale farmers, the declining share of the consumer food dollar and the resulting cost-price squeeze of commodity production have increased reliance on off-farm income for survival. For these family farms, any viable alternative must necessarily address this shortfall (Kirwan 2004; Ross 2006; Watts et al. 2005;
Goodman and Goodman 2007; Chalmers et al. 2009), and offer significant incentives as well as reassurances.

For consumers, the problems of conventional food systems have fostered concerns over the source and content of their food, environmental impacts of production, food scares, food miles, and declining food nutrition and taste (Blay-Palmer and Donald 2007; Ostrom 2007; Sage 2007). It is clear that, in the abstract, the theoretical value attached to local food comprehensively maps these consumer concerns, reflecting the broader public and scientific discourse, and increasing the likelihood that perceptions of safety, authenticity, trust, transparency, sustainability, confidence and risk become a part of the prioritization process governing consumer food choices. However, the perception of such problems and their solutions will be approached and prioritized differently by (for instance) new, old, and young farmers; and aging boomers, new parents, and “scuppies” (socially conscious urban professionals).

At the same time, it must also be recognized that the benefits of conventional food systems – including variety, low prices and convenience – have had a fundamental impact on consumer priorities (DeLind 1999; Hinrichs 2000; Miele 2006; Ross 2006; Smithers et al. 2008). Any notion of reconnection must acknowledge and problematize the influence – on both consumers and producers – of their (historic and on-going) engagement with conventional and alternative food systems, and the hybridity exhibited by both systems as a result.
2.4.1.1 Alternative in a hybrid world

There is broad agreement that the value of local food is contingent upon a representation as alternative (Ilbery et al. 2005; Cox et al. 2008; Seyfang 2008; Chalmers et al. 2009; DuPuis and Gillon 2009), as both consumers and producers seek that which conventional food systems do not provide. But local food systems arise within a context largely shaped by the prevailing systems, and with which they will necessarily interact and co-evolve (Allen and Kovach 2000; Goodman 2004; Maxey 2006; Seyfang 2006; Sonnino and Marsden 2006). To take Granovetter’s (1985) description of embeddedness seriously is to acknowledge that engagement within an alternative food system does not exempt participants from the influences of wider systems and relationships that provide the context for personal and LFS decision making and governance. That is, if economic relations are embedded in social networks (as Granovetter suggests), alternative social networks are equally embedded within material conditions shaped by the economic and discursive dominance of conventional systems.

As such, it should be no surprise that LFS often create hybrid spaces (Smithers and Joseph 2010), and employ hybrid strategies (Jarosz 2008). For example, maintaining an exclusive strategy of direct sales is not simple in practice: even small-scale local food producers find it difficult to dispose of product exclusively through the direct exchange (Ostrom and Jussaume 2007). As a consequence, many local food producers sell to both local and conventional markets (Watts et al. 2005; Sonnino and Marsden 2006; Oberholtzer et al. 2010), just as most consumers purchase from both. In fact, research comparing mainstream and local food supply chains in different U.S. markets found not only that the processors, distributors, and retailers were often shared by both, but that
many producers targeted both markets in a conscious strategy: using the profile and relationships generated through one to facilitate entry into the other (King et al. 2010, p. 62-68). This echoes research from the U.K. showing similarly hybridized marketing strategies (Ilbery et al. 2010, p. 972).

But hybridity is not only a function of shared mechanisms or practices; it is also a reflection of the social embeddedness shared by systems and their participants. Alternative and conventional food systems do not exist as isolated ideal types (Maxey 2006): hybridity is therefore the natural state of both types of systems. What is important for the purposes of this discussion is the perception of hybridity, and how that in turn influences the perceived identity of any system that constitutes itself as an alternative. LFS that lose sight of the importance of alterity risk the wrath of consumer skepticism – another by-product of engagement with conventional food systems (Eden et al. 2008; Little et al. 2009).

Hybridity in LFS cannot be interpreted as problematic in and of itself. In fact, recognition of hybridity may be a sign of an adaptive, more reflexive localism. DuPuis and Goodman (2005, p. 361) suggest that such a process can “take account of the unintended consequences, ironies and contradictions involved in all social change, and treat ongoing conflicts and differences between various groups not as polarizing divisions but as grounds for respectful—and even productive—disagreement”. Such awareness may also prove to be a useful defence mechanism: as local food grows, conventional food purveyors will increasingly contest meaning through marketing (Sonnino and Marsden 2006; Seyfang 2008); make use of alternative discourse (Jackson et al. 2007); and imitate or reproduce aspects of the hybridity exhibited by growing local food initiatives (Morgan
et al. 2006; Sage 2007). As Buttel (2006, p. 214) has made clear, adaptability is one of the characteristics that has given “unsustainable agro-food systems” their tremendous staying power.

An implicit assumption of reconnection is that the most significant aspect of the value-added in the exchange is the result of simply bringing these parties back together. That is, reconnection of consumers and producers leads to the effortless reestablishment of known and familiar outcomes. It is the desire to recreate these outcomes that is presumed to motivate reconnection. The biggest problem with this approach is that it ignores – or treats as insignificant – an equally important motivation: that all participants are looking for an alternative to conventional food systems. Legitimacy demands careful attention to establishing and maintaining an alternative identity. Reconnection implies that legitimacy is inherent in LFS, when in fact, in a society characterized by hybrid systems, alternative is a moving target. Rather than reproducing familiar outcomes through reconnection, LFS must create outcomes that are perceived as familiar, while matching expectations that have been shaped by exposure to a market dominated by ever-adaptable conventional food systems.

Legitimacy at the very least demands that LFS must avoid the appearance of being or becoming that which they have replaced. Growing LFS must identify space in which they can maintain an alternative identity within a context of hybridity. Niche products are not a long-term solution because successful distinctions are inevitably copied, and the value-added dispersed by saturation. Delind (2006, p. 126) supplies a further reason why LFS that rely on product differentiation or niche commodity production to add value will not be able to maintain the essential distinction as alternative:
Without an emotional, a spiritual, and a physical glue to create loyalty, not to a product, but to layered sets of embodied relationships, local will have no holding power. It will be reconfigured by market rationality into new consumable products, entertainments, and exchangeable and interchangeable attributes.

That is, an alternative identity must go beyond brand loyalty and product quality. It must stake out territory, spaces and bonds that cannot be replicated through conventional food chains. This echoes Watts et al. (2005), who see quality food production as a weaker alternative than that which emphasizes the networks through which the food is exchanged. The direct exchange – as the most obvious method of creating and maintaining such unique bonds – offers an important means of maintaining an alternative identity within a context of hybridity. However, the bond – or the direct exchange – is not an end in itself; added value comes from what passes through these bonds, including an identity as alternative and, therefore, legitimacy.

2.4.2 Direct exchange

For many LFS analysts, local food is de facto the direct exchange. This is easy to understand, as the quintessential local food initiatives – from the farm gate to the farmers’ market – are symbolized more by this face-to-face interaction than by the food that changes hands. The direct exchange is often presented as an essential component of LFS (Ostrom and Jussaume 2007; Feagan 2008), creating opportunities for interaction, engagement, and embeddedness that simultaneously deliver information, transparency, accountability and authenticity, while generating confidence, satisfaction, trust (Ostrom 2006; Ross 2006; Hunt 2007) and “regard” (Kirwan 2004; Sage 2007). In this account,
one may see how the direct exchange would be credited with a crucial role in creating both the intangible qualities and the associated added value of LFS.

However, these portrayals speak of the potential of the direct exchange, rather than the reality, and flirt with misleading reductionism when they rely on caricatures of the factors and processes involved. Given the tangled web of perceptions, interactions and outcomes present in any direct exchange, single factors and causal relationships are difficult to isolate, characterize or measure. For instance, Hinrichs warned that the presence of social interaction in the direct exchange should not lead to the assumption that embeddedness was the inevitable result: “A more critical view of embeddedness recognizes that price may still matter and that self-interest may be at work, sometimes even in the midst of vigorous, meaningful social ties” (2000, p. 297).

Just as Hinrichs sees a tension between embeddedness and marketness (2000) Carolan interprets “active trust” as one pole on a spectrum balanced by virtual (or assumed) trust, and suggests that only thick relationships could lead to the “purposeful acts” involved in active trust (2006, p. 328). Similarly, Dubuisson-Quellier and Lamine (2008, p. 58) place engagement on a spectrum ranging from empowered to delegative. For the delegative consumer, engagement is largely passive, and relies on the transfer of control and responsibility, whereas empowered consumers “participate as political actors in decisions that refer to the production, retailing, logistics, and consumption choices made about products” (2008, p. 62). In this analysis, without engagement on the part of consumers, market mechanisms and certification regimes become symbols that act as a substitute for meaningful exchange.

However, the authors warn against dualistic assumptions based on this typology:
Alternative food networks suggest a framework for mixed behaviours of consumers that associate multiple types and degrees of consumer involvement… Between these two very specific positions on the character of consumer involvement, most consumers adopt intermediary behaviour, combining delegation …at certain times and participation in collective choices about production and consumption in others. (2008, p. 63)

That is, not only is it necessary to avoid reductionist assumptions about the nature of the factors involved in the direct exchange; it is also necessary to remember that participants employ different rationales and priorities in different contexts. This leads to some interesting tentative conclusions: if the intangible qualities – and the associated added value – of the direct exchange are produced only with active, engaged, embedded participants, then perhaps passive (delegative, fetishized) engagement produces a different type of value; one that is attached primarily to the commodity, rather than the relationship through which it is exchanged. And this distinction between an active and passive engagement may also reflect a difference in kind between a more political cultural embeddedness – based on group identity, interdependence and coherence (Kirwan 2004; Carolan, 2006; Moore 2006; Trabalzi 2007) – and a ‘relational embeddedness’, based simply on personal interaction, as Chiffoleau (2009) suggests.

The direct exchange can certainly play a symbolic role for passive consumers seeking an alternative food experience (Little et al. 2009). Since it cannot easily be replicated within conventional food systems, the direct exchange holds a symbolic alterity that adds value (Rosin 2007; Sage 2007; Cox et al. 2008). For other passive participants, the potential for interaction, embeddedness or verification, may be enough to deliver added value in the direct exchange. Whether it symbolizes the alterity or the potential of LFS, this analysis would suggest that the passive direct exchange does not
create the same intangible qualities and added value as an active direct exchange, but
instead produces a symbolic value of similar worth that becomes an attribute of the
commodity. In this symbolic role the direct exchange provides an opportunity for
delegation, disengagement and fetishization; a proxy for further thought and engagement
(Cadieux 2005; see also Allen and Hinrichs 2007).

Research on certification shows that similar issues arise with ethical commodities,
where the product comes to symbolize the practices or principles that are – in theory –
adding value to the exchange (Guthman 2002; Eden et al. 2008; Mutersbaugh and Lyon
2010). This is significant because in its creative role, the direct exchange – as a conduit
for information and embeddedness – is often credited with the de-fetishization of food
(Kirwan 2004; Watts et al. 2005). While neither the symbolic nor creative visions of the
direct exchange fully describes the interactions and engagement of LFS participants, they
confirm the need for a conceptualization of value that has broad explanatory capacity.
Not all value present in the direct exchange passes through the direct exchange.

2.4.2.1 Enhanced exchange
LFS participants have an expectation that the exchange will be enhanced in a manner that
satisfies personal priorities. While those priorities are diverse, one basic insight about the
exchange can be drawn: the choice to participate can be taken as a sign of a desire to fill
voids and address problems produced by large-scale industrial food production,
processing and retailing. Implicit in the choice to participate in LFS – in the decision to
actively seek an alternative – is a reflexivity that questions the legitimacy of the practices
and outcomes of conventional food systems, and finds fault with their rationales and
unintended side-effects (Beck et al. 2003). The process of reflexivity, however, produces diverse priorities: to lessen environmental impacts or food miles; to find a source of safe, nutritious food; to find a steady source of on-farm income; or to keep food dollars in the local economy. Even this brief list shows that both legitimacy and an alternative identity are key components of the value that LFS must create. However, it is clear from the preceding analysis that any attempts to further clarify this description – by identifying a universal value that enhances the exchange, and the source of that value – must rely on a set of reductionist assumptions that do not explain the actions of large subsets of LFS participants.

Research on participation in LFS has demonstrated that, where active participation is not valued, the potential for interaction and engagement in the farmer / consumer relationship often remains unfulfilled (Moore 2008); that, in the direct exchange, “trust frequently trumps the need for details” (Smithers et al. 2008, p. 345). But if this trust is not in some way generated by information passed through the direct exchange – if trust in fact precedes that exchange – then what is its source? Three factors come to mind:

1. Conventional food systems rely on virtual or assumed trust, and leave little room for the active expression of trust (Sonnino and Marsden 2006). Since the direct exchange stands as a symbol of alterity, LFS participants may look to it as a relatively safe space to express meaningful trust.

2. As the outcome of reflexive processes and a symbol of alterity, the direct exchange owes its legitimacy as much to skepticism and distrust of conventional food systems as it does to trust of LFS (Sage 2007; Eden et al. 2008; Little et al. 2009).

3. In opinion polling, consumers consistently and overwhelmingly indicate a willingness to grant trust to farmers as a generic group, and exceptional levels
of trust to small and/or local farmers (Roper 2004; Ipsos Reid 2006 and 2008; CFI 2009; NFU 2009; OFAC 2009).

That is, trust in the direct exchange may be as much a predisposition as an outcome; as much an absence of distrust as it is the creation of trust. The direct exchange reinforces – and provides an outlet for – a predisposition to trust, and serves as both a symbol of the alterity of the consumer’s decision and a buffer against distrust. When the literature speaks of a desire to re-establish trust (Morris and Buller 2003; Watts et al. 2005), this points to trust as a predisposition of LFS participants, not as an outcome of the direct exchange.

However, Morris and Kirwan (2010) suggest that moving beyond direct contact between producer and consumer exposes the exchange to the vagaries of the communication and interpretation of information, leading to the potential for fetishization, cynicism or distrust. That is, even with a predisposition to trust, where there is no direct contact, consumers are more willing to challenge the facts behind the production of their food purchases. Without a direct connection, cynicism and distrust are more likely because information alone is not enough to overcome systemic disembedding forces that promote consumer detachment from producers. LFS that scale up may be advised to maintain some form of contact between producers and consumers, to take advantage of its symbolic attachment to alterity, and to fend off cynicism, skepticism and distrust – reflexive qualities that have been nurtured through consumer interaction within conventional food systems.

The direct exchange has also become a symbol on the battleground between alterity and hybridity. Research with customers at farmers’ markets has shown that flexibility in the consumer’s demand for or interpretation of local is often related to other priorities,
including a desire for variety (Kirwan 2004; Smithers and Joseph 2010). For Kirwan, the tension between variety and authenticity demanded by consumers at the farmers’ market (FM) “begs the question as to how much flexibility there is within this alterity, before the farmers’ markets start to lose their identity as an alternative strategy and the ability to deliver their espoused benefits” (2004, p. 407). But Smithers and Joseph show that flexibility can be as important to the sustainability of some FMs as authenticity is to others. Balancing vendor returns and viability against consumers’ expectations and assumptions is crucial to FM governance:

This [balance] both permits, and even encourages, diversity in the characteristics of FMs, as individual markets find their own comfort level in the presence of different types of producers and sellers of food—a situation that is welcomed by some and highly problematic for others. (Smithers and Joseph 2010, p. 3)

A certification regime that aims to protect the alternative identity of FMs (Kirwan 2004), and polices authenticity by certifying the vendors at FMs (Smithers and Joseph 2010), may lead to delegation, and therefore the potential to fetishize the form of the exchange; enabling consumers to assume authenticity, rather than identify it through engaged interaction (Feagan et al. 2004; Miele 2006; Eden et al. 2008; Chalmers et al. 2009). The tension between maintaining both an alternative identity and engaged participants, and the resulting conflict between competing functions and outcomes, requirements and expectations within the direct exchange, highlight the complexity of LFS governance, and also the multiple points of perception where legitimacy can be reinforced or challenged.

To focus on the direct exchange itself as fundamental to added value within LFS treats this complexity as incidental. The research on participation in LFS shows a
constant, multi-polar tension in the direct exchange: between embeddedness and marketness; between participation and delegation; between trust, distrust and verification; and between reflexivity, flexibility and fetishism (Kirwan 2004; Alkon 2008; Chalmers et al 2009; Feagan and Morris 2009; Smithers and Joseph 2010). This suggests that diversity may be more relevant to governance than the direct exchange itself. LFS participants – whatever their level of engagement, embeddedness and trust – all have an expectation that the exchange will be enhanced in a manner that satisfies their priorities. This serves as a reminder that legitimacy and alterity – key components of the value in the direct exchange – are also measured differently by participants. Reductionist assumptions about intangible qualities and the source of the value created by the direct exchange lead to simplistic assumptions about both the level and nature of the engagement of participants. The concept of enhanced exchange captures the diversity of intangible qualities delivered to local food consumers, as well as the diversity of priorities through which they determine value and commensurate compensation.

But this is not simply a case of recognizing the complexity of the direct exchange for complexity’s sake. Rather, by acknowledging such variability, sources of tension become clear: tension that exists between the symbolic and creative roles of the direct exchange, and between value that is attached to relationships versus value attached to a commodity. And it is in recognizing this tension – rather than retaining a primary focus on maintaining a direct exchange – that LFS of any scale will find the key to long-term viability. Just as efforts towards reconnection may encourage LFS to ignore or avoid – rather than embrace and address – hybridity, a focus on the direct exchange as fundamental to LFS may lead to complacency, commodification, an inability to reconcile
different priorities, and a loss of legitimacy. Recognition of this variability demands that any model of governance with the goal of long-term viability must acknowledge the diverse and ever-changing balance of interests to be maintained.

2.4.3 Shared goals and values

In the attempt to establish a basis for governance in LFS, the literature frequently turns to a set of shared goals and values, most often related to sustainability and social justice objectives (Allen et al. 2003; Hinrichs 2003; Sage 2003; Jarosz 2008). This approach again speaks of potential rather than reality, and frequently accompanies cautionary tales of LFS that fail to aspire to these shared goals and values (Allen et al. 2003; Hinrichs 2003; Sonnino and Marsden 2006). Some have challenged this approach, stating that the large number of market-based, entrepreneurial (Goodman and Goodman 2007), “defensive” (Hinrichs 2003; Winter 2003) or merely alternative (Allen et al. 2003) local food initiatives cannot be dismissed as incoherent, inconsistent or incompatible with local food system ideals (Hinrichs 2007). Rather, such instances must be explained in order to uncover different needs and adaptations (ibid.) or power dynamics and social relations (Goodman and Goodman 2007).

While common goals and values may be shared between forms, these do not extend across all: diversity would appear to be the rule, rather than the exception (Morris and Buller 2003; Ilbery and Maye 2005; Sonnino and Marsden 2006; Venn et al. 2006; Holloway et al. 2007; Ostrom and Jussaume 2007). Diverse goals and values are exhibited within LFS as well; local food tends to be approached, experienced and perceived by each participant based on their unique priorities, anxieties, capacities, goals.
and values (Lamine 2005; Morris and Kirwan 2006; Cox et al. 2008; Kneafsey 2010). This is not surprising, given that research also shows that choice and perception play central roles in local food systems development. While many farmers may share the concerns of consumers, their priority of on-farm economic viability can obscure other goals (Ross 2006). Given the multi-faceted priorities of farmers and consumers (Cox et al. 2008; Jarosz 2008; Magne and Cerf 2009; Pirog and Rasmussen 2008; Chalmers et al. 2009), establishing a broadly-based approach to governance within LFS involves reconciling diverse goals and values, rather than identifying shared goals and values.

Attempts to describe or identify shared goals and values within LFS overlook the power imbalances and exclusions that take place when food networks are formed (Rosin 2007; Harris 2009), and distract from the actual processes by which LFS are established, maintained and adapted. DuPuis et al (2006, p. 263) suggest that, with a focus on process and politics, one is less likely to lose sight of the fact that such systems are not “defined by a consensual, monolithic set of values”. Borrowing from Marsden, they hold that the broader social impacts and replicability of LFS are mediated by pre-existing regional inequalities (DuPuis et al. 2006, p. 254; see also Kneafsey 2010, p. 183), as well as the strategies of founding and controlling actors (i.e., consumers, producers). Put another way, LFS are defined not so much by their shared goals and values, as by the processes through which goals and values come to be shared.

2.4.3.1 Prescription vs. negotiation

Central to this discussion is the self-reinforcing nature of the processes that determine governance, legitimacy and identity in LFS. In a seminal piece, DuPuis and Goodman
(2005) describe reflexive and unreflexive approaches to governance, whereby unreflexive LFS identify problems and prescribe solutions, and reflexive LFS are open to an inclusive dialogue that attempts to recognize multiple perspectives on problems, and negotiate over time an appropriate, mutually satisfactory course of action. Clearly, the choice between these two approaches, characterized by prescription and negotiation, will have a significant influence on the creation of legitimacy and group identity within LFS. However, it is important to note that identity and legitimacy, in turn, both justify and set parameters that constrain the options of the chosen approach to governance.

In the unreflexive or prescriptive approach to governance, the discourse of shared goals and values provides a cohesion that encourages the exchange of trust and loyalty, and the establishment of boundaries that clearly identify the LFS as alternative. In this approach, the focus is on giving participants a clear sense of who is involved, who is excluded, and why. Identity has its basis in common motivations and, as a consequence, legitimacy is bounded by the extent to which, over time, these goals and values remain as the primary focus.

In the reflexive approach, identity and legitimacy are strengthened by a process based on negotiation, which demands concessions but – in so doing – reminds participants that such accommodations produce an unparalleled strength of shared responsibility (Wallington and Lawrence 2008, p. 286). Central to the notion of reflexivity is an understanding that collective decision making will reflect a diversity of interests, interpretations and priorities. As such, decisions will generate legitimacy more through a general satisfaction with the nature of the process rather than the nature of the consensus (Beck et al. 2003). Pimbert (2010, p. 44) captures the essence of this process:
The form of negotiation is often seen as containing value over and above the ‘quality of the decisions’ that emerge. Participants share a commitment to the resolution of problems through public reasoning and dialogue aimed at mutual understanding, even if consensus is not being achieved or even sought.

Within reflexive systems, value is generated in the process of governance itself, whereas in prescriptive systems, the process establishes boundaries which must be maintained, and criteria which must be satisfied in order to produce value.

To be clear, boundaries and negotiations are common to both reflexive and prescriptive approaches. What is significant is that the chosen approach to governance determines whether boundaries or negotiation become the cornerstone of group identity and legitimacy. That cornerstone, in turn, plays a role in determining the flexibility and adaptability of the governance process. This is the case because, whether established through prescription or negotiation, all LFS are subject to reflexive processes: prescribed boundaries will not prevent unforeseen challenges that threaten cohesiveness, direction or viability. Given that the influences of hybridity are internal to these systems, boundaries cannot in any case relieve the constant tension of operating within a context framed by competition with the attractions, benefits and hybridity of conventional food systems (Delind 1999; Maxey 2006; Sage 2007). As a consequence, LFS that establish an open governance structure, and a familiarity with the (re)negotiation of boundaries – will be better positioned to adapt to inevitable challenges than those based on a fixed set of standards that prescribe and defend boundaries (DuPuis and Goodman 2005).
2.4.3.2 Negotiation of accommodations

Placing the negotiation of accommodations as the cornerstone of governance in LFS emphasizes the importance of flexibility, and ongoing adaption, to the viability of these systems. At the same time, a reflexive approach suggests that the process of negotiation itself can play a strong role in the creation of value, attaching legitimacy and identity to democratization and openness. This approach echoes a body of literature that sees democratization as a messy, cumbersome, but essential part of making collective decisions in a context of uncertainty (Beck et al. 2003; Hassanein 2003; DuPuis and Goodman 2005). Some go as far as to suggest that public and continual negotiation is necessary for the re-creation of identity (DeLind 2011) and legitimacy (DuPuis 2009; Pimbert 2010). For Wallington and Lawrence (2008), responsive governance only generates broadly accepted, shared responsibility because it is a flexible, collaborative approach that is open to scrutiny and criticism by all affected parties.

Such reflexive, responsive governance will be all the more important as LFS increase in scale, and integrate producers and consumers with an even more diverse set of perspectives and priorities. No doubt this endeavour will be fraught with difficulties, including acknowledging the contributions of first-adopters; and integrating pre-existing initiatives within those that are larger, and more diverse (DuPuis 2009). At the same time, this approach enhances the potential to bring together in open discussion producer and consumer perspectives that are often the product of speculation – exposing a broader audience to the full diversity of reasons for participation in an alternative system.
2.5 Conclusions

A growing number of family farms – throughout the developed world – are attracted to the potential of local food as a value-added, multi-generational alternative to the poor profitability and dwindling prospects of conventional commodity production. Research into the effects of scale on LFS is necessary both to understand the barriers and adaptations that are required of the participants, and to clarify the relevance of local food for these commodity-producing farms – a focus that has been missing from much of the research on local and alternative food systems. The logistical, structural and regulatory barriers to increased LFS scale are the focus of a good deal of attention and explanation. However, even if these barriers are addressed, farmers and farm groups operating at increased scale may have difficulty delivering the set of intangible qualities that are expected to accompany local food – qualities including trust, authenticity, safety and confidence.

The intent here has been to broaden the discussion, to question the ways in which scale developments may affect the perception and legitimacy of LFS – and hinder the ability to generate and capture the added value of local food. At the heart of this inquiry is an analysis of three familiar concepts, often used to represent the source of intangible qualities and their added value – and therefore the basis of LFS governance: reconnection; the direct exchange; and shared goals and values.

Reconnection implies that participants in LFS are looking to re-establish familiar outcomes. And yet, most are motivated by a desire to find an alternative to the only outcomes with which they are familiar: the negative outcomes of conventional food systems. At the same time, while participants are shaped by the failures of conventional
food systems, they are also exposed to the benefits – including price, variety and convenience. As a result, LFS are often expected to deliver hybrid results, while maintaining an alternative identity, in a context where the conventional and alternative constantly adapt. Added value is better enhanced and protected when attached to a familiar relationship, which can act as a buffer against the development of cynicism, skepticism and distrust.

The direct exchange is everywhere in LFS, but does not work in the same way for everyone. A range of motivations, expectations and preconceptions combine with variable levels of engagement to produce diverse outcomes for participants. This brings into question the assumed causal relationship between the direct exchange and the creation of both intangible qualities and value. Legitimacy and alterity – key components of the value in the direct exchange – are measured and appreciated differently by participants, but yet each will have an expectation that the LFS exchange will be enhanced in a manner that satisfies their priorities. This suggests that governance within LFS will be measured by an ability to reconcile such diversity.

The promotion of shared goals and values suggests a prescriptive approach to governance that leads to a reliance on boundary formation and exclusion as the basis for group identity and legitimacy within LFS. This approach does not account for the flexibility – or the ability to reconcile diversity – demanded by circumstance. A reflexive approach to governance, based on the negotiation of accommodations, acknowledges the inevitable influence of the unexpected, the diverse priorities of participants, and the need for flexible yet tenable decision-making in a context of uncertainty. This approach draws
the basis for identity and legitimacy from an inclusive, open and responsive process, which increases the potential for a sense of shared responsibility.

2.5.1 Next generation “local food”

This analysis was undertaken to both reassess how LFS produce value, and initiate a discussion of what this means for the possibilities and limits of increased scale in LFS. The results suggest that alternative identity and legitimacy are key components to insuring added value and long-term viability. Both will be difficult to establish and maintain without careful attention to the development of relationships and an approach to governance that can respond to and incorporate diverse priorities. Where can local food initiatives – incorporating the production of family farms – come together with a sufficient consumer base, yet in a manner that encourages closer relationships, and shared responsibility? There are no easy solutions, and many of the current alternatives – including institutional procurement, values-based value chains and regional consumer or producer cooperatives – often sacrifice interaction and shared responsibility in favor of practical logistical considerations.

One promising option, gaining in popularity, is the regional food hub, which typically brings together regional supply and demand using an online marketplace. The collaborative nature of the enterprise – and the exchange – shows the potential for open, responsive governance while delivering the benefits of both scale efficiencies and direct relationships. While many have operated successfully at smaller scales, the food hub format has the possibility to include – as active members – producer and consumer groups, restaurant service and institutional purchasers, and regional food councils.
Because they offer the promise of alternative identity, legitimacy, reflexive governance and added value in a LFS operating at increased scale, food hubs deserve intense scrutiny. How will external forces and the practical realities of governance – including group decision-making on an epic scale – affect their ability to deliver on this promise? Does more democracy inevitably lead to a system dominated by the more numerous voices of consumers? Will the influence of new voices – perhaps less or differently committed – lead inevitably to the watering-down of the local food movement?

The scale of the possibilities is matched by the scale of potential problems, and this ambiguity has contributed to the general unease that has gripped many involved in the local food movement who contemplate increased scale. The potential to reach a broader audience and to effect change on a larger scale is undeniably enticing. However, increased scale raises the concern that this new animal might somehow escape, grow beyond control, and quickly develop into a mythical, hybrid beast: local, yet not; connected, yet disjointed; intimate, yet isolating. In other words, scale may turn local food into a chimera with the power to both slay dragons, and become a dragon.

2.6 References


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CHAPTER THREE:

AN ANALYSIS OF THE EFFECTS OF SCALE ON THE GOVERNANCE CHOICES OF LOCAL BEEF CHAINS

3.1 Introduction to the Second Manuscript: On the challenges of scaling-up in local food systems

The first manuscript mapped—from popular and academic local food literature—some of the fundamental qualities of LFS, upon which the legitimacy necessary for viable and sustained governance depends. These symbiotic and co-dependent qualities include: an alternative identity (with hybrid benefits); new (yet familiar) relationships; an exchange that meets the enhanced expectations of participants; and a flexible, reflexive decision-making process (Mount 2012). Each of these qualities is challenged by increased scale. And in the following manuscript, the challenges will be made clear, using a research sample composed of local food initiatives, populated almost exclusively by farmers with a history of commodity beef production.

3.1.1 Local Food as Alternative

Given the scale and commodity production histories of the farmers in these groups, some evidence of conventional attributes and philosophies would not be a surprise. In fact, a fair question might be: are these groups showing any evidence of efforts to establish an alternative identity, exchange, relationships or decision-making process? Without supplying the fundamental qualities necessary for legitimacy and viability, larger-scale producers and initiatives would compromise their ability to access the same added value as small-scale local markets. Would the evidence show that larger scales of farm production and group marketing ‘fit’ into existing local food systems – or that their
introduction has led to a two-tiered ‘local food’ production landscape, with small-scale ‘authentic’ producers serving an elite local food clientele, and larger-scale farms and chains filling a commodity market for local product?

First and foremost, local food involves the redistribution of value and control over price, favoring the producer (Marsden et al, 2000: 429). Because, if the exchange of this product takes place through a food chain that offers a conventional set of relationships and distribution of value, there is little to distinguish such value-added production from commodity production. And this distinction is crucial to producers who sacrifice to take part in the local food project – expecting outcomes that are not being supplied by their involvement in conventional food supply chains, including viable on-farm incomes.

Local food consumers also expect outcomes that they cannot find in the conventional food supply chain. For consumers, far more than the tangible attributes that distinguish the products, or the spatial proximity of producers and consumers, it is the set of intangible qualities –generated by the unmistakably alternative processes and interactions within short food supply chains (and local food systems)– that magnify the value of these exchanges, and affect how added value is perceived. These intangibles cover a wide variety of factors, including reassurance, accountability, confidence, and authenticity. In turn, these intangibles generate trust and loyalty, and as a result enhance the legitimacy of the exchange and its process (Mount 2012). As such, the strength of the alternative identity and legitimacy of the local food project depends less on the qualities of the product, and more on the nature of the connections established throughout the food chain – and the extent to which it goes beyond simply providing an alternative venue for market transactions (Watts et al, 2005; DeLind 2006).
3.1.2 Local Food as Connection

Put simply, relationship-building and connections hold the key to capturing the full value of local food (Brady and Brady 2008; Feagan 2008)). The resources devoted to the development of points of connection throughout the food chain help to enhance added value and legitimacy, while protecting against the development of cynicism and distrust. However, it remains to be seen whether these connections will be more difficult to establish and maintain at scale, particularly where larger product volumes make the development of value chains and direct sales a less compelling strategy. For example, some would suggest that reliance on branding rather than direct connection is a weakness that will become more apparent with increased scale (Goodman 2004: 10), or that the essential transmission of ‘value-laden’ information is reliant on embedded relations (Renting et al 2003: 399-401; Watts et al 2005) and opportunities for interactions that build social capital (Reid and Carroll 2008: 177).

3.1.3 Local Food as Flexible Governance

Many of the basic elements and functions of what have been described here as ‘intangible qualities’ serve to develop a new ‘social capital’ within these chains (see e.g. Tisenkopfs et al 2008: 91-93), by encouraging the development of relationships within networks (Reid and Carroll 2008: 179), often through a reliance on shared experience and social embeddedness (Tisenkopfs et al 2008: 87-91). But governance within the most successful local and regional food systems will be characterized by an ongoing negotiation of accommodations (Mount 2012), since the most innovative and resilient of these systems will cross-pollinate diverse knowledges, approaches and forms. Legitimacy within such hybrid systems is enhanced where this negotiation encompasses a broad set
of interests and priorities, cultivating a sense of shared responsibility in all participants. This is most readily accomplished where active participation leads members with diverse priorities to value the governance process, regardless of the outcomes (Pimbert 2010).

In local food initiatives, legitimacy and viability depend on at least acknowledging (if not satisfying) a diverse range of expectations and priorities, held by participants with diverse social bonds. This suggests that governance of these relationships and networks will be measured by an ability to reconcile such diversity – an ability associated particularly with the concept of ‘bridging capital’, which speaks to the ability to translate, adapt and embrace a wide range of knowledges. Group access to bridging capital, as well as their attitude towards the information or practices that it delivers, will play a large role in determining the flexibility – and adaptability – of the local chains in this study, and therefore their viability.

In the second manuscript that follows, the governance choices of local beef groups are analysed for evidence of efforts to establish an alternative identity, exchange, relationships or decision-making processes – and to determine the extent to which these choices and processes are selected for their ‘fit’ with LFS principles, with previous governance decisions, or with the group’s existing operational scale.
3.1.4 References to introduction


3.2 Manuscript -

Linking Scale, Practice and Legitimacy in Local Food: Insights from the beef sector in Ontario

3.3 Abstract

Within the last decade, the market effects of BSE have magnified a general decline for beef farmers in Ontario, Canada. Hungry for alternatives, these struggling commodity farmers have increasingly looked to the possibilities of the local food market. Many have combined forces, in an effort to brand and sell their products locally. The success of these groups could broaden the accessibility of local food, while providing a stable income source for troubled family farms. However, their scale of operations—at both farm and group level—may influence how these groups approach the opportunity, including how they interpret and adopt the basic tenets of local food. As a result, some groups may develop a trajectory that looks conventional (not alternative), struggles to capture added value, evokes cynicism, skepticism or distrust, and by extension, has an unintended dampening effect on the broader local food project.

Through an analysis of local beef groups operating at various geographic scales, production volumes and food chain complexities, this research finds that a group’s scale of operation plays an important role in influencing their fundamental choices about form, identity, and orientation towards equity and innovation. While larger scale encourages conventionalization, and smaller scale is well suited to alternative choices, these
trajectories are neither predetermined nor fixed by scale. Rather, cumulative choices combine with scale to limit the range of options available to large groups, pushing them down a narrowing path of development. Small-scale groups can find themselves on the same path by choice, or through a lack of access to resources and alternatives. For these groups, mid-scale infrastructure – including mechanisms that encourage networking and relationship building – is the missing piece that prevents a widespread increase in volumes, accessibility and impact.

**Keywords**: Local food; increased scale; family farm; conventionalization; alternative food network; bridging capital.

### 3.4 The Problem of Scale

Local food, as an alternative market, has grown significantly – without significant scale. In the province of Ontario, farmers’ markets grew from 60 in 1990 to 181 by 2012 (Cummings et al., 1999; Harvest Ontario, 2012), while direct sales at those markets have increased 7.3% annually (ERS, 2009; Farmers’ Markets Canada, 2009) – both reflecting a North American trend (Martinez et al., 2010; USDA, 2010). In the same time period, documented Community Supported Agriculture (CSA) initiatives have gone from 0 to 228 in 2012, including a 50% increase in the last two years (Ontario CSA Directory, 2012). This also reflects a wider trend, which has seen local and direct sales continue to increase, even through a recent period of economic hardship for many consumers (Best, 2011). Yet despite spectacular rates of growth and annual consumer sales that are often
double those of the organic sector (Cantor and Strochlic, 2009; Condon, 2009; Kendrick, 2007; Martinez et al., 2010; Soto and Diamond, 2009), local food remains a tiny proportion of the overall food provision picture in Ontario, and in most developed regions: in 2009, Farmers Market sales were estimated to be just under 2% of Ontario’s total grocery sales (Condon, 2009; ERS, 2009).

It is clear that, in order to move beyond elite niche status (Goodman, 2004), and to offer a credible, more accessible alternative to conventional food systems, the next step in the evolution of local food must involve an increase in both the number of participants and the volume of food passing through local food systems. What remains open to question is who will produce the food at this increased scale, and whether growth could include a greater diversity of participants— including a significant number of mid-sized, family-scale farms—without changing the nature of the local food contract.

This experiment is playing out on the ground: many such farms have begun looking to the local food opportunity as a supplement to their regular household income from off-farm labour and commodity production. This should not be a surprise, given the challenging circumstances facing the majority of family-scale farms, and the encouragement of agricultural and business media (Currie, 2011; Dale, 2008; Flavelle, 2009; Prentice, 2009; Rance, 2009; Schaer, 2009), commodity and farm groups (NFU, 2008; Stewart, 2007), other farmers (Dubinski, 2009; Graham, 2009), industry analysts (Cantor and Strochlic, 2009; Charlebois, 2008; Livingston, 2009; Warner, 2008), government (OMAFRA, 2009) and policy-makers (Baker et al., 2010; Noecker, 2008).

Some of these ‘new’ local food farmers have followed the classical local food model, selling product on their own directly to the consumer, while others have pooled
resources and efforts. This latter approach is an important innovation, as it reflects recent trends within local food systems – which speak to the need to pool production in order to serve ‘larger’ customers such as institutions, food processors, or retail (Friedmann, 2007). At the same time, by coming together as a group, these producers create efficiencies of scale, share burdens, and attempt to address some of the issues that plague the small, individual farm, direct sales model – issues that typically keep family farms away from local food – including time and capital costs, and a lack of influence with processing, distribution and retail links of the food chain.

The project of including larger-scale farms and food supply chains raises concerns for many involved in the local food movement. The primary concern is that increasing scale by any means other than replication of the small-scale, direct exchange model will lead to the ‘conventionalization’ of local food – in the same way that the introduction of large-scale organic production, and a simplified, metric-based certification, pushed aside many of the principles and practices that had previously been an integral part of “organic” (see Guthman, 2004). In this view, reaching out (or pandering) to the tastes and needs of the differently-motivated – including new consumers and commodity farmers – through an exchange that resembles the conventional more than the direct model, will change the practices, the perceptions and, in the end, the values and goals inherent in (and essential to) the local food project (Henry, 2008; Kirwan, 2004). Legitimacy is a key component of all food systems, but particularly those established as an alternative to conventional systems and their outcomes (Mount, 2012). Local food chains that operate at a scale not typical to local food (Lyson, 2008), use the same approach (and much of the same infrastructure), or produce the same outcomes for consumers and producers as
industrial food chains in the region, provoke questions about the potential negative influence of scale on the legitimacy of these groups and, by extension, on the broader local food project.

At the heart of this argument is the notion that local food is about more than geographic proximity. Small-scale local food producers capitalize on the direct exchange and foster loyalty through relationships that magnify the intangible qualities –from transparency to reassurance– that accompany their product (Mount, 2012). These intangible qualities build legitimacy into relations within the chain, and compound the value of differentiated product – while creating bonds that have their own value, perhaps even beyond the life span of that differentiated product. A local food initiative that ignores or cannot deliver the intangible qualities that motivate many consumers –and aspires only to geographic proximity– is different in kind to the existing local food model. In this ‘conventionalized’ approach, ‘local’ is presented as simply another value-added attribute of the product. From these arguments, it is clear that when coming together as a group, to sell local food, the basic approach to the exchange is a fundamental choice that will be reflected in the group’s identity, determining key elements such as target market, branding, and consumer perception – in short, the group’s approach to distinction and added value.

Capturing and retaining value for farmers, over time, is an essential component of the local food project (Marsden et al., 2000: 429). Small-scale producers harness control and value in local food by eliminating distribution and retail links in the food chain, and marketing directly to consumers. New local food chains serving groups of farms will struggle to sell all of their product through the direct exchange, and could introduce new
challenges of supply management and competition that many local systems have avoided (DuPuis, 2009; Goodman, 2004: 10; Ray and Schaffer, 2008: 153; Stevenson and Pirog, 2008: 135). While pooling resources and product creates efficiencies, it may also lead to a chain with relationships and a distribution of value that resembles commodity production chains (Bloom and Hinrichs, 2011). For producers who expect different outcomes from those found in their conventional chains, legitimacy and viability will be determined by two key, interconnected group decisions about form and function: that is, the type of food chain that they select (or construct), and how value is distributed throughout that chain.

But these group decisions are preceded by a more fundamental governance choice: the nature of the group’s decision-making process. The viability of these groups—and the extent to which each of the group’s fundamental choices are embraced—will be determined by the widespread acceptance of how the group makes decisions, and the control exercised by members in the process, as much as by the decisions themselves (Wallington and Lawrence, 2008). Because of the diverse (and often conflicting) priorities and interests of the participants, legitimacy in local food systems requires a flexible, responsive governance process that allows for the “negotiation of accommodations” (Mount, 2012). While outcomes are important, so too are the priorities of group members—as well as their sense of whether those priorities are acknowledged (if not adopted) by the group.

Alternatively, the group may rely on shared experience and social embeddedness to develop relationships and reconcile conflicting expectations and priorities within their networks. However, groups that have narrowed their membership—in order to find
consensus based on similarities—may not be well placed to receive knowledge, input or opportunities from outside the group (Tisenkopfs et al., 2008: 87-91; Reid and Carroll, 2008: 179). As a result of group cohesiveness, they may never find themselves in a situation where they interact with other groups or individuals who have unfamiliar but important alternative approaches and social capital to share. This is why some have suggested that social capital is important to these alternative systems only to the extent to which it helps to ‘reconfigure’ these networks (Sonnino et al., 2008: 45), and spread information and innovation between networks (Watts et al., 2005: 31).

Marsden (2010) asserts that, where social capital encourages regional cooperation and mutual benefit for producers and other community members, it will become part of a virtuous cycle of development. Yet in groups that are new to local food, many of the farmers have experiences, personal networks and self-identities shaped by years in commodity production. How will their devalued social currency affect the group’s approach to the exchange in an alternative marketplace? Given the largely shared common experiences and understandings (or ‘bonding’ capital) of regional producer groups, ‘bridging’ social capital—the ability to comfortably interact with and interpret diverse world views—will be particularly important to this process. The literature suggests that bridging capital would enable and encourage these groups to access and develop new, unfamiliar ways of interacting within broader networks (Granovetter, 2005: 34), and give legitimacy to a broader set of knowledge, resources and information than these groups would typically draw upon (Tisenkopfs et al., 2008: 94). This would also expose them to a broader set of priorities and connections, and thereby make possible the innovation required for change (Glückler, 2007: 620; Granovetter, 2005: 34; Marsden,
Of course, change will not only be determined by *access to bridging capital*, but also by a willingness and explicit choice to make use of it – which is contingent on relevance, obvious benefit, and feasibility of implementation.

The critical choices identified above play a role in determining whether groups of farmers entering the local, alternative marketplace hold to an alternative model, or move towards conventionalization. To understand the development paths of these local food groups, it will be necessary to determine both what drives and what constrains that development, and the extent to which both drivers and constraints are determined – or strongly influenced – by important governance choices of these groups: i) group form and control (the selection of organizational structure and decision-making process); ii) group function and the exchange (the agreement over basic purpose, and the method to capture and redistribute value); iii) group identity (the approach to value-added distinction); and iv) utilization of social capital (the decision of how to build or access a network of support and innovation).

At the same time, it must also be acknowledged that each of these choices may be constrained by the group’s scale of operations, including the number of group members; geographic proximity of members and markets; volume of production; and ‘length’ or complexity of the food supply chain. The literature suggests that increases in scale of operation may negatively affect processes such as: decentralization of decision-making (Gray and Stevenson, 2008); orientation towards local markets and community bonds (Lyson, 2008); the development of shared interests and responsibilities (Reid and Carroll, 2008); the ability to differentiate as ‘non-conventional’ (Marsden et al., 2000); the negotiation of power and control (Bloom and Hinrichs, 2011; Stevenson and Pirog,
2008); and the ability to connect with consumers and deliver ‘value-laden’ information and intangible qualities (Goodman, 2004; Gray and Stevenson, 2008; Lyson, 2008; Renting et al., 2003; Watts et al., 2005).

The question is not only how choices about group form, identity, purpose and innovation affect group trajectory, but also to what extent this set of fundamental choices is influenced—or determined—by that group’s scale of operation. To cut through the complexities of these dynamics, this research charts the paths of development of select local beef groups operating throughout Ontario, at various scales of operation, seeking to uncover the influence of scale on each major choice. At the same time, the analysis looks to identify the cumulative and combined influences of scale and previous choices on group trajectory, through their effects on the perception of barriers and solutions, the ability to adapt and, ultimately, group viability and legitimacy.

In the following section, a dualistic framework based on the notion of trajectories will be proposed as a means of evaluating the interaction of choice and scale in these growing local food groups (Section 3.5). Following a brief description of the eight groups from the study (Section 3.6), giving details of their scale and supply chain model, Section 3.7 presents aggregated results through the lens of the framework, describing how groups of similar scale approached each governance choice. The final two sections present an analysis of the results using the concept of trajectories as outlined in the framework, followed by conclusions and recommendations.
Initiatives that are conceived as alternative market arrangements will be measured by their ability to provide an alternative development path. The forces that conspire to push them from this path are widespread and persuasive. Marsden and Smith (2005: 442), in their analysis of rural change, state that: “it is important to consider ‘the local’ …as a form of social contingency; that is a space for rearranging possibilities which attempt to counter the prevailing forces in the agrarian landscape.” In order to understand the potential for innovation and change, they suggest that academic inquiry into alternative food system projects should focus on “what is significantly distinctive socially and economically in their evolutionary and highly competitive development” (ibid., 443). In this analysis, the ability to maintain and build from such distinctions will strongly influence the trajectories of these projects.

Similarly, Glückler, in his analysis of network innovation (2007), describes evolutionary change as a process of path dependency mediated by contingency. That is, while trajectories are not pre-determined, change is driven by choices that have the potential to limit future options, leading to a process of “cumulative causation” (Glückler, 2007: 620). A finite pool of resources (including time, labour and money) is available to invest in sound governance and the pursuit of value-added, connections and innovation. Investment in any one of these not only limits the resources available for other choices, but also makes the potential alternatives in any following decisions appear either more or less attractive (Glückler, 2007: 623). As such, to understand evolutionary change, academic inquiry should focus on understanding how the outcomes of choices can be seen to increase the likelihood of either path dependence or contingency.
The following framework is based on the notion that, in local food initiatives, fundamental governance choices about group identity and organizational processes are the primary mechanisms that underlie the process of ‘cumulative causation’ – leading to trajectories that are increasingly alternative or conventionalized. Where these governance choices diverge from the pursuit of an alternative philosophy and approach, the relationships and outcomes of the group’s supply chain become less alternative, and increasingly reproduce those of conventional chains. Conversely, where groups prioritize commitment to core local food tenets in their governance choices, their structure and relations become increasingly enmeshed in a local food community, culture and praxis, rather than a commodity chain. Four of these governance choices were selected as both indicators of this potential, and critical determinants of trajectory. Table 3 presents a polarized picture of two figurative local food trajectories – ‘conventionalized’ and ‘alternative’— that would result from uniform adherence to the practices and philosophies contained in their distinctive sets of governance choices. While groups in practice rarely fit neatly into one column or the other, it is worthwhile to consider how such hypothetical groups would function.

3.5.1 The Conventionalized Local Food Chain Trajectory

In this dualistic vision, the group following a conventionalized trajectory operates as an intermediary in a chain stretching between farmers, as input suppliers, and consumers of value-added products. While the chain may be shortened—or vertically integrated—where this makes economic sense, the expense of this option is prohibitive; the focus is
Table 3: (Figurative) Governance Choices and Trajectories of Local Food Groups

<table>
<thead>
<tr>
<th>Governance Choices</th>
<th>Conventionalized Trajectory</th>
<th>Alternative Trajectory</th>
</tr>
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<tbody>
<tr>
<td>i. Group Form and Control</td>
<td>Intermediary</td>
<td>Collaboration</td>
</tr>
<tr>
<td>• private company</td>
<td>• cooperative</td>
<td></td>
</tr>
<tr>
<td>• farmer affiliation (input supply)</td>
<td>• farmer association (participation)</td>
<td></td>
</tr>
<tr>
<td>Centralized decision-making</td>
<td>Collective decision-making</td>
<td></td>
</tr>
<tr>
<td>• governance by decree</td>
<td>• consensus-building, negotiation</td>
<td></td>
</tr>
<tr>
<td>• exclusive, efficient, autocratic</td>
<td>• inclusive, transparent, democratic</td>
<td></td>
</tr>
<tr>
<td>• power consolidated</td>
<td>• power dispersed</td>
<td></td>
</tr>
<tr>
<td>ii. Group Function and Exchange</td>
<td>Maximize profit throughout food chain</td>
<td>Maximize added value for farmers</td>
</tr>
<tr>
<td>• value added commodity chain</td>
<td>• ‘shortened’ food supply chain</td>
<td></td>
</tr>
<tr>
<td>• redistribution based on shares</td>
<td>• redistribution based on equality</td>
<td></td>
</tr>
<tr>
<td>‘Marketness’</td>
<td>‘Embeddedness’</td>
<td></td>
</tr>
<tr>
<td>• conventional food chain</td>
<td>• direct sales</td>
<td></td>
</tr>
<tr>
<td>• “value chain” discourse</td>
<td>• “alternative” discourse</td>
<td></td>
</tr>
<tr>
<td>• price-taking farmers</td>
<td>• price-setting farmers</td>
<td></td>
</tr>
<tr>
<td>• demand-based pricing: conventional price plus ‘added-value’</td>
<td>• cost-based pricing: production costs plus extra-market factors (fairness)</td>
<td></td>
</tr>
<tr>
<td>iii. Group Identity (Value-Added Distinction)</td>
<td>Branded</td>
<td>Connected</td>
</tr>
<tr>
<td>• brand building</td>
<td>• relationship building</td>
<td></td>
</tr>
<tr>
<td>• traditional “marketing to”</td>
<td>• direct communication of value</td>
<td></td>
</tr>
<tr>
<td>• reliance on verification, protocols</td>
<td>• reliance on confidence, trust</td>
<td></td>
</tr>
<tr>
<td>• value attached to verifiable product attributes</td>
<td>• value attached to product, relationships, intangible qualities</td>
<td></td>
</tr>
<tr>
<td>iv. Utilization of Social Capital</td>
<td>Bonding capital</td>
<td>Bridging capital</td>
</tr>
<tr>
<td>• guidance sought from existing (commodity-based) network</td>
<td>• intentional network expansion: alternative strategies sought</td>
<td></td>
</tr>
<tr>
<td>• credibility to conventional market-tested knowledge sources</td>
<td>• open to alternative market-tested knowledge sources</td>
<td></td>
</tr>
</tbody>
</table>
on supplying a market for a pool of value-added producers, while maintaining the profitability of the intermediary group.

This group is a private, for-profit company whose purpose is to maximize shareholder return, and whose method is centralized control of the decision-making process, and the encouragement of efficiency throughout the value-added chain. While the group often employs ‘value chain’ discourse, price is established by fiat, and decisions that influence the rest of the chain are made without consulting with farmers. The latter are price-takers, free to affiliate with the group, but not to participate in decision-making.

The primary role of the group in the conventionalized chain –other than coordination of input supply– is the development of a brand. As the value-added product is central to the brand, control of product quality and consistency is paramount. Combined with the need to source from a large and changing pool of farms, this leads to a reliance on production protocols and verification. This group seeks external guidance in developing brand, protocols and marketing approach from sources with experience in traditional brand marketing and business development, as well as from within its existing, commodity-based network.

### 3.5.2 The Alternative Local Food Trajectory

At the opposite pole, the figurative group following an alternative trajectory (as described in Table 3) takes a collaborative approach to decision-making, and is focused on capturing the maximum value-added for its farm members. The latter are active participants in a consensus-based process, with control over price setting and the redistribution of added value. A shortened food chain and direct marketing to consumers
are central to this group’s success, as is a price based on –or at least reflecting– cost of production and fairness.

The group’s public identity is built through the direct communication of value –and values– to the consumer. While the product remains of central importance, value-added is also generated through the delivery of intangible qualities, including confidence, trust and reassurance. As such, alternative means of connecting to consumers are central to this group’s marketing efforts. Alternative strategies and sources of knowledge, including those with experience in direct marketing, are both sought and accepted. This group is open to the inclusion of consumer voices and input, as well as alternative priorities and rationales.

While many group choices reflect compromises between the trajectories outlined above as contrasting paradigms, the framework is designed to clarify how the philosophy behind the control of decision-making (centralized / participatory) and the distribution of value (price taking / price setting) influence organizational form (private company / cooperative) and food supply chain approach (value-added commodity / direct). How these philosophical negotiations are resolved will be clearly demonstrated by where and how value-added is identified and pursued (brand / connections), as well as how social capital is utilized (bonding / bridging).

In the following sections, brief profiles of the case study groups –highlighting differences of organizational scale and approach– will be followed by aggregated findings presented through the lens of the framework, to analyse how the choices described above influence trajectory, and clarify the role that scale of operations plays in determining which of these choices are feasible.
3.6 *Ontario Local Beef Groups: exploring scale and choice in practice*

Beef is the primary commodity of over 8,000 Ontario farms, second in number to only grain/oilseed producing farms (NFU, 2011). In 2003, one positive case of BSE-infected beef in Western Canada led to a US border closure that affected all beef producers. Since the majority of Canadian beef at the time was exported to the US, this closure flooded the Canadian market, causing the price of beef to plummet. These events magnified a trend that already saw a significant proportion of Ontario beef farms rely heavily on off-farm income (Sparling and Laughland, 2006), adding another source of dissatisfaction that might push these farms to experiment with value-adding alternatives. At the same time, the high profile and sympathetic coverage of what became known as the ‘BSE crisis’ intensified support from consumers, pulling these farms towards local, direct marketing alternatives. In fact, by 2007 a large number of local beef initiatives had already been established across the province, at a variety of scales. These circumstances, combined with the abiding predominance of family-based businesses in the sector, provided the impetus for the selection of beef farm groups as the focus for this investigation.

From more than a dozen local beef groups operating in Ontario when research commenced, eight were selected to represent various combinations of geographic scales, farm membership numbers, production/sales volumes and food chain complexities. Key stakeholders from each group were interviewed, providing detailed background information of group formation and development, decision-making and group strategy and priorities. Five of these groups also generously provided interviews with many or all of their farmers. What emerged from the interviews with key informants and group
members was more than a set of static snapshots of the discrete elements that comprised these groups. Each group had its own tale of adjustments and adaptation, where key governance choices influenced the evolutionary trajectory of the group.

Figure 2: Local Beef Group Supply Chains: 3 Models

The eight local beef groups selected for this research cover a broad range of operational scale and organizational styles, many of which have changed over time. Figure 2 presents three models that broadly capture the organizational (or supply chain) characteristics that exist within the sample. In the Intermediary Model (1), the group
stands alone as a link in a relatively extended supply chain – an added link for many farmers who sell directly to the processor in conventional chains. Groups selecting a structure that fits this model place themselves on a conventionalized trajectory, reflected by separation of the producers from both consumers and the group itself. In the Integrated Model (2), the group (including farmer members as investors) assumes processing, distribution and often retailing responsibilities in an attempt to maximize value-added return. Groups selecting this model tie themselves to the scale of their infrastructure investments, pushing them towards a conventionalized trajectory. In the Direct Model (3), the farmers are the group, and assume all responsibilities required to deliver their product to the consumer (aside from processing). Groups that choose this model have, by definition, selected an alternative trajectory.

All of the groups in the study were formed by farmers, almost all of whom own active beef operations. The distinction between small-, medium- and large-scale groups was, in the end, fairly simple, as the geographic scales, farm numbers, sales volumes and supply chain complexities changed dramatically from small to large, while the mid-scale initiative was distinguished by mid-sized sales volumes. At a smaller scale, three groups were selected, all of which sell value-added ‘natural’ beef (no administered hormones or antibiotics) primarily or exclusively direct to the consumer (models 3 and 3a in Figure 2), and process their animals at regional provincially registered slaughterhouses. These factors reflect their conviction that the key to maximizing value-added comes from eliminating –to the extent possible– profit-taking intermediaries from the food chain.

Beef Connections, a small group of four informally organized farms in Wellington and Grey counties, uses an internet form and toll-free number to take orders for freezer
beef deliveries. Their customers are mainly in the Toronto and Guelph areas. They sell about 60 head of beef per year through the group, as well as a small but increasing number of hogs and chickens. Surplus animals are sold to butcher shops, local individuals, or direct to conventional processors. The group uses member labour to coordinate orders and slaughter schedules, box orders, and deliver to consumers.

Penokean Hills Farms is an incorporated group of four (previously seven) farms selling 70 head of frozen beef per year, mainly through farmers markets in the local Algoma region, supplemented by sales through a butcher shop, small specialty shops and local freezer beef sales. Surplus animals are sold direct to local individuals, at local sales, or to a large intermediary group in southern Ontario. The group uses member labour to coordinate marketing and slaughter, attend markets, and deliver to customers.

Fitzroy Beef Farmers’ Cooperative is a group of eight farm families (plus supporting co-op members) west of Ottawa, selling 50 head of frozen beef per year mainly through the Ottawa Farmers’ Market, as well as to local restaurants and food processing businesses. Surplus animals are sold direct to local individuals, or through the conventional market. The group employs one member part-time to package their meat, while members take turns at the farmers’ market and delivering to customers.

The single medium-scale group in this study also uses primarily direct sales (see models 3 and 3a, Figure 2), and a local, provincially registered slaughterhouse. O’Brien Farms is a sole proprietor in the Ottawa area that purchases and finishes young animals from a handful of local farms. Approximately 200 head per year are sold as fresh beef through the Ottawa Farmers’ Market as well as area restaurants and retail stores. The
O’Brien family and their employees handle orders, marketing, coordination, sales and delivery.

The remainder of the sample of Ontario local beef initiatives was comprised of four large-scale groups. Fieldgate Organics transitioned from a farmer organized, direct sales group to a large, shareholder dominated corporation acting as a fully integrated intermediary (model 2 and 2a, Figure 2). The company owns its own federally regulated slaughter facility in Ingersoll, and operates several regional retail stores, as well as selling branded product through other retail outlets across the province. The group sources from 35 regional organic farmers (supplemented from outside the province), with 2,000 head per year processed and sold as fresh beef.

West Grey Premium Beef is somewhat of an outlier, as a fully integrated group (models 2 and 2a, Figure 2) owned and operated by two farmers and an independent retailer. The group owns its own federally regulated slaughter facility and retail outlet in Chesley, and sells 3,000 head per year of branded ‘Ontario corn-fed beef’ product through a regional chain of independent grocers, other retail outlets, food service distributors, butchers and restaurants across southern Ontario. Surplus animals are sold direct to conventional processors.

Beretta Organics grew from a single organic beef farm, selling primarily direct to consumers, into a large intermediary (model 1, Figure 2) supplied by 35 mostly regional farms. While they continue to sell direct from the home farm, the large volumes of both organic and natural beef moving through their chain means that the focus of the group is on the daily coordination, processing, packaging and distribution required to keep their large retail customers supplied. Stable relationships with a large pool of farms and a
federally registered slaughter facility, as well as their proximity to the large Toronto market, have made this a very successful value-added chain.

Kerr Farms also started as a single farm pursuing a value-added market, first locally (in the Chatham area) and then in Toronto. Over time, this group became a large intermediary (model 1, Figure 2), supplied by approximately 35 farms across southwestern Ontario, raising natural beef. The group acted as coordinator of supply, marketing and sales for the value-added chain, with all other steps handled by third parties. The group struggled to find consistent value-added markets for the majority of the 2,000 head per year volume, needed debt forgiveness or suspension from farmers to continue, but in the end succumbed to strong competition for the natural and local beef markets in Toronto, folding the group in late 2010.

3.7 Through the Lens of the Framework

3.7.1 Group Form and Control

We've actually got a really good working group – we seem to get along. We have the same type of cattle; everybody wants to be fair with everybody else. We know that we can't sell all of our cattle this way. (P2)

As the initial choice in the planning process for many groups, form has the potential to influence legitimacy and flexibility, as well as many of the subsequent governance choices. Why do groups choose one form of organization over another – with some groups operating as loose associations with no formal ties other than a name, while others incorporate or form cooperatives?

The selections of group form and decision-making process are highly interrelated, and therefore group tendencies towards either collaborative or consolidated forms are
often reflected in a predisposition towards a democratic or autocratic philosophy, and vice versa. The larger scale groups that developed from sole proprietorships retained a very centralized form and decision-making process. Those acting as intermediaries to large groups of producers relied on the justification of efficiency for a centralized form and control, allowing them to make operational decisions quickly in the interests of group viability.

For smaller-scale groups, the decision over form was less significant than the element of control in the decision-making process. While they selected a variety of forms, they shared a commitment to collaborative decision-making that kept the interests and control of farm members paramount – perhaps the logical outcome of having more than one farm involved from the outset. Once engaged in direct negotiation, members in the smaller groups quickly encountered a mix of philosophical approaches, leading to conflict over the future course of the group – and the nature of decision-making process – which often resulted in the departure of members. While departures could also be attributed to dissatisfaction over price, the scale of the group, or the time investment required of members, for groups using a collaborative model, the lengthy consensus-building process was often identified as the main problem.

I think it is fair that everyone has a fair say, but you saddle yourself with a consensus issue. That is something that will you find in any group. …Most people are reasonable people and after a while they will come around and all agree if the idea makes sense; but it takes too much time. (M9)

This suggests that groups struggle through consensus-building because they prioritize elements of this decision-making process – such as fairness and equity – over speed, efficiency or absence of conflict. They also persevere because they believe that the same
issues of group dynamics and consensus apply to any form of organization that maintains an element of control for members. One principal of a larger group shared this sentiment:

It doesn’t matter how you organize the business: it could have been organized say as a Cooperative. We thought that a corporation with tight ownership could make the necessary decisions more nimbly. But even with a small group of four we ran into problems. (F5)

It is difficult for large-scale groups to overcome scale-related rationales (including efficiency) while pursuing a value chain philosophy. As the founder of one intermediary suggested, separation of powers has its purposes: it allows the decision-makers to do what they do best (responding quickly to events) while letting the farmers concentrate on what they do best (producing beef). But at the same time, another obvious outcome—or purpose—of separation of powers is to allow decision-makers to control and dictate the terms of exchange, and the distribution of returns from added value.

Scale can play a major transformative role in the interaction of form and decision-making. Only those operating with a small number of members can afford to organize as a collaborative association, relying on intimate knowledge of compatibility of priorities, consensus, and trust. One group that chose incorporation while prioritizing equality was forced to sacrifice the latter when scale of operations changed the calculation.

Originally when we [incorporated], the plan was that all shareholders hold the same amount of shares. Therefore, you know, as an incorporated company everybody is equal: so you almost have the same thing as a Co-op. And that lasted for a couple of years. But then as we kept growing and we were looking for more money, some shareholders couldn’t put more in and others [could]. So, what ended up happening is it sort o' grew or progressed, where it wasn't everybody all the same anymore. (V4)

As should be clear from these descriptions, organizational form is closely tied to decision-making within the group, as one often suggests or influences the choice of the
other. However, both also reflect tendencies towards inclusiveness or exclusiveness, and the nature of this control consequently interacts with group goals and priorities, and influences the extent to which members will buy into shared responsibility. In this way, legitimacy can be reflected in choices over group form and control, but also in how they identify their purpose and their rationale for establishing price.

3.7.2 Group Function and the Exchange

If it becomes a big business all of a sudden it is not a Cooperative. If it is completely profit driven it is really no longer a Cooperative because Co-ops only works in profit amongst us. (S3)

The influence of the choice of form and control on subsequent decisions is clearly evident when members associate a form with specific outcomes. For example, while the decision-making processes of the boards of corporations and co-operatives may appear similar, many believe –rightly or wrongly– that cooperatives would be less likely to lose sight of core objectives, because control over that decision-making process remains with farmers, as equals. While each form can accommodate different decision-making strategies, the perception exists that those which either privilege profit, or prioritize an efficient or centralized decision-making mechanism will follow a different trajectory to those that privilege redistribution of added value based on equity.

It would also be an advantage to operate this business as a value chain, where the information is shared …and you work together to find economies where possible, and reward the producers, and the producers feel a part of it. …So the value chain is probably more important than ownership, the value chain can be accomplished even without being a Cooperative. [But] the industry doesn’t have a value chain mode of operation or thinking. (F5)

In theory, this outcome is not scale-related, as a value chain could produce the same result, irrespective of the organizational form of the group. However, the same rationale
(efficiency) that encourages large-scale groups to centralize decision-making also mediates against implementing value-chains. The results from Bloom and Hinrichs (2011) suggest that those with power in conventional food chains – retailers and distributors – seldom voluntarily sacrifice that power, in order to establish a value chain: typically, they do so only when a lucrative “direct” niche market already exists, which excludes them. As a result, when establishing their chains, all groups who wished to maintain power and control – over pricing and group direction – did so by (to the extent possible) excluding intermediaries from their chain.

This is our only chance of surviving in the beef industry. To ship beef, well now it is strictly Cargill. They are going to do well and we are going to subsist. So you want to do anything and advance anywhere other than subsisting; you have to do something by taking out the middleman. (M9)

The selection of group function – the group’s raison d’être – is often strongly influenced by philosophical interpretations of the market, fairness, and how these interact within the current conventional commodity chain. Given the desperate situation of commodity beef farms in Ontario, the one constant expressed by farmers is the prioritization of improved returns. Two heavily contested strategies for achieving this end involve the elimination of links in the food chain, and setting prices based on farm needs.

We are high priced. One thing we decided right off the bat was that we were going to pay the producer and if the thing doesn’t work, it doesn’t work, but to pay everybody else and starve the producer we might as well stay where we are (M9).

There is widespread belief across the sample that consideration of farm needs first – through a mechanism such as “cost-based pricing” – would be a more equitable alternative to business as usual. Cost-based pricing starts from a farm [or group] average cost-of-production, adds required margins throughout the food chain, and sets price as a
premium above this total – thus essentially removing the product from the open market, and ensuring fair return to the farmers. There is also widespread recognition that this approach may be utopian. For many farmers, the goal is simply to sell more beef at better than commodity prices.

While rarely met in practice, the ideal behind cost-based pricing reflects the shared base principles – including fairness and equity – upon which many of the smaller-scale groups are built, and which often translate into a shared sense of responsibility, and a willingness to be flexible. Strategies typically involve the shortening of the food supply chain through direct marketing, and ensuring greater control for farm members. For these groups, control is not an outcome of form, but is instead measured by the group’s ability to hold to their principles while adapting to reality, and by farmers’ ability to have a greater say in the distribution of added value:

Our main goal was to provide as much money back to the farmers as much as possible. … When you have eliminated the middleman you have more control, so if we put the prices up for the consumer then we may be in a position where we can pay the farmer more. It is a balancing act that was our initial objective for the co-op, I think that will always be the basic principle (K7).

This shows the intimate link between choices over decision-making process and group function. But of course, achieving greater control with fewer intermediaries has its price, in the form of a requirement for greater participation, and struggles over consensus-building.

All of the groups operating at a larger scale grew out of smaller groups or sole proprietorships. With one exception, as they grew larger, these groups transitioned to
function as intermediaries between farmers and a value-added market. Recognition of the perturbing influence of scale adds another consideration for such growing groups:

We struggled a little with …whether or not [to expand]... and then we realized too that we have something to offer: who else is going to be this close to [a major market], who understands marketing and being with an urban consumer? We do more of a service, I think, for the agricultural industry this way than we would if we tried to grow all our own [beef]. (A3)

Intermediaries typically operate as value-added commodity chains, offering a premium that floats above open market prices to farmers who act as input suppliers. While groups that operate in this way do not offer the same potential returns to farmers as smaller groups, they provide an outlet for value-added product that might not otherwise exist:

Those farmers typically –unless they had gone and tried to set up their own Co-op (and we know some who have tried and failed)– they really would have been stuck in the commodity market. We know some that were organic and natural that still sold to commodity [markets]: they were going to farm that way, no matter what! (A3)

While intermediary groups typically return to the same set of farmers, if these farmers cannot supply the required quality or volume of animals, the intermediary will look elsewhere. Similarly, if the market for their product slows, the producer may be asked to hold the cattle, directly increasing farm costs and reducing farm returns. This combination of factors means that the farmers are price-takers and, as such, remain commodity producers. Where several intermediaries operate in the same geographical area, farmers often express the same mercenary tendencies – a willingness to look elsewhere for better price when their animals are ready to ship.

The biggest differences seen in intermediaries –which also help to push them towards conventional trajectories– come from their philosophically different starting point for pricing. Intermediaries typically employ “demand-based pricing”, which starts
with the consumer’s (theoretical or approximate) willingness to pay, subtracts the
margins required along the chain, and determines an acceptable price for the farmer. For
a food chain, this is philosophically the opposite approach to cost-based pricing – and
justified as the only viable solution for an intermediary which, in the absence of a value
chain, is essentially competing with producers for any value-added that trickles back to
the bottom of the chain.

But you can’t offer up huge premiums to your shareholder farmers and
then hope to make money on the other end – business just doesn’t work
that way… That is always a dilemma with farmer groups. I need to pay
them what is fair so that I can sell more at a higher price and grow the
business … But if I set up [using] the other concept and pay top dollars for
everything coming in – way above cost or whatever – I have nothing left on
the other end and I’m not going to be in business. (A3)

It is noteworthy that the one intermediary that attempted cost-based pricing (Kerr Farms)
also attempted to establish a value chain – by establishing close links not only with
farmers, but with two distributors. However, when one distributor let them down, they
ran into difficulty selling large volumes at the required price, and were forced to amend
their cost-based policy in favour of a flat rate above open market prices, offering some
justification for the latter approach.

Despite the clear difference in pricing approaches, the discrepancy between
outcomes is often less than might be imagined, as even small-scale groups, who
philosophically favour a cost-based pricing approach, in practice invariably temper their
price with competition-based yardsticks (using grocery store price comparisons),
reflecting the realities of market competition, slow-moving stock, and seller’s anxiety.
The benefits offered by control over price are therefore balanced somewhat by additional
risk assumed by retaining control over the animal – as unsold inventory – through until
final sale to the consumer. This is not to suggest that farmers attached to intermediaries do not face risk: some of these groups do not carry the operational capital required to pay on delivery, meaning the farmer may wait for weeks to receive payment. This is not a concern in established intermediaries, but when a group struggles or fails, its farmers risk losing thousands of dollars worth of delivered stock.

It is at this point –at the crossroads where control over the purpose of the group and pricing meets perception of benefit– that the trajectories of groups organized with and without intermediaries in the chain offer clear choices to farmers: intermediaries demand less of their time and require no capital investment\(^1\), while delivering added value with reduced risk. At the same time, farmers are price-takers with no input into group decisions or path.

Groups without intermediaries retain for their farmers both a larger portion of the premium from the consumer, and control – over price, as well as philosophy and future direction. For small-scale, direct marketing groups these differences must be compelling, to balance the demands and risks involved with the transition to local food. These groups require a heavier time investment, as well as any capital investments needed for expansion. In fact, both of these factors have combined to serve as a barrier to expansion for each of the small-scale groups, as the risk of investing additional time and money was seen to outweigh the potential of successfully increasing the group’s market.

\(^1\) The exception would be groups that decide to vertically integrate by purchasing or building a processing plant or retail outlets – an expensive undertaking in which farmers typically become shareholders of the intermediary.
These diverging trajectories affect more than the control of the group, the distribution of added value, the nature of member engagement, and the organization of the food chain. These factors combine to determine the nature of the engagement with consumers, and delimit the means by which groups can access added value.

3.7.3 Value-Added Distinction

But we try to continue to sell beef this way, even though there is the extra work with it, and gamble [on the risk involved] – because we've got loyal customers. ...We can't just say "Oh, we can get more in the live market, right now, we're not going to do [direct sales]". (P2)

The direct exchange acts as a means of maximizing value-added return, but invariably brings with it surprising or unanticipated benefits for producers. Direct interaction with their customers leads to –among other things– the satisfaction of building a distinct, identifiable group, along with a sense of appreciation, of shared enterprise, of loyalty returned. For some, this resulted in a realization that their consumers were fundamentally different, and looking for something more than a product.

We were amazed at the reaction from the people – it was so strong. The people at that point in time were very aware of the BSE outbreak. They wanted to support and [buying our meat] was the best way to do that. Up until that point we didn’t know what kind of reaction we were going to get from the public. (K7)

For some groups, the BSE crisis played a key role in the development of their consumer base. The outpouring of public support –and the absence of any means for consumers to purchase beef from local farms in grocery stores– created an instant market for direct sales. After the media attention and public support subsided, groups were forced to develop additional points of distinction to maintain and increase their consumer base.
Each group relied in some way on the quality of the product (freshness and taste) and production practices to create added value. ‘Natural’ became a popular point of distinction, as the practices – no added hormones or antibiotics – were a natural fit for most participating farms, and met the needs of a growing segment of consumers looking for ‘organic light’ – a cheaper substitute that met many of the safety concerns addressed by organic beef.

Their eyes light up when you talk to them: that it doesn't have antibiotics and it doesn't have growth hormones! Whether it’s right or whether it’s wrong, when I'm selling to people, they're enthused. Right there. That's all I have to say. No antibiotics, no growth hormones; I've made a sale (H5).

But for direct marketing groups, the rise of the local food movement played a significant role – in some cases replacing the demand that withered after the BSE crisis. This was an element of value-added distinction that promised to be less transient than product qualities.

Big business cannot compete on local. The big packers, it doesn't matter on what niche you're aiming for, can … and will squeeze you to death … Organic, or hormone free, or certified Angus – it doesn’t matter what you’re going for. They can’t on local; they can’t even really guarantee that it is Canadian beef. (W3)

The increased demand for local food created new markets and potential: even intermediary groups with no direct connection to these new consumers noticed this trend:

Local was never really on our marketing mission until maybe the last year or two. And that was just because it became so trendy – everyone… we noticed retailers applying it to our product and we thought well, yeah, maybe this is…
Now we sell to larger companies where we won’t know the end user – and there seems to be in the marketplace a huge push for local. (A3)

However, without a direct connection to these consumers, intermediary groups are challenged to access any value-added from this trend. Because local demand has largely
occurred outside of conventional retail spaces, some intermediaries have experienced very little change in demand. Also, while some retailers may be eager to take advantage of local as a marketing tool, few are interested in passing added value back through the food supply chain.

Local can only go so far: there are a few customers of ours that care about buying local product and everyone else is comparing you to that [commodity] price. Especially when you want to deal with larger companies. (K9)

Therefore, while local is a point of distinction for all of these groups, it is a value-adding feature only for those selling through direct markets. For larger-scale groups acting as intermediaries, local becomes far less central to their identity, and is used primarily as a brand quality. This is consistent with an overall focus on group branding through product qualities, aimed at satisfying the needs of retail purchasers.

Both the communication of value and the nature of the relationship established through the exchange serve as indicators of group identity and trajectory (alternative / conventionalized). Branding serves as a means of conveying value-added information from the producer, in the absence of a direct connection to the consumer. Here, groups that use direct marketing should have an advantage, as they can credibly present a strong brand –with identifiable qualities– and also communicate directly to the consumer both the tangible and intangible benefits associated with these qualities. From confidence through traceability, reassurance through production practices, and even through helpful tips about meat preparation, these benefits develop relationships that deliver added value in the form of customer loyalty and referrals.
However, the benefits of direct marketing and demand for local food are not sufficient to create the momentum and conditions required for small-scale groups to jump to the next level of development. Here the group’s social capital—including the networks, information and access to relevant experience—plays a key role. However, these resources are not all valued in the same way, and do not uniformly serve a single objective, or point the group toward one trajectory. As with larger local beef chains, the nature of the innovations of which they are capable, and the trajectory that they follow, will be driven in part by the nature of the social capital that the group chooses to privilege, and the path that these resources facilitate.

### 3.7.4 Social Capital

Savor Ottawa has been a real plus for local farmers because it has made the restaurant and hotel people much more aware. It’s real focus is to bring groups of people together where restaurant people… are registered along with the farmers and it is great way to get them together. We can bring all the technology you want but there is nothing better than meeting eyeball to eyeball and there never will be. That is where you make your sales. (K7)

The final governance choice—one that may strongly influence legitimacy and trajectory—concerns the sources and networks that group members turn to for guidance in making decisions about their strategies, priorities or organizational philosophy. This choice reflects which information and knowledge is seen as credible or trustworthy – and also the willingness of influential group members to accept input from outside of their own network. Where groups turn for instruction, contacts, guidance, or information will in some ways determine what they see as barriers or opportunities, how they approach innovation, and how they establish priorities. These sources shape a philosophical approach that either reinforces or challenges conventional practices.
External influences have played a strong role in the development of each group’s trajectory, most often when looking for best practices or solutions to problems. To a large extent, groups are dependent on the networks of their influential members, and the defining experience for farmers from all groups has been their intimate involvement with the conventional commodity beef chain. In fact, many of these farmers involved in the value-added groups were previously active in, and remain connected to their many networks established as commodity farmers, through government officials (e.g. from the provincial agriculture ministry - OMAFRA) and beef sector groups (e.g. Ontario Cattlemen’s Association, breed associations). This type of ‘bonding capital’ can be helpful where group viability is dependent upon branding and marketing of verified product: in most situations, the required knowledge, expertise and resources are present or readily accessible through existing networks, and a ready supply of business and marketing consultants. Groups of all scale made use of this bonding capital to identify barriers and devise solutions.

But it was where members’ networks (church groups organizing to support local farmers) or new bridging capital (municipal networking events) exposed members to alternative ideas, strategies, information or people, that external influences were instrumental in the development of markets and connections, and enabled the development of an alternative trajectory.

Savour Ottawa, that was sort of a stepping stone to the farmers' market, because some of those same people are involved, and then you feel a little bit more comfortable, and you can talk to them and they explain how it works... it is almost like falling into a path. (W3)
Critically, this exposure to new influences suggested alternatives that allowed groups to scale operations appropriately – or allowed them to see the benefits and issues faced by others who had done so.

**Figure 3: Local Consumers – A Hierarchy of Scale**

| Neighbour                                   |
| Community group                             |
| Farmers market patron                       |
| Chef                                        |
| Butcher                                     |
| Independent retailer                       |
| Institutional buyer                        |
| Food processor                              |
| Small retail chain                          |
| Food Hub                                    |
| Foodservice distributor                     |
| Large retail chain                          |

Most groups –irrespective of scale– aim for a balanced, controlled growth, with the objective of increasing total volume in concert with carefully expanded markets, until each farm can satisfy their needs exclusively through group sales. However, moving from one level of scale to another involves a measure of infrastructure, money, and/or time investment (and a new set of challenges) that gives members and groups pause. As a result, the evidence shows that group volumes do not increase in a linear fashion, but in plateaus. These plateaus often coincide with groups moving from one type (or scale) of customer to the next:
Last year about 45% of our sales were at the farmer’s market. We are now moving to some of the restaurants. It takes time, it requires marketing skills and planning, something has to be done. That would be someone’s [full-time] job: it has to be. We are not ready for that scale as yet. (K7)

As can be seen from figure 3, different local consumers require not only an increase in volume, but different infrastructure, approaches, and relationships.

Hesitancy is not always related to risk aversion or lack of access to required funds and infrastructure; for many farmers, ‘family scale’ is a philosophical and not simply logistical constraint on enterprise strategy that often finds expression in their governance choices.

I think as you progress the big question is how can we meet the market, what size do we want to meet this market and how big do we want to get; or, are we satisfied with this level? (S3)

In fact, for groups at the smallest scales, the calculation may not be about how to increase scale, but how to increase the benefit realized by making the current scale work for the group:

If we could make twice as much on that pig as we have been, while having half as many pigs, and making money on all of ’em – and that's the same with the beef. You're wondering where we're going: if we can balance out, selling our beef at [the current rate], I'd be happy with 30 cows instead of 60, and make money on all of ’em. ...Then you'd have less cattle to look after, you'd be able to build more sales. So it's just kind of a shift in your workload, from the actual farming part, to the selling or the packaging and marketing part. (O8)

This choice does not simply reflect a difference in scale or intensity: rather, it is a fundamentally different approach that recognizes a shift in the focus for the production of value; a shift that tips the balance from an industrial to a service economy rationale; and therefore a shift that demands transition from a commodity chain to an alternative marketing philosophy.
3.8 From Priorities to Trajectories

Evidence from local beef initiatives in this research suggests that, with transition from commodity-based farming towards an alternative, the influences and pressures are primarily towards ‘conventionalization’. What makes intuitive sense to these farm groups are rationales, approaches, organizational forms and market explanations with which they are familiar. This impetus is counteracted by dissatisfaction with the commodity system as it exists, but dissatisfaction –and its remedy– takes many forms. How groups prioritize grievances, motivations and solutions plays an important role in determining group choices and trajectory. While increased value for product is a common starting point, other motivations include consistency and stability of return (short-term and long-term); convenience of involvement; active participation in and control over group decision-making; fair distribution of added value; the elimination of profit-absorbing ‘links’ from the food chain; the minimization of risk; and the continued viability of the group.

Due to the large financial investment required, group viability quickly becomes the top priority in the transition from small to large scale. For larger groups, viability demands a consistent return from high volume markets, and a large number of farms involved. These initiatives are organized as complex commodity chains, with the group acting as coordinator and guarantor of value-added returns for farmers who supply the inputs in this chain. Where possible, these groups access increased value-added through vertical integration of the chain, rather than by shortening of the chain through direct sales. A large volume of product also often demands a larger supply and a broader market than can be found regionally, increasing the geographic scale of the initiative.
This level of scale demands an appropriate scale of consumer. For the most part, this means that their product moves through a value-added stream of the existing medium and large-scale retail infrastructure. But without the direct relationship, these groups must communicate value-added distinction through marketing, and increasingly through branding quality characteristics inherent in the production process or the product itself. This shifts the focus to the certification and verification of a set of protocols that must be followed by producers in order to ensure a homogeneous product – which has become the primary source of value-added distinction. Value-added of this nature is transient, a moving target that relies on staying ahead of market developments and responding to the dilution of the market for those attributes. The ‘natural’ value-added premium is equally attractive to Alberta feedlot owners.

This conventionalized approach to value-added is also fundamentally different from a trajectory that has as its base the value-added product but, through a direct exchange, cultivates additional value-added in the recognition of intangible qualities attached not only to the product, but also to the process and the relationships between producer and consumer. Farmers that become involved with larger groups forego this portion of added value for convenience, reduced inputs (time and money) and reduced risk.

Smaller-scale groups can more easily access this latter form of value-added, but struggle to increase markets. They prioritize control and maximized added value for producers over group viability (“…if the thing doesn’t work, it doesn’t work”). For some of these groups, branding, protocol and certification exercises are seen as secondary – or not even considered. Instead, the new consumer is courted by creating a distinction that relies on more than product. This thought process is familiar to most of the small-scale
groups. The negotiation over price-setting often includes a debate over dropping price to increase sales volume – and just as often rebutted by the argument that price is tied to distinction in the minds of the value-added consumer, and therefore by dropping the price, one risks alienating potential or existing customers. The ultimate conclusion that follows from this argument is that the value-added product being sold to these new consumers is not *meat*, but rather *perception*. Almost by definition, these consumers cannot be accessed through an extended food chain peddling a branded product, since the corollary of elite distinction is the perception of authenticity, in exchange for which the new consumer expects acknowledgement. And without connections through which authenticity can be established, and intangible qualities can be acknowledged and exchanged (reassurance for trust; resolve for support; creativity for loyalty), groups on the conventionalized trajectory will find it difficult to achieve this level of distinction.

### 3.8.1 Path Dependency?

Scale influences and is influenced by the approach to group governance. The results of this research suggest that the approach to scale taken by each initiative frames not only what is possible at the outset, but also what trajectory will follow. Without an overriding priority – such as collective decision-making, equitable redistribution, or direct connections – the default trajectory for these groups will be increasing scale and conventionalization. The latter appear to be connected because scale alters the equations upon which group choices are based, filtering which motivations are given priority, which experiences are seen as barriers or opportunities, which adaptations are seen as efficient or impractical, and which alternative approaches are seen as innovative or
illegitimate. For groups in transition, increased scale can influence group choices, and even change the basic purpose or rationale of the group.

It is perhaps no accident that only one group in this study falls into the medium-scale category. Groups on a conventionalized trajectory—as members of extended value-added chains—have slim margins and larger-scale consumers (as seen in Figure 3, p.111), both demanding large volumes. Groups on an alternative trajectory—reliant on direct marketing—face barriers to medium scale because, in order to increase volumes, they must access larger volume customers and develop and invest in the necessary infrastructure.

This lack of infrastructure for mid-sized local food—or even a clear idea of what that infrastructure would look like—could explain why the path to medium scale is so little traveled. Groups looking to increase in scale face a difficult transition, since many of the resources that might be useful to these groups come from outside of their familiar network—the set of contacts to whom they typically turn for information and expertise. Their ‘bonding capital’ is less relevant where the solution to their problem requires access to unfamiliar knowledge sets—or to what is elsewhere called ‘bridging capital’. In fact, their bonding capital may even be counter-productive: if the expertise accessed through these networks define the problem as ‘lack of marketing/branding’ rather than ‘lack of interconnections’, then ‘marketing/branding’ becomes the solution.

These groups often have no social infrastructure for developing the connections necessary to tap into networks that would expose them to innovative alternative strategies, as well as the access, contacts and connections that would help them transition to larger-scale local food consumers while retaining maximum value-added. To be clear,
some groups are starting to make these connections, but not because these groups or their members are inherently more innovative. Rather, they happen to reside in regions where the soft infrastructure of local food has been developed, and have come into contact with an institution (or an individual) through which access – and bridging capital – was provided.

### 3.9 Conclusions and Recommendations

For local beef groups, as with local food initiatives more broadly, mid-scale infrastructure is the missing piece that prevents a widespread increase in volumes, accessibility and impact. While the need for (re)investment in the physical infrastructure of local food is given a lot of attention, the development of social infrastructure is just as critical. This includes the facilitators, paths and mechanisms that encourage networking and relationship building, and that would assist those unfamiliar to local foodways. Too often, this critical piece of bridging capital-building is left to chance and – in the absence of a “champion” – local food groups struggle to develop scaled-up networks and markets without losing the connections and relationships that deliver intangible qualities and additional value, and drift inevitably towards conventionalization. Regional investment in social infrastructure – that encourages and provides access to bridging capital and innovation – is therefore an inflection point in the trajectories of these groups.

Groups looking to stimulate their own infrastructure development should bring into their network other local and regional groups – and their consumers – dedicated to a broad diversity of products, encouraging cross-pollination by local food participants already familiar with and predisposed to the benefits of the direct exchange. Targeting only the
small cohort of consumers looking for a specific elite product (‘natural’ beef) is unnecessarily restrictive.

Plugging into –or helping to develop– a regional food hub may provide benefits to these groups. When acting separately, the effort required to develop and coordinate collective processing and marketing relationships taxes the patience and financial resources of these groups, and demands more time than many have to give. In small groups, even modest success requires the tireless efforts of a few motivated individuals, along with preconditions that favour group formation and early development. Regional food hubs pull together many such groups, combining the efficiencies gained within the individual groups (coordination and sales) with efficiencies at the next level of scale (significantly in ordering and distribution processes), while balancing this with the facilitation of increased interactions and connections between producers and consumers of all scales. This carefully balanced configuration of growth is essential because without the interconnections of the exchange, and the intangible qualities that pass through these, this mid-scale local food trajectory gravitates towards conventionalization, with producers and consumers separated by a (transitory) value-added commodity chain.

The research results presented in this paper show that a group’s scale of operation plays an important role in suggesting or even determining their fundamental choices about form, identity, and orientation towards equity and innovation. At the same time, while larger scale encourages conventionalization, and smaller scale is well-suited to alternative choices, these trajectories are neither predetermined nor fixed by scale. Rather, cumulative choices combine with scale to limit the range of options available to large groups, pushing them down a narrowing path of development where value-added is
tied to the tangible commodity. Small-scale groups can find themselves on the same path by choice, or through a lack of access to resources and alternatives. Viability for groups on an alternative trajectory – and for those who follow in their footsteps – will depend on the continued development of innovative regional structures and networks that promote access to resources, alternatives, and growing local food markets.
3.10 References


4.1 Introduction to third manuscript

The second manuscript charted the trajectories of the various local beef marketing chains involved in this study, to see how they reflected the fundamental qualities of LFS, as identified in the first manuscript. The scale and governance choices of these groups were shown to interact, and jointly influence the potential for the adoption of important processes, including: equitable distribution of value and control throughout the chain; attention to the delivery of intangible (non-market) benefits through the exchange; and, the utilization of bridging capital.

A clear distinction emerged between groups established by –and under the control of– a small set of farmers selling through direct markets, and groups organized and led by intermediaries, which purchased from large numbers of farmers. The former struggled to maintain an alternative trajectory, while the latter – despite value-chain discourse – adopted conventionalized processes and practices in value-added chains. What remained to be determined was how these chains performed from the perspective of their farmers. Were the expectations of these farmers matched by the results – and, if so, did it follow that the motivations and rationales for farmers differed based on the scale of their chosen groups? How did the scale of farm operations influence group choice, and interpretation of results?
These questions were reminiscent of an earlier debate over the effects of larger-scale farm production (and intermediary control of the market) on the motivations – and conventionalization – within the organic movement (Buck et al. 1997; Hall and Mogyordy 2001; Lockie and Halpin 2005). Given DeLind’s (2010) concerns over distortion of the ‘local food’ market, and the influence of powerful intermediaries, is it possible that we are witnessing the conventionalization of local food?

Publication details:

Mount, P. and J. Smithers. “The Conventionalization of Local Food: Reflections from the farm on the potential of local, alternative beef marketing groups”. In preparation for submission to the Journal of Agriculture, Food Systems and Community Development.

4.2 Manuscript

The Conventionalization of Local Food: Reflections from the farm on the potential of local, alternative beef marketing groups

4.3 Abstract

Across North America, local food is being peddled to small and mid-scale family farms as an alternative niche opportunity for value-added production and marketing. Many former commodity farmers, operating at various levels of scale, are now selling product to local consumers – either on their own, with groups of farmers, or through intermediaries with active distribution chains.

The literature on the conventionalization of organic suggests that larger farm scale and an intermediary-controlled chain may produce unintended effects for producers in these local markets. The same literature also questions the role of farm scale in shaping
motivations. Reflections from first-adopters on their experiences in local food marketing –both direct to consumer and through intermediaries– could provide insight into the potential for processes of conventionalization to influence local food outcomes.

As part of a larger project looking at the influence of scale on transformations in local food systems, this paper investigates the ‘local beef’ group-marketing phenomenon in the province of Ontario. Two types of group operate in the province: the first is organized by farmers and relies on direct marketing, while the second operates on a larger scale, and is led by intermediaries that purchase and market the product from farmers. Through an analysis of interviews with farmers, and borrowing from adoption of innovation frameworks, this paper aims to capture the factors and motivations that attract commodity producers to these two types of marketing innovation, and their interpretation of the results. The differences between expectations and outcomes will help to gauge how scale of farm and group operation influences results, how this relates to processes of conventionalization, and what this means for the future of these local marketing groups.

Results show that –despite returns proportional to the effort required– farmers selling through intermediary-led groups are relatively less satisfied, expressing frustration with commodity chain approaches adopted by intermediaries. These results provide limited support for the conventionalization thesis.

4.4 Introduction

In recent years, diversification has emerged as an option for farms hoping to maintain family-scale production in North America. Along with value-added production, the potential of local food as an alternative niche market has increasingly attracted
attention, and many mid-scale producers are testing this market through either direct sales, or through a growing number of alternative marketing and distribution chains serving local consumers.

This trend begs questions not only of commodity producing farmers’ ability to adapt to alternative marketing arrangements, but also of the impacts of increased volumes from these chains on local markets. The literature on organic conventionalization suggests that chains controlled by intermediaries not only drive down prices, they encourage participation of larger producers whose approach and mindset are ill-suited to alternative markets (Buck et al. 1997). While these effects are contested in the literature on organic conventionalization, research capturing the experiences of first-adopters of these new local food marketing innovations could provide insight into the potential for processes of conventionalization to influence local food outcomes.

As part of a larger project looking at the influence of scale on transformations in local food systems, this paper investigates the ‘local beef’ group-marketing phenomenon in the province of Ontario. Two types of group operate in the province: the first is organized by farmers and relies on direct marketing, while the second operates on a larger scale, and is led by intermediaries that purchase and market the product from farmers. This paper reports on an effort to understand better the producer side of the scale question in local food. Through an analysis of interviews with farmers, and borrowing from adoption of innovation frameworks, this paper aims to capture the factors and motivations that attract commodity producers to these two types of marketing innovation, and their interpretation of the results. The differences between expectations and outcomes will help to gauge how scale of farm and group operation influences results, how this
relates to processes of conventionalization, and what this means for the future of these local marketing groups.

4.5 The Problem for Family-scale Farms

Over the last half-century in the province of Ontario, family farms have experienced the impacts of broad industrializing trends in agriculture, familiar across developed regions of the world – including intensification and specialization of production, and the consolidation of landholdings, pushed forward by a discourse of competition, modernization and efficiency. At the same time, a combination of overproduction, market and retail consolidation, and global sourcing has produced stagnant commodity prices, a smaller share of a shrinking consumer food dollar, and steadily increasing input costs, resulting in a crisis of economic sustainability at the farm level. Decreases in commodity prices relative to input costs demanded increased scale and concentration, which in turn demanded increased capital costs – and often, increased debt levels (Gray and Lawrence 2001; Pierce 1994). This conventional, productivist treadmill asked for continual growth without guaranteeing adequate on-farm income (Kloppenburg, 2005; Sparling and Laughland 2006). For many farm households, this required a level of debt and investment that was either unavailable, or seen as an unacceptable risk.

As a result, many family farms have explored diverse development paths (Inwood and Sharpe, 2012; Oerlemans and Assouline 2004; Smithers and Johnson, 2004), enabled by a dramatic increase in off-farm labour and income. In the past generation, off-farm employment in Ontario has gone from occasional supplement to necessary component of
household income, now responsible for well over ¾ of total farm revenue (AAFC, 2007): almost half of farm operators have an off-farm job or business (Statistics Canada 2012).

For family-scale farms left behind by commodity systems, value-added production has been peddled as a cure (Barbieri and Mahoney 2009; Stevenson and Pirog 2008; Verhaegen and Van Huyl enbroeck 2001). When accompanied by niche marketing that captures a value-added premium, these alternative strategies promise to increase the value of on-farm product and reduce the need for off-farm labour, without demanding a dramatic increase in farm production scales. Local food has attracted much attention in this context (Bloom and Hinrichs 2011; Charlebois 2008; Inwood and Sharpe 2012; Stevenson and Pirog 2008), often in combination with other value-adding production processes.

This new opportunity seems to be a good fit for both family farms and local food niche markets – which have been growing steadily over the last decade, but failing to make major inroads in overall market share. Along with the limits of the local biophysical and productive resources, and regional infrastructure (Clancy and Ruhf 2010; Donald 2009; Kneafsey 2010), consistent supply is often listed as a significant barrier to increased scale in local food markets (Jarosz 2008; Metcalf Foundation 2008; Ostrom 2007) – compounded by difficulties in accessing stable, value-adding alternative food chains (Bloom and Hinrichs 2011; Ilbery et al. 2004; King et al. 2010). Mid-sized farms that are able to capitalize – with a product that can support their own local and alternative marketing chains – stand to reap value-added benefits, while substantially increasing the volumes currently marketed locally.
However, several additional factors could play key roles in the success or failure of these efforts. First, in the reorientation to a local food alternative, the experiences, satisfactions and constraints of commodity producers are poorly understood. For these transitioning farmers, the new opportunity is not without its costs and risks, particularly when most are unfamiliar with producing and marketing a finished product – either direct to consumer or through an alternative marketing and distribution chain. Food systems and regional development experts in the United Kingdom predicted that ‘new’ local food producers would face difficulties trying to capitalize on the potential of “shorter, more quality sensitive, reconnected production–consumption food spaces” (Ilbery et al. 2004: 342). Among the barriers they identified were a lack of influence and power for alternative producers, the financial risks of expansion of alternative marketing activities, and the difficulties of creating alliances with processing, distribution and wholesaling intermediaries (ibid.: 342). Collective marketing efforts can –by sharing costs, labour and risk– minimize some of those barriers and make transition more attractive to farmers (Oerlemans and Assouline 2004; Stevenson 2009; Verhaegen and Van Huylenbroeck 2001). However, ease of transition for larger-scale farms, and increased volumes in local, alternative markets may produce unintended side-effects.

This warning is an extension of the ‘conventionalization’ thesis, used over a decade ago to describe developments in the organics sector – where the price premium, the promises of buyers, strong consumer demand and weak commodity markets attracted large numbers of conventional producers with no strong ties to the ‘organics movement’ (Buck et al. 1997; Guthman 2004). In California, this influx grew organic volumes rapidly, but also diluted the producer pool with those interested only in doing the
minimum required to meet organic standards, while maintaining industrial production volumes, and continuing to produce conventionally. These large-scale new entrants were less likely to sell direct and, as a result, their profits depended on volume – as their price premium was much lower selling through a buyer, packer or other intermediary (Guthman 2004).

Increased volumes in turn created competition that had not previously existed, forcing all producers to respond to new market imperatives through intensification of production (Guthman 2004a: 310-311). This increased the potential for reproduction of conventional food chain outcomes, including loss of small producers (Lockie and Halpin 2005) and “the operation of a farm-based cost-price squeeze” (Smith and Marsden 2004: 355). Falling premiums and a loss of producer control have been recorded in multiple regional markets (De Wit and Verhoog 2007; Guptil and Welsh 2008; Smith and Marsden 2004), driven by oversupply and “oligopolistic positioning” of retailers in organic supply chains (Smith and Marsden 2004: 356).

This cautionary tale of organic conventionalization is directly relevant to local, alternative markets, since the same ill-defined mix of characteristics that once were applied to ‘organic’ have largely been transferred to ‘local’, including assumptions about “smaller” farm scales and synergistic benefits that accrue to farmers, consumers, society and the environment (Friedland 2008). It could be suggested that the introduction of large scale producers and groups into the local food market has the potential to drive down price premiums, and contribute to intensification (Guptil and Welsh 2008; Guthman 2004: 42-60) but also to dilute the attention to non-commodity benefits that are central to the local food contract. These local, alternative markets offer a premium that not only
recognizes the tangible and marketable traits of the product and the geographic proximity of its production: the premium also reflects ecological, food security and food safety outcomes (Bjørkhaug and Richards 2008), as well as numerous ‘intangibles’ – from trust and reassurance, to the display of support for local community and farmers (Mount 2012; Verhaegen and Van Huylenseck 2001).

These non-commodity benefits are more easily acknowledged and exchanged through smaller-scale chains, organized by farmers, and reliant on direct marketing. Larger-scale local marketing efforts that forego the interaction required to deliver (and capitalize on) non-commodity benefits to consumers – in favour of increased volume and supply chain efficiencies – may be more likely to adopt practices that promote oversupply and reproduce commodity chain relationships with farmers, creating a parallel, conventionalized form of local (see Mount and Smithers, in process; Lockie and Halpin 2005: 286). But where increased market volumes come from groups of farmers whose only experience is in commodity production, to what extent is conventionalization an outcome of supply chain scale and dynamics, or the result of the dilution of motivations in the producer pool?

This latter point has long been contested in the organic conventionalization debate. Some contend that, when the market attracts farmers whose primary interest is the price premium, these farmers may be less resistant to processes of conventionalization (Van Huik and Bock 2006, in De Wit and Verhoog, 2007). But evidence supporting this thesis has been uneven (Hall and Mogyordy 2001; Lockie and Halpin 2005), in their assessment of the conventionalization of organic, found no motivational differences based on either farm scale or previous involvement in conventional production. Drawing
a direct line between motivations and conventionalization is a problematic approach that necessarily simplifies complex motivational profiles (Guthman 2004; Lockie and Halpin 2005), and minimizes the influences of contextual factors, including farm development path, ease of transition (or ‘fit’), associated risks, and access to local alternative marketing groups.

In Ontario’s beef sector, local and natural have come together to provide an alternative niche opportunity for value-added production and marketing. Many former commodity beef producers are now finishing\(^2\) and selling natural beef to local customers – either on their own, with groups of farmers, or through intermediaries with active distribution chains. For the purposes of this project, farmers from 27 farms – including 10 couples – were asked to describe their practices before and after joining their group, the factors that encouraged them to join, and the nature and function of the group, as well as their goals and expectations, barriers, satisfaction level and recommended changes.

Following from a broader research project looking at the effects of scale on the transformations occurring in local food systems (Mount 2012; Mount and Smithers, in process), this paper seeks to identify the dissatisfactions, attractions and ‘fit’ that encourages farmers – operating at various scales – to become involved in local, alternative beef marketing groups. Based on interviews with a broad cross-section of beef farmers involved in alternative marketing groups, the following analysis offers a farm-level evaluation of the viability or conventionalization of these groups, paying close attention to how farmers interpret the differences in outcomes produced by the scale and practices

\(^2\) ‘Finishing’: the final stage of livestock rearing where animals are fattened or fed to a desired weight before slaughter.
of intermediary-led (vs. farmer-led) local marketing chains. This approach will identify

gaps between producer expectations and assessments, while seeking to uncover how the

scale of both farm operation and alternative distribution chain interact with contextual

factors, motivations, expectations, and evaluations of early-adopting, innovative farmers.

In what follows, a framework for analysis is presented in Section 4.6, drawing on

adoption of innovation themes and concepts as a way to unpack and systematically

investigate the motivations and experiences of farmers. After a brief description (Section

4.7) of the broader context for decision-making on Ontario beef farms, Section 4.8

describes the research approach, the rationale for categorization of farms, and a

comprehensive description of the findings and assessments from each category. The

paper finishes with an analysis of the influence of scale on the outcomes described by

these farmers, as well as a broad assessment of the future of these alternative marketing

strategies.

4.6 Framework for Analysis

The challenge of this research involved the interpretation of reflections from first-

adopters on their experiences in local food marketing, to more thoroughly understand

their motivations and expectations, and thereby provide insight into the potential for

processes of conventionalization to influence local food outcomes. As mentioned

previously, motivations and expectations are framed by a complex set of factors

including context, access, fit and risk. The literature on adoption of innovations offers the

tools required to make sense of these decision-making processes. While much of this

literature has, in the past, been devoted to understanding the adoption of new
technologies or farm production practices (see Röling 2009), the framework for analysis is compatible with the factors that motivate the adoption of alternative marketing strategies.

Local marketing chains delivering value-added product are, by their nature, both alternative and innovative – as they force producers to enter into and adapt to new relationships and, often, new production practices. These changes are not made lightly: family-scale commercial farmers must confront a series of factors that push, pull, and predispose them to look at these alternative marketing strategies. While poor commodity markets and the lure of an expected price premium are important (Barbieri and Mahoney 2009), if these two factors alone provided sufficient motivation, alternative chains would be the dominant strategy of struggling family-scale commodity farms across Ontario. Instead, even though many commodity farmers are wary of the associated scale and risks, expansion of conventional production remains a common strategy for family farms in the province – along with off-farm work, the income supplement of choice for all farm development pathways (Potter and Lobley 2004; Smithers and Johnson 2004; Statistics Canada 2012).

Regional societal and economic forces, commodity markets, and competition all play a role in these decisions, and yet only a small subset of the family-scale, commodity producing farms in Ontario – all affected by these forces – are motivated to action and transition. Clearly, while dissatisfaction and financial benefit provide motives for involvement in an alternative marketing strategy (Barbieri and Mahoney 2009), it is important to look for other factors that may also be attracting farmers – including factors that predispose them to adoption (Greiner et al. 2009; Wejnert 2002) such as time/
availability, existing on-farm income, age, proximity to markets and marketing skills. At the same time, the priorities, limitations and goals of the farmer—from familial to philosophical to economic—act as filters on these pushing and pulling factors (Barbieri and Mahoney 2009; Greiner et al. 2009; Jervell 1999). Recent research has identified a growing number of farms (particularly at the rural-urban interface) that are turning away from the risks of expansion and debt—and towards increasing value-added from niche production and localization, as well as ‘enterprise stacking’—to increase on-farm viability through diversification, flexibility and intergenerational engagement (Inwood and Sharp 2012).

4.6.1 Relative Advantage

For some farms, families or individuals, such innovation may simply be a better fit. Involvement will be easier, and adoption more likely, if farmers are already familiar with the practices (Marra et al. 2003; Wejnert 2002), or have useful knowledge or experience (Prokopy et al. 2008). Likewise, the alternative strategy may fit their philosophical or lifestyle goals (Moreland and Hyland 2009), or mesh well with the current trajectory of their farm enterprise (Röling 2009).

The nature of the commitment also influences the ‘fit’, including—in this case—whether these marketing chains are simple to join, participate in, or leave, and possible to try on a small scale. These factors—described in the literature as ‘complexity’, ‘trialability’, and ‘divisibility’ (see e.g. Moreland and Hyland 2009)—help to calculate not only the ease of transition to this alternative chain, but also the risks and relative advantage involved with adoption.
The decision to try the innovation is based on a complex set of interconnected factors (see Table 1) that measures the strengths, weaknesses and potential of the new practices against those being replaced, resulting in a judgement usefully referred to as the *relative advantage* (see Greiner et al. 2009; Moreland and Hyland 2009). Dissatisfactions, attractions and predispositions push and pull farmers towards these innovations, and is weighed against physical, philosophical and enterprise ‘fit’–as described above– in an initial calculation that frames the determination of relative advantage.

**Table 4: Indicators in the calculation of the ‘relative advantage’ of an innovation**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Factors (examples)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motivations</td>
<td>• dissatisfactions (BSE, farm revenues, off-farm labour, succession)</td>
</tr>
<tr>
<td></td>
<td>• attractions (price premium, stability, value-added discourse)</td>
</tr>
<tr>
<td></td>
<td>• predispositions (control, dignity, ‘alternative’, egalitarianism, family-scale)</td>
</tr>
<tr>
<td>Fit</td>
<td>• familiarity (‘freezer beef’ sales, networked to founding members of group)</td>
</tr>
<tr>
<td></td>
<td>• effective knowledge (previous finishing / direct marketing experience)</td>
</tr>
<tr>
<td></td>
<td>• commitment (reversibility, low capital requirements, grows own feed)</td>
</tr>
<tr>
<td></td>
<td>• comfort (philosophical, lifestyle and enterprise goals)</td>
</tr>
<tr>
<td>Costs</td>
<td>• transition costs (altered practices, difference in time, effort, $ requirements)</td>
</tr>
<tr>
<td></td>
<td>• transaction costs (increased importance, number, investment in relationships)</td>
</tr>
<tr>
<td></td>
<td>• operational costs (new inputs)</td>
</tr>
<tr>
<td>Risk</td>
<td>• risk attitude (desperation vs. resignation)</td>
</tr>
<tr>
<td></td>
<td>o uncertainty (failures of other alternative marketing chains)</td>
</tr>
<tr>
<td></td>
<td>o insurance (diversification, retirement strategy)</td>
</tr>
<tr>
<td>Relative Advantage</td>
<td>• motivations; fit; costs; risk</td>
</tr>
<tr>
<td></td>
<td>• priorities (weight given to each of these factors)</td>
</tr>
</tbody>
</table>
This calculation is commonly portrayed in the literature as a form of ‘cost-benefit’ analysis (Lubell et al. 2011). Stacked against motivations and fit are the costs – including the transition costs (altered practices), and any known increases in operational costs (new inputs) or transaction costs (new relationships). But this analysis is mediated by the knowledge, intuitions and perceptions of the farmer, including the estimation of the relative potential returns – both current vs. future, and old chain vs. new (Marra et al. 2003; Prokopy et al. 2008).

In addition, the cost-benefit analysis – and the likelihood of adoption – is influenced by the perception of the risks and uncertainties involved in participation (Greiner et al. 2009; Marra et al. 2003; Moreland and Hyland 2009), and mediated by the farmers’ attitudes towards risk-taking. These ‘risk attitudes’ are in turn affected by the sector, region and context of the farm (Greiner et al. 2009), as well as any support farmers may have that could act as insurance, and mitigate risk (Sunding and Zilberman 2000). Familiarity with practices of this alternative will also reduce the perception of risk (Wejnert 2002). This complex interaction of attitude, risk and uncertainty is likely to influence not only the decision to adopt, but also the extent or intensity of adoption, reflected in the commitment of the farmer to their group (Greiner et al. 2009; Marra et al. 2003).

The overall balance of factors influencing the assessment of relative advantage is captured in an informal determination of the assumed costs, benefits and risks of joining, balanced against the motivations driving their interest, and the ‘fit’ of the alternative to the practices and philosophy of the farmer. The weight given to each of these factors, in
turn, is influenced by personal priorities – financial vs. lifestyle, and short-term vs. long-term (Greiner et al. 2009).

4.6.2 Alternative market viability

Of course, while these factors as a whole offer an explanation of why farmers take part in local, alternative marketing strategies, their assessment of the chain’s ability to meet their expectations rests on their reassessment of its potential, based on their experiences. Many of the factors used to measure relative advantage also inform expectations. That is, the assumptions that formed the basis of the calculation of costs, benefits, risks and fit play a role in assessing the performance of the chain, when measured against the real experiences of the farmers (see Table 2, below). This assessment is tempered by the factors that indicate a willingness and ability to adapt to unexpected outcomes, including the types of barriers identified – for the farm and the group – as well as any solutions proposed or adopted.

Table 5: Indicators in the calculation of ‘alternative market viability’

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Assessment</td>
<td>Outcomes vs. expectations (costs, benefits, risks, fit)</td>
</tr>
<tr>
<td>Farm Flexibility</td>
<td>Barriers, solutions, adaptability</td>
</tr>
</tbody>
</table>

The analysis reported in this paper captures two indicators for each category of farms. The first, ‘relative advantage’, reflects the assumed costs, benefits and risks of joining a particular type of alternative marketing chain, as well as the ‘fit’ of the alternative to the practices, motives and philosophy of the farmer – modified by their personal priorities. A second indicator – ‘alternative market viability’ – reflects
experiences within their local group, comparing expectations and outcomes, as well as the farm’s flexibility, as reflected in their description of barriers and adaptations. This indicator will capture their overall impressions of the conventionalization or viability of their alternative value-added marketing chains.

4.7 Ontario Beef: a glimpse of the sector and the research sample

The viability and effectiveness of local food initiatives are in many ways shaped by the expectations and aspirations of the participants. This is particularly the case in local Ontario beef initiatives, where the history of involvement in the commodity beef chain both informs farmers’ optimism and tempers their interpretation of outcomes.

The first decade of the 21st Century was not kind to Ontario beef farmers. The vast majority operated small or mid-sized herds that supplied breeding cattle, calves and occasionally, finished animals to the conventional commodity chain. With the loss of most export markets after the discovery of a single Canadian BSE-infected animal in 2003, this commodity chain broke. Beef from the large feedlots of Alberta –originally destined for export– flooded the Ontario market, driving down sale-barn and packer prices, causing many of these herds to hold their cattle, and disrupting the entire chain – except for retail, where prices remained stubbornly fixed (NFU 2008). In the midst of this crisis, Cargill\(^3\) –a multinational agricultural commodity monolith, which already owned large beef processing facilities in Alberta– purchased Better Beef, a facility in the city of

\(^3\)While there are several large multinationals operating in the intensely concentrated industrial beef sector, the largest and most notorious in Ontario is Cargill (see NFU 2008). For the farmers in this study, “Cargill” often serves as shorthand for industry concentration and market distortion.
Guelph that processed 80% of Ontario’s beef, giving Cargill over 50% of Canada’s federally-inspected fed-cattle slaughter (Government of Canada 2005).

Over the course of the decade, prices for commodity beef in Ontario very slowly rebounded, but not to pre-BSE levels. Many small and mid-sized beef farmers simply abandoned the sector: between 2001 and 2006, Ontario lost 18% of its beef farms (Statistics Canada 2006). By 2010, a Canada-wide survey of farmers found that 57% of beef producers described themselves as “better off” than 5 years ago (an all-time high number for beef producers), and also that 41% would discourage family or friends from a career in primary production (CCA 2011) – a much greater proportion than any other group of farmers. Those who remained were strongly motivated to find alternatives, and more inclined to be receptive to inherent risks and rewards than they might have been, before BSE. These realities provide context for the decisions made by farmers in this study.

4.7.1 The Sample

Primarily on-farm interviews were conducted with producers from 27 different farms, including ten farm couples. The average age was close to the Ontario farm average (approximately 56), with only three respondents under 50. More than half were farming on the family farm, and only six had been farming for fewer than 20 years [although not always beef]. Seventeen also worked –or had retired from– full-time off-farm jobs.

All of the beef sold through these groups was raised as ‘natural’, meaning free of administered hormones or antibiotics. The farmers attracted to value-added niche
marketing are not a homogeneous cluster, but range in scale from small cow-calf\(^4\) herds to feedlots: it would be sensible to assume that this diversity impacts the evaluation and decision-making processes of the farmers involved.

Table 6: Sample of Alternative Beef Farms in Ontario. Farm scale X Group approach

| Alternative Marketing Chain | Farm Scale  
<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>S (&lt; 25)</td>
<td>M (25-100)</td>
<td>L (&gt; 100)</td>
</tr>
<tr>
<td>DIRECT</td>
<td>11</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>INTERMEDIARY</td>
<td>-</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>

The sample was categorized according to 1) farm scale and 2) type of alternative marketing chain – those involved in direct marketing vs. those marketing through an intermediary-led chain. For the purposes of this study, farm scale was determined primarily by the number of beef finished on the farm per year. Many of the farms designated as ‘mid-sized’ actually have large landholdings and secondary agricultural enterprises, including cash crops and diverse livestock. For almost all, beef was the primary focus and largest source of on-farm income – the exceptions being one farm with a large maple syrup enterprise (with a growing beef herd), and a second farm with a

\(^4\) ‘Cow-calf’: in the industrialization of the beef chain, the greatest value was given to the ‘finishing’ stage, where cattle are fed to a desired weight before slaughter. As this stage became segregated into feedlots, most small beef herds restricted their operations to breeding, calving and rearing animals that were sold in ‘live’ auctions to feedlot purchasers. These small herds became known as ‘cow-calf’ farms. As a result, the growing cohort of farms in Ontario that keep and finish their own animals, to sell directly to packers or other customers, have become known as ‘cow-calf-finishers’.
small-scale flock of laying hens and industrial egg quota that served as a stable income base for a transitioning organic land base and beef herd.

The average beef herd in Ontario has 65 head of cattle (CRS 2011). Farms finishing fewer than 25 head per year (11) were designated ‘small-scale’. Those finishing over 100 head per year (4) were classified as ‘large’ – based on the notion that this level of production demanded full-time focus on finishing (and marketing). In fact, three of the four within this category were feedlots of varying scales. The remaining farms, finishing between 25-100 per year (12), were designated mid-sized.

Farms were also differentiated according to a simple binary in their marketing approach: whether they sold direct to consumer or via a marketing intermediary. Those who sold directly to consumers belonged to one of four small-scale marketing groups; the rest sold finished animals through one of five larger-scale groups organized by intermediaries that were responsible for processing, marketing and /or retailing. The details of these groups’ activities have been reported elsewhere in the research project (Mount and Smithers, in process).

The four direct marketing groups operate at various scales –shipping on average between 2 per month to 5 per week– and use four different organizational models. The smallest is an informally organized group of like-minded farmers, who package and deliver boxes of (freshly frozen) beef, ordered online and via telephone, to customers in central drop-off locations (mostly in the largest regional city) several times per year. Farmers in the other three groups sell directly to consumers through varying combinations local farmers markets, restaurants, and small retail and butcher shops. Of
these groups, one is incorporated and sells under a regional brand, another sells through the farm brand of the principal, and the third is a farmer cooperative.

The five intermediary-led groups involved in this study operate(d) at a large scale— all slaughtering over 20 head per week—and use fairly similar organizational models: incorporated, and branded using a regional or quality designation, or the farm brand of the original principal. While each of these groups featured ‘local’ as an element of their marketing strategy, only two sold farm members’ beef directly to consumers through their own retail outlets, while a third sold directly to customers through large event orders. None of these groups featured direct contact between consumers and farmers, who were simply input suppliers in a value-added chain. According to group principals, the farmers in these groups typically ship over 25 head per year.

And, according to the conventionalization premise, one might expect large, formerly conventional beef farmers to display identifiably different motives and expectations to small-scale producers engaging in local food initiatives as an alternative (see Buck et al 1997). However, evidence from this research project (Mount and Smithers, in progress) has demonstrated that elements in the developmental evolution of alternative ‘local food’ groups influence the trajectory—or ‘what is possible’—for future decisions, in part by shaping how these groups perceive barriers. Even if the links between scale and conventionalization were not contested (see Hall and Mogyorody 2001; Lockie and Halpin 2005), it would be necessary to determine the extent to which the farm’s scale of operation influences the decision to choose a large or small-scale group, as this may play a role in shaping motives and expectations. As a result, this is not a straightforward adoption of innovation analysis, as the scale of both farm operation and marketing group
may play an important role in the farm-level calculation of risks and benefits, the
decision to participate, the level of engagement, and the interpretation of results.

One of these intermediaries had failed amid criminal charges (later dropped), and
another struggled through difficulties in adapting to the alternative market (and has since
failed). At the time of the interviews, all of these intermediary groups but one offered a
premium that floated above rail price – and therefore still reflected commodity prices\(^5\).
As well, all deducted from their payments to farmers, using criteria based on the
size/weight and grade of the animal at slaughter.

In the following section, each of the five categories, distinguishing farms by scale of
operation and marketing chain, are assessed in turn. For each category, the analysis seeks
to draw distinctions between farmer evaluations of the relative advantage of their
alternative marketing chain – including motivations, fit, costs, benefits and risk. This
enables a clear assessment of farmers’ perceptions of the barriers and adaptations they
have faced, as well as how the results of their membership in a local, alternative chain
measure against their own expectations. Finally, viability of the alternative marketing
chains are presented – as seen through the eyes of the farmers in each category.

\(^5\) The exception was a group offering a fixed rate that was often slightly higher (but occasionally
lower) than their competition.
4.8 Results

4.8.1 Small x Direct (11)

“I would have never tackled it if I were still working.” [F11]

Just over 1/3 of all farms in the study were small-scale farms selling direct to consumer. This category contained both the youngest and oldest farmers—including many retired or approaching retirement—and, as a result, family cycles and farm paths influenced many of the choices on these farms. The farmers in this category were from three small marketing groups (the majority from one cooperative) that all operated using a consensus-based decision-making model.

Relative Advantage

Poor prices at auction were a large source of dissatisfaction for producers in this category, particularly following the devastating crash of the commodity beef markets, and the prices at auction, following BSE. The immediate effects of BSE on herd management—and its subsequent influence on farm decisions—was a dominant theme. It is therefore no surprise that this category in particular identified better prices and stability—through price control—as the principal attractions of the alternative strategies. This expected benefit was tied closely to other interrelated factors: most felt that these new direct markets would give access to elite consumers who would be willing to pay a premium for a high value product.
Only two farmers had significant experience with both finishing cattle and marketing the beef themselves, as freezer beef
6. The majority had minimal or no experience with either, operating as cow-calf producers or breeders
7, and selling much of their cattle at local auctions, on the open market. Several had recently retired from off-farm jobs, instantly making these alternative groups a better fit. As one such farmer [F11] said, “I would have never tackled it if I were still working.” This mirrored a philosophical fit, where most farmers identified a larger purpose for the alternative chains: to support and sustain small farms and the local community, through fair prices and working together.

For most of these farmers, the transition costs of joining the groups were minimal, as existing practices met the protocols demanded by the groups. Even for those new to finishing – now required to purchase feed – this involved little added expense, as they shipped so few beef per year. As with monetary expenses, many stated that they would not have joined if they thought the chain would be too time-expensive. Almost all relied on diversified income sources (mainly off-farm labour or pensions) as a form of insurance, and felt that by joining a group, their prospects for payment were better than they would be operating alone, while the risk of default would be spread across the group.

6 ‘Freezer beef’: beef from cattle that the farmer finishes on the farm, markets, and sells – often by the side (½) or ¼ – direct to customers, destined for their freezers.
7 ‘Breeder’: as with plant breeding, a ‘breeder’ raises the seed stock – selected for its genetic characteristics – that other farmers will purchase to improve their herd genetics.
Alternative Market Viability

Prices and customer interaction made it worthwhile for most. While the premium was modest, as long as these groups started small and grew slowly, their small farm volumes produced low transition costs.

... most of our members are my age or older, so an expansion really isn’t in their way of thinking... The vast majority – I think 3/4 of them – are retired from their original jobs, or in the process of retiring. This is the one thing that they are doing. [F2]

And for those on the retirement path, small volumes with modest profits fit their trajectory. For the rest, the desire for growth had to be balanced against the risk of investment, without the cash flow required to pay full time marketing or sales staff. A helpful transition approach adopted by one small group was the use of a large, alternative ‘natural beef’ chain to catch their overflow, since their practices met its requirements, and the large group provided a small premium over commodity prices.

... if I was doing this as a part time job, that would be fine, but I don’t need another part time job. [F3 ]

In retrospect, most felt that they had paid a high price in labour and time, often speculating that this was the reason that other farmers stopped or did not participate in the first place. At the same time, they could see that shared labour, expenses and risk had been a benefit, as had the relative price. However, most felt that the price premium would be sufficient to sustain only those farms operating at a large scale (which they were not).

It was commonly held that, in general, they were not shipping enough through their group, mainly because each of the groups were having difficulty accessing markets and consumers. As a consequence, the consumer was mentioned most often as the source of barriers faced by their alternative group: the consumer’s fickle tastes, unchanging habits,
and waning engagement meant the group would need assistance to overcome their marketing difficulties.

The number of volunteer hours required of members – especially in the co-op – led several to suggest that the age of members and volunteer fatigue were potential barriers to success, and that a paid employee would be required to sustain growth.

If we plateau where we are right now I don’t know how long we can survive, because you can only ask people to volunteer so much. [F8]

This was part of a conundrum identified by many: the work and time commitments of members were already high, but the current price and volume were insufficient to establish a fund to pay for the employee or marketer required to increase volumes. The workload issue could be addressed by bringing more members into the group, but none were doing enough volume to satisfy their current membership. One group used an unexpected revenue surplus from the previous year, along with a small price increase, to hire their first employees.

The small-scale, direct-marketing category was notable for its almost exclusive focus on barriers and adaptations that related directly to their chain / group, rather than entering into a broader policy discussion on what ails the beef sector. It is possible that separation from the conventional commodity market led them to feel insulated from those discussions or concerns.

While most of the farmers in this category had no previous experience with the consuming public, many mentioned that they had quickly learned to appreciate the feedback, satisfaction and validation that came with interaction.
Before when I sold my animals I never met the guy who ate the steak, whereas now he is giving you feedback about it. Of course it makes you feel better that you’re doing something that someone is happy with; you’re doing the right thing, obviously. I think we were doing the right thing before, but we just never heard it. [F8]

With this knowledge and reassurance, it was possible to adapt product lines, packaging and even production practices in response to consumer concerns and suggestions.

On balance, the farmers in this category were happy with their decision to join a direct marketing group. Difficulty growing the market – and volumes – as well as high time commitments were recognized as limiting factors, but balanced by high price premiums, and high satisfaction levels.

4.8.2 Mid-sized x Direct (5)

“We know that we can't sell all of our cattle this way.” [E4]

The mid-sized, direct marketing category was largely pragmatic in their expectations. Most continued to ship through conventional channels even after joining an alternative marketing group. This category came from two groups, and included two farmers with no marketing experience, and three who had each developed a local client base for freezer beef over a number of years before involvement in a group.

Relative Advantage

The primary dissatisfaction was with packer control of the live beef market, especially Cargill. For these farmers, BSE accelerated a movement away from commodity production, and toward niche markets, which offered the possibility for more money, as well as protection against – and perhaps even the chance to benefit from –
another crisis, by selling a local, direct marketed product. Some saw alternative markets as essential to family beef farm survival in a bifurcating farm future where the only options would be commodity and localized production. Direct sales were also expected to deliver greater control of marketing, price, stability and payment.

These attractions fit with a philosophy that saw local food as beyond the reach of Cargill and major retailers, and therefore a focus on local food as essential to sustain rural communities and beef farms, where only smaller farms would have the flexibility required to pursue this strategy.

We are eliminating the middle man, because each man along the chain claims a piece of the profit – but there also has to be a realization that somebody has to do that work, so if you are going to supply animals to the group you are going to have to do that share of the work. … It’s not a free ride. [E1]

For the most part, the protocols of their groups fit existing farm practices, translating into minimal transition costs. However, it was expected that it would take a significant contribution of time and effort from each group member to make it work. Many echoed the suggestion that this expectation had kept some farmers from trying direct marketing strategies and, similarly, had caused other farmers to leave their groups in the early stages of development. Only two of these farms had off-farm sources of income (to serve as insurance) – although both spouses had previously held off-farm jobs on a third farm.

*Alternative Market Viability*

As these farmers were involved with groups where each member participated in decision-making, it is understandable that the time-consuming nature of meetings was
identified as a negative outcome. The premium matched the expectations of all, but the volumes and profits of the alternative markets were largely seen as inadequate to support an active farm operation of their size. And for some, any increase in revenue was matched by extra expenses for the purchase of feed – a particularly negative outcome for those who had expected to grow their own feed, and had not anticipated their group’s adoption of a specific feeding regimen. For two of these farmers, discord and unexpected expenses caused them to leave their group, but not alternative marketing: one has since successfully developed a sizable direct marketing clientele.

Every farmer in this category identified increased volume as a necessity. However, the increased scale required to achieve those volumes demanded increased investment in infrastructure, marketing and sales. All producers in this category agreed that consumer price expectations and tastes made it difficult to access the combination of market share and premium that they required. The barrier in this case was not their existing customers, but finding a strategy for increased sales that allowed them to access consumers who were not currently looking for alternatives.

Everybody else, if they have the equipment and they are young enough and they want to make those investments, well that is perfect. But for us it becomes a hazard… [E2]

Although two couples indicated that their age made them less disposed to long term, growth-oriented investment, others did not see this as an insurmountable barrier.

And while all agreed that the local food movement and direct relationships would be key to the viability and the strategy of the groups, these farmers proposed several very different solutions. The first strategy would involve a focus on patient growth, building
on widespread popular support of farmers, and searching for new customers while maintaining existing prices, as well as high levels of satisfaction, quality and standards.

The second strategy would build from existing adaptations (including online ordering and diversified product lines) to reduce on-farm workload, engage consumers, and flexibly respond to consumer demand. In return, the consumer would be engaged in a conversation about fair prices and the real cost of production – and thereby maximize the potential of the direct relationship. Every increase in price that results from this negotiation allows the farmer to decrease the number of animals on the farm, reducing workload and handling costs, and providing more time to focus on increased local, direct sales and marketing.

The third strategy was suggested by a farmer from a region of the province with a small market and depressed economy. This proposal looked to bring a high quality local product into the marketplace to compete on price with commodity retail beef, without reducing the premium to the producer. The solution would involve operating the abattoir as a community cooperative that, by virtue of its not-for-profit nature, could process local animals at dramatically lower rates. This would translate into lower prices (without reducing the producer premium), encouraging consumers to directly compare products8.

As with small/direct producers, these barriers and solutions focused exclusively on making alternative markets work for farm members. Given that they shared membership in the same groups, it is perhaps to be expected that mid- and small-sized direct producers

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8 By diversifying to all meats, and producing consistent quality at increased volumes, both the processor and the region’s farms could once again become viable, bringing the next generation back to farms – where, currently, there were no prospects for succession.
share motivations for joining and for moving forward. However, the effort and detail in their proposed strategies reflects the greater urgency felt by these farmers, who were highly motivated to develop an alternative market that could handle their volume. Without this option, they were forced to continue to use the commodity markets, causing frustration.

4.8.3 Large x Direct (2)

“It has to get bigger, or we are done.” [D1]

For obvious reasons, not many large-scale producers were involved in small, direct marketing groups. The two exceptions operated small-scale feedlots, and had years of experience in breeding, finishing and marketing direct.

*Relative Advantage*

Both were very experienced in finishing and marketing, as well as production without added hormones or antibiotics, and both paid a stable, known rate to their cow-calf suppliers. The first sold as many as possible through alternative markets, including a sizeable local freezer beef trade, and was looking for a stable, large volume alternative to commercial.

The big packers, it doesn't matter on what niche you're aiming for, can squeeze you to death and will squeeze you to death… They can’t on local; they can’t even really guarantee that it is Canadian beef. So we did that. [D1]

The second shifted focus from breeding to finishing and selling fresh beef through direct markets using his farm as a brand. In reality, both producers were looking for large volume, value-added sales outlets for direct-marketed, alternative, local beef.
Alternative Market Viability

Both were happy with the experiences and the return; both were looking desperately to expand the markets of their alternative niches, and increase the volumes shipped through the chain. The general barrier identified by both was difficulty accessing new markets. For the first producer, expansion into new markets would require an aggressive campaign targeting a new type of customer, and mean a corresponding increase in volunteer labour, taxing an already over-worked group. His suggested solution is to hire a new employee, pay for advertising, and trust that increased sales volumes will pay for both.

For the second producer, the barrier to new markets was caused by a lack of federal inspection and processing in the region.

I need counter space – and the product will sell itself, we’ve seen it. But if we don't have counter space it’s not going to sell. [D1]

As his niche market was ‘fresh local’, shipping livestock hundreds of kilometers for slaughter was simply not an option. For him, federal inspection is essential, as it would provide access to major retail counter space. Without this, his efforts to increase sales through local restaurants and farmers markets would plateau, as both were reaching saturation points.

As with the other direct-marketing categories, the large-scale/direct marketing producers focused exclusively on making the alternative niche viable, rather than on addressing issues affecting the beef sector as a whole. While largely happy with their experiences and returns, both stated that their scale of operation meant that inability to increase sales volumes would result in the end of their efforts, and their beef herd.
4.8.4 Mid-sized x Intermediary (7)

“We’re not commodity beef producers!” [C1]

The mid-scale producers working with intermediary chains provided the second largest and second youngest group, with most in their early or mid-50s. Two were breeders; two had certified organic acreage (but did not ship organic cattle), while several others had at least contemplated organic production. All were experienced with finishing cattle, and shipped through multiple intermediary groups.

Relative Advantage

The (near-)organic producers and the breeders were somewhat sheltered from the effects of BSE and the live cattle market. The other farmers in this category expressed dissatisfaction over perceived unfair market competition from subsidized or unregulated imports and captive supply9 – causing fluctuation and a lack of control over prices that affected the ability of farms to adequately plan their operations.

Most were attracted to niche markets as the only option that allowed them to collect a value-added premium, and take advantage of the local food opportunity. More than any other, this category showed a curiosity, flexibility and willingness to innovate that made an alternative niche market a good fit.

…that really fit our philosophy of farming as well. I'd like to think I'm reasonably innovative, but I mean I'm also very conscious of it being sustainable as well. [B3]

________________________

9 ‘Captive supply’: the operation of large-scale feedlots by packers. This is commonly understood as a mechanism for packers to control supply and regulate the market, and therefore reduce the prices paid to their cow-calf suppliers.
Most were already meeting or exceeding natural practices and growing their own feed, which made it fairly easy to match expected production protocols. With low transition costs, and transaction costs minimized by sales through a licenced intermediary, farmers felt that these chains could be sampled with minimal risk. But most were also already aware of cautionary tales and potential risks of dealing with niche intermediary groups.

*Alternative Market Viability*

But they always find a way of getting their products a little cheaper, so they can make a little bit more profit margin on their end. They say they have to be more competitive in the pricing at their end, which is a whole lot of malarkey. [B5]

This category was also not reticent to express dissatisfaction with the outcome of their involvement. While they were confident that they produced high quality, consistent animals that generated a profit for the intermediary, they felt the premium that they received was insufficient to reflect this, and based on an unfair split of the consumer dollar.

I don't think you should be paid on commodity beef, to me... there should be enough market differentiation it should be a commodity on its own and not be based on the price of commodity beef. [B3]

The premium remained fixed to the commodity beef price, which many described as artificial and fluctuating; and even with the premium, their rates remained lower than the historic rail price – that is, still too low to sustain viable farms of their size. On top of that, the intermediaries regularly clawed back the expected premium with weight and grading penalties.

We've even (as producers) considered forming an association to try and put some kind of captive supply on these guys [intermediaries] – to raise the bar, instead of being dictated (what price) to. [B2]
These farmers felt that the penalties had less to do with the actual quality of the animals shipped, and more to do with the growing numbers of ‘natural’ producers and cattle. Finally, producers also often had to wait for payment, proactively cover themselves through what they described as an inadequate provincial insurance plan or, as happened to more than one, absorb thousands or tens of thousands of dollars lost to non-payment.

…you are really still dealing with commodity beef and these guys … have substantial overhead costs, so they can’t afford to pay you very much. [B4]

As a general conclusion, these producers felt that alternative chains show the same tendencies as packers in commodity chains: greed, control and manipulation. With a price based on the rail, the same relationships within the chain, and the same lack of control, it was clear to them that they were still part of a commodity chain.

Along with the many problems with the intermediary chains, these farmers identified several other barriers, including: a lack of public advocacy and education about the high quality of standards for beef production in the province; and the need for the rules and regulations that are applied to domestic producers to also be applied equally – and rigorously – to imports.

Producers who had lost money to non-payment of intermediary groups also identified as a barrier a government that advocates alternative and value-added production as a solution for beef producers, but provides no support and an inadequate insurance plan. Many producers mistakenly assume, because these intermediaries are investigated and licensed by the Ontario Beef Cattle Financial Protection Plan, that their sales are insured. They are mistaken.
They tell us that we should be doing 'value-added', more specialty products, but then they don't offer protection when you do.

When you think back to '07 and '08, this is what [the Ministry of Agriculture] was pushing: the ‘value chains’, ‘niche markets’, ‘branding’. … And here, you have people that are taking the initiative, and you provide no support! [B4]

After losing thousands of dollars when one intermediary group failed – and discovering that the protection plan would not cover his losses, one producer now records and reports every transaction regularly, sending details on expected payment dates to the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) financial protection plan, in order to guarantee insurance coverage.

In their overall assessment, these producers thought that natural would surpass organic because of the price differential, and that both viable niches could not compete with mainstream, because they were too similar to commodity chains. In fact, one felt that the similarity would spell the end of the natural beef chains in Ontario, as commodity producers and packers would soon flood the market with natural beef from Alberta, produced on a massive feedlot scale.

… there will be successes in some niches … but there won’t be enough of a paradigm shift to keep the industry afloat. [B2]

While there were calls for large-scale, systemic responses – including two who suggested some form of supply management for beef – all identified the need to take advantage of the consumer demand for local. Two were drawn to direct sales as the only way to capture the full premium. Others saw the value of local, direct sales, but thought that smaller local or regional intermediary groups held the solution, perhaps by developing regional brands, producer co-ops, or value chains with local producers and abattoirs.
4.8.5 Large scale x Intermediary (2)

“I've already sold them to somebody else.” [A4]

The category of large-scale farms shipping through intermediaries included two farms: one large former commodity beef herd, and one feedlot operation created specifically to take advantage of the ‘natural beef’ niche. They both had previous experience as cow-calf-finishers, and the former had developed a modest clientele for freezer-beef. Both shipped through multiple intermediary groups.

Relative Advantage

Both were experienced commodity producers, who saw economic value in typical conventional commodity beef production practices – including hormone implants, and feeding Rumensin® 10 and ‘distillers’, a relatively cheap feed by-product of ethanol production. Because of the transition costs, both anticipated that relatively more work and expense would be required to meet natural protocols. Both were definitely attracted by the premium; in fact, the feedlot operator stated that his business model would not be viable without the premium. The feedlot targeted an alternative niche to avoid the perceived Cargill monopoly, and their control of prices.

Alternative Market Viability

The herd operator adapted his feed program to feed the cattle younger and more heavily, and was surprised to find not only that the change in practices did not affect production rates, but that it was cheaper than the additives that he had used previously –

10 Rumensin® is an antibiotic administered in pre-mixed feed rations, that allows cattle to eat and convert more grain, more rapidly – and is therefore marketed as a growth-promoter.
and, of course, allowed him to sell through a chain which delivered a premium for the end product.

Both were dissatisfied with the speed of payment, and the discounted premiums for weight and grade that were typical of the intermediary chains. The feedlot operator selected an intermediary chain with a stable, higher base rate and lower discounts. The herd operator prefers the flexibility of choosing from multiple chains, as insurance against being in the control of any one group, even though he would prefer to stick with one. He found that, even with the premium, his return was lower than pre-BSE.

We talked about setting up a Natural Beef Association (like they have in pigs)... We need organization, because numbers is power. Without numbers, you have no power; you have no clout with the government. [A3]

The feedlot operator identified barriers in consistency of demand and payment, since his viability depends on volume. He looked for a solution outside of the current chains, where producers could make themselves heard by both government and the niche intermediary chains.
Table 7: Key Findings by Farm Category

<table>
<thead>
<tr>
<th>Farm Category</th>
<th>Relative Advantage</th>
<th>Alternative Market Viability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small / Direct</td>
<td>• looking for better prices, price control, high value sales</td>
<td>• premium not significant with low volumes</td>
</tr>
<tr>
<td></td>
<td>• also looking to sustain small farms, local communities</td>
<td>• consumer as barrier to growth</td>
</tr>
<tr>
<td></td>
<td>• minimal transition costs</td>
<td>• growth required, but insufficient volumes to pay for expenses of growth</td>
</tr>
<tr>
<td></td>
<td>• expectation of increased time, effort required for direct sales</td>
<td>• focus on viability of chain</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium / Direct</td>
<td>• looking for greater control of marketing, price, stability and payment, elimination of packer and retail control</td>
<td>• premium, volumes not enough for a farm of this size</td>
</tr>
<tr>
<td></td>
<td>• minimal transition costs</td>
<td>• urgent focus on developing markets, making alternative chain successful</td>
</tr>
<tr>
<td></td>
<td>• expectation of increased time, effort required</td>
<td></td>
</tr>
<tr>
<td>Large / Direct</td>
<td>• looking for stable, large volume alternative to packer-dominated and distorted markets</td>
<td>• satisfied with returns</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• need to increase markets, scale of customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• significant changes required for increased sales</td>
</tr>
<tr>
<td>Medium / Intermediary</td>
<td>• motivated by unfair market competition, distortion, fluctuation</td>
<td>• dissatisfaction with conventional approach, practices of intermediaries</td>
</tr>
<tr>
<td></td>
<td>• highly innovative</td>
<td>• little optimism for future of alternative niches</td>
</tr>
<tr>
<td>Large / Intermediary</td>
<td>• transition required changed feeding practices</td>
<td>• dissatisfaction with discounting practices of intermediaries</td>
</tr>
<tr>
<td></td>
<td>• attracted by premium</td>
<td></td>
</tr>
</tbody>
</table>

4.9 Discussion: Local Alternative Marketing Chains and the Influence(s) of Scale

While neither type of value-added marketing chain explored in this research could be described as unambiguously successful, those Ontario farmers who have chosen to collectively market local beef have undoubtedly been altered by the experience. The two models – marketing through an intermediary, and direct marketing – are very different innovations, requiring different levels of commitment, and therefore offering different levels of irreversibility. And from the results of this comparison of outcomes for farms involved in alternative marketing chains, there is no question that the nature and function
of the marketing group has the most significant influence on the outcomes for farmers. The direct marketing option demanded—and received—greater levels of commitment, but the difficulty of growing these markets represented a significant barrier to farmers involved in these chains. Intermediary-led chains, on the other hand, offered a low-effort, value-added alternative to conventional markets, but reproduced some practices and effects of those same conventional markets.

What is less clear is the relationship between scale of farm operation, and the farmer’s choice of marketing groups. At the largest scale of farms, each showed a preference—and two were specifically tailored—for the advantages offered by their style of marketing group (one requiring direct markets, one designed for intermediary chains). But many farmers ‘chose’ their marketing chain based on what was available in their region. And the dissatisfactions and motivations of mid-scale producers are not dissimilar to small-scale producers—hardly surprising, since many of the latter were mid-scale producers on a retirement or disinvestment path.

Several of those shipping through intermediaries expressed interest or intent to switch to direct marketing as a preferable option—for greater control, larger premium, and more direct contact with the consumer. The rest indicated a preference for the advantages that an intermediary offers. However, in their region—southern and western Ontario—few direct marketing groups existed to provide an alternative model or market. It is possible that, had such groups been readily accessible, these farmers may have turned to them as an option.
4.9.1 Direct-marketing: increased commitment, inadequate volumes

All farmers had seen or experienced the devastating drop in prices caused by the BSE ‘crisis’. But after participating in smaller-scale, direct-marketing groups, farmers had an added appreciation of how this approach would protect and preserve markets in the event of future commodity beef price collapses – and how it would leave their groups well placed to capitalize on their alternative-ness.

Regardless of their scale of operation, costs in both labour and time were high for direct-marketing farmers – but not unexpectedly so. And these costs were usually balanced by tangible benefits in shared labour, time and expenses, a reasonable price premium, and unexpected new skills, confidence, validation and loyalty from their interaction with consumers. Of course, their group’s approach to sharing, pricing and expenses therefore had much to do with the satisfaction levels of individual farmers.

But the primary barrier for direct-marketing farmers, at all scales of farm operation, was the difficulty accessing and expanding their markets. Even the smallest producers – including those retired from off-farm jobs– could not see their current local market providing a full-time, on-farm income, unless it was part of a larger strategy of diversification. But almost all voiced a desire to sell all of their beef through the chain – reflecting a combination of both financial need, and a universal wish to see the group survive and thrive. This attachment to group fortunes was a dominant theme among all direct marketing groups (most strongly expressed by the smallest scale farmers). This led many to reflect, at length, on the barriers and solutions as they affected the group, rather than those affecting the beef sector at large.
On the whole, those who have chosen the smaller scale, direct marketing strategy identify more strongly with their group, take more satisfaction from the group’s achievements, are committed to finding solutions that will improve their group’s performance, and reflect more positively on their experiences. As a consequence, the solutions that would improve the prospects for these farmers are solutions that would increase the volumes marketed through their groups.

Some of the solutions mentioned (or implied) by these farmers include government backing for low interest loans, which would cover expansion expenses and the purchases of necessary items (i.e. delivery vehicles); a simplified process for provincial slaughter facilities – that meet federal standards – to transition to federal status; mandated retail shelf space for regional products; and increased regional support for local food networking and infrastructure, including food hubs. These policy changes would reduce transaction and operational costs for farmers, and increase the viability of all existing alternative marketing groups, while creating space for new alternative groups in regions where they are currently missing.

Farmers of different scales, but sharing the same direct marketing groups, often identified similar barriers and delivered similar assessments. But as the farms increase in scale, an emphasis on the challenge of identifying, understanding, and growing their consumer numbers, is gradually replaced by an emphasis on finding new consumers that can deliver scale: restaurants, institutions, and local food processors.

Given the urgency prompted by increased investment, and the lower relative proportion of the herd shipped through the local group, it is of no surprise that farmers with larger herds are increasingly interested in the solution to volume constraints. Most
notable is the almost universal, unwavering commitment of the farmers, across this category, to local direct-marketing as the only viable model for family-scale beef farms. And the universal acknowledgement that they are not there, yet.

4.9.2 Intermediaries: value-added chain, conventional results

The farmers who chose to market through intermediaries were flexible, active innovators seeking value-added opportunities as a way to keep their farms viable. While these farmers were far more likely than the direct-marketers to suggest structural and policy changes that would support the beef sector in Ontario, many identified philosophically as ‘alternative’ – developing practices and genetics that separated them from commodity beef producers. These farmers were searching for a stable, value-added market whose prices reflected their efforts at distinction. What intermediary-led groups offered was operational fit, and very little additional expense, or changes in practices – except for those producing at the very largest scale. With low transition costs and low expected costs, the nature and function of the intermediary groups (which absorbed many transaction costs) encouraged dabbling.

But the same factors that produced an easy transition also reproduced the conditions of the conventional commodity chain, which led to high producer dissatisfaction. This did not put them off alternative local marketing as a strategy. Instead, their dissatisfaction focused on the flaws of an intermediary model that did not transcend the conventional commodity chain, but merely replaced it.

In place of their current intermediaries, some farmers suggested local, direct markets as an option, while others looked to smaller-scale, regional intermediary groups
as a potential model – with more responsiveness, and perhaps even direct control by farmers. For these farmers, an affinity for similarly situated farms made an intermediary-led group the better option, as they offered better potential for large-scale marketing. In fact, both mid-scale and large-scale farmers had taken part in informal discussions investigating the regional intermediary option, but saw the need for consumer education, and a lack of direct marketing experience, as serious barriers. While dissatisfaction was high, and optimism low, all of these farmers were pushing forward in alternative markets, as their last, best hope in a broken beef sector.

The value-added beef intermediary groups are sufficiently dysfunctional, from the farmer’s perspective, that some specific lessons and recommendations are necessary. Farmers currently marketing through these groups do not identify with them, take pride in their association, or offer suggestions to improve a specific group. For the most part, this is because the groups make little effort to develop loyalty, and treat their farmers as commodity producers.

The guidelines for weight and grade, issued by all of these groups, are far less valuable to the participating farmers than they are to the intermediaries. Since the penalties for violating these guidelines are widely seen as a money-grab, it is clear that this approach is not teaching farmers to alter practices, but instead simply generating ill-will. An intermediary that treated quality guidelines as an opportunity for collaborative herd improvement and member interactions –rather than a penalty– would lose in short-term profit, but gain in long-term membership, volumes and viability. This value chain approach would demand greater transparency from the intermediary in both costs and pricing, and increase transaction costs for both farmers and intermediary, but so
dramatically increase farmer satisfaction and loyalty that both parties would benefit immeasurably.

4.10 Lessons and Conclusions

At the broadest level, many factors decreased the likelihood of distinguishing the effects of farmers’ motivations – their dissatisfactions, attractions, and predispositions – by the scale of their farm operations. With few exceptions, all of these farmers inhabit – or at least intimately understand – a modern family-scale farming lifestyle, with the family’s source of income (their off-farm jobs) far more central to decision-making than their farm’s struggles on the margins of the commodity beef production sector. This marginalization reinforces – and is reinforced by – the almost universal absence of succession prospects on participating farms.

All of the farmers in this study looked to local, alternative markets as an antidote to the poisonous commodity beef markets, particularly following the BSE ‘crisis’ of 2003. While reflecting many different farm paths (retirement, contraction) and approaches (mixed farms, cow-calf-finishers, feedlots), almost all were looking for a viable method of extracting their products from the unpredictable commodity beef marketplace. And irrespective of farm or group scale, the price premium that resulted from producing for local, niche markets was the primary attraction.

But, much like previous assessments of transitioning organic producers, attempting to parse farmer motivations beyond these broad strokes can be misleading. For several farms, the beef group represented an accessible regional alternative, rather than a philosophical choice. If multiple alternative marketing initiatives had been available in
these regions, some would undoubtedly have selected a different type of group. This point is reinforced by the fact that some who shipped through intermediary chains also had a sizeable, direct-marketed ‘freezer-beef’ trade. At the same time, most shipping through intermediaries had little experience with—or desire to learn—direct marketing, particularly given their production volumes. These farms were undoubtedly drawn to their groups because transition to these alternative marketing chains required so little change in farm practices, inputs or volumes. While this may appear to indicate a more pragmatic motivation set than farmers who chose direct marketing as a means of eliminating intermediaries from their supply chain, this conclusion begs the question whether the reduced production volumes of small-scale farmers ‘freed’ them to hold a philosophical position that was otherwise untenable.

Similarly, while all farms produced for a ‘natural’ market—adding no hormones or antibiotics to their animals’ diets—there was a clear line between farmers who sold direct (“that’s how we had always raised them, anyway”), and farmers who sold through intermediary-led groups: several of the latter had changed their practices, adopting a feeding program which helped them achieve weight gain and production efficiency targets that were equal or superior to conventional finishing practices. But does this reflect a philosophy tied to conventional scales of production, or an alternative, ‘first-adopter’ mindset, willing to push the frontiers of farm practices?

The differences in outcomes, as reported by the farmers themselves, offer the most insight into their mindset. For example, the price premium was a universal attraction, and in relative terms, the returns for farmers of both types of marketing chain were fairly similar, given the different levels of effort and risk involved. Yet there were stark
differences in interpretations of these outcomes, directly related to the chosen type of marketing chain.

Small-scale direct marketing groups change the prices paid to farmers infrequently – some as little as once per year. All but one of the intermediary groups have a premium that floats above rail price – which fluctuates weekly. Precise comparisons of farm returns (i.e. per pound) between the two types of marketing groups would require access to long-term price figures for both. However, based on an informal running comparison at the time of the study, farmers in the direct marketing groups averaged 10-15% higher returns. The markets for the direct-marketing groups remain regional and reasonably isolated from direct competition with the products of these intermediary groups, and there is no evidence that their prices have been negatively affected as a result. However, given their greater time (and often monetary) investment, one might expect that the direct-marketing farmers would have reason to be concerned with the marginal differences in returns.

And yet, it is in fact the farmers who use intermediary-led chains who are dissatisfied, mainly because the practices and relationships of their intermediary have reproduced a set of familiar, conventional outcomes. For those who specifically criticized the market-distorting tendencies of large packers, the fact that more than one saw a direct comparison to the practices of their “alternative” marketing chain – even accusing one intermediary of holding a captive supply – is indicative of the disillusionment produced by conventionalization of these chains.

However, the ability of these farmers to clearly identify – and reject as illegitimate – the practices that produced these outcomes, while still looking for local marketing outlets,
suggests that the dangers of this kind of conventionalization in alternative marketing chains is limited. Despite the increased use of the discourse of ‘value chains’ throughout the sector, the results of this analysis suggests that these intermediary-led chains would actually have to change their conventional practices and approach to relationships, in order to reproduce the same type of identification and commitment from farmers that is found in direct-marketing groups. In their current form, farmer members see these chains as a marginal source of added value, but not a true alternative to conventional markets (which they mimic), nor an alternative that might have staying power.
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CHAPTER FIVE:
CONCLUSIONS

Media and consumer attention has propelled local food to prominence, and a significant price premium has signaled its potential as a value-added option for family farms looking to transition from commodity production. Many of these farms—faced with the prospect of entering an unfamiliar market—have been selling local food in groups, as a way of sharing the risks and investments. This strategy has introduced a scale of production and operations to the marketplace that could challenge some of the basic premises of the local food contract.

This research project was designed to investigate how the increased scale of these new “local food” farms—and farm groups—affects their approach to the local food marketplace, and the extent to which their participation changes (or “conventionalizes”) that marketplace. The investigation was premised on the notion that the local food movement—dominated by small-scale production and direct marketing—appears to be governed by a set of principles that would be tested more and more by the introduction of farms and farm groups of ever-greater scale. To understand the implications—for these farm families, for local food marketing groups, and for growing local food systems—this research and analysis sought to address whether these groups would adopt a more conventional approach to meet their needs, and fit their scale, or adapt their approach and practices to conform to the requirements and expectations established by the principles of governance that characterize local food systems.

A series of interviews with group principals, coordinators and farmers brought together the experiences and accumulated lessons from a sample of the earliest groups to
test the “local beef” market in Ontario – to investigate adherence to these principles across a diverse set of operational styles, organizational forms and scales. The research includes the reflections of innovative farmers selling through both direct and intermediary-led marketing groups in different regions of the province. A pair of complementary manuscripts captures the processes and outcomes at the group and farm level, giving special attention at both levels to the relationship between scale and conventionalization.

5.1 Scholarly Contributions

From a large body of evidence and analysis contained in the literature, three broad, interconnected principles of governance were distilled through a theoretical analysis of the nature and source of legitimacy and added value within local food systems, short food supply chains and alternative food networks.

1. As part of a reflexive system, developed in response to the negative outcomes of conventional food systems, the legitimacy of a local food initiative is contingent on its continued alternative identity, and the delivery of hybrid benefits (i.e. authentic, yet convenient; safe, but cheap!).

2. These benefits are most effectively delivered through relationships that (although new) feel familiar, facilitate the delivery of intangible qualities (that add extra-market value), and strengthen bonds that will survive fashion.

3. Successful governance within local food systems –particularly as they scale up– will depend on a negotiation of accommodations, delivering shared responsibility through flexibility and the ability to reconcile diverse goals and expectations.
These principles advance the debate on governance in local food systems, particularly as it relates to scale. Building from this, Table 3 (page 75) presents two contrasting paradigms of local food trajectories—‘conventionalized’ and ‘alternative’—that would result from uniform adherence to the practices and philosophies contained in their distinctive sets of governance choices. This framework has broad potential as an organizational and conceptual tool for testing governance within local and alternative food initiatives. As part of a growing dialogue on the reconceptualization of local and regional food systems, these conceptual contributions—along with the empirical findings from this research—advance the discourse on scale and its consequences for alternative chains involved in these systems, as well as the farmers engaged by these chains.

5.2 Group-level lessons

An organizational analysis of governance processes showed that groups gravitated towards either alternative or conventionalized development paths over the course of time. However, these development trajectories are not pre-determined by group characteristics (i.e. path-dependent), but rather the result of cumulative causation, driven mainly by the interactions of scale and formative group decisions. The latter reflect each group’s approach to questions relating directly to the fundamental principles of LFS: their approach to establishing alternative identity and relationships; their negotiation of control and purpose, including the distribution of added value within the chain; the decision-making mechanism itself—and how that is reflected in organizational form and innovation (including the use of bridging capital).
In larger groups, cumulative choices combine with increased scale to limit the range of options available—by filtering priorities (as efficient or impractical), strategies (as innovative or illegitimate) and outcomes (as barriers or opportunities)—and thereby magnify pressures towards conventionalization. For groups in transition, increased scale can even change the basic purpose or rationale of the group.

Where farmers prioritize participation and control over group decision-making, as well as fair distribution of added value, they will more likely choose organizational forms and strategies that resist conventionalization, and more likely focus their energies on the success of their chosen initiative. At the same time, it is clear that direct marketing approaches can be severely hamstrung by barriers to growth, including lack of access to human and financial resources, or new markets. In these circumstances, intermediary aggregation and distribution structures may in fact be a necessary component of these growing systems. However, just as it is challenging for conventional intermediaries to build mutually satisfactory relationships with local food producers (Bloom and Hinrichs 2010), it is also challenging for local food intermediaries to maintain strong, equitable relationships as they increase in scale.

As the scale and length of the chain increases—serving more and larger consumers with product from more farms—the group inevitably reaches a scale where direct gives way to retail sales. At this scale, connection and qualities can only be transmitted through verifiable metrics, leading to the need for protocols, formal contracts and certification—and the accompanying alteration of chain governance to a relationship based on surveillance and discipline. With scale, it seems impossible to eliminate the temptation of centralization, rationalization and efficiency within the food chain—as well as the
temptation for the most powerful actors in the chain to dictate terms. Avoiding these temptations requires a clear commitment throughout the chain to the core principles of local food systems governance. But the results from the small sample of intermediary-led groups in this research suggest that only method of delivering the level of commitment required for value chain development is direct control of the intermediary by producers and/or consumers.

Large- and small-scale local beef chains are the norm in Ontario. This is only partly explained by the notable differences in alternative and conventionalized trajectories –and the magnifying influences of scale. The lack of infrastructure for mid-sized local food pushes any who wish to grow towards conventional channels and markets. For groups that wish to retain an alternative trajectory while increasing in group scale, they must create for themselves a missing infrastructure that includes not only the physical infrastructure necessary for efficient aggregation and distribution, but also the social infrastructure necessary to develop connections and relationships with larger-scale customers and other direct-marketing groups, who might provide innovative ideas and solutions. In regions where local institutions have taken the lead in developing such infrastructure, this access and bridging capital has facilitated steady growth. Regions that bring together both soft and physical infrastructure in a single space (i.e. the proposed Ottawa Food Hub) will provide local direct-marketers – including local beef groups – with the tools to maintain steady growth within an alternative trajectory.
5.3 **Farm-level lessons**

Prior to their involvement in these local, alternative marketing groups, five farmers in this study had already chosen to extract their production from what they saw as a dysfunctional, unpredictable commodity beef market. Without exception, the remaining farmers in the sample were looking to join them, with consistency of prices and viable on-farm incomes as the primary motivators. Among mid-scale producers, the philosophies, experiences and motivations showed a similarity that suggests that their choice of large-scale intermediary vs. small-scale direct chain may have been more a function of geographic proximity.

Aside from the largest-scale producers, transition to these chains required very little investment or change in practices. Farmers who had direct input into decisions – including the prices established by their groups – were more invested and engaged in group success, identified more strongly with the group, and looked to develop solutions whereby the group could market all of their production. While added control demanded more time and effort, these costs had been anticipated, and were accepted as fair exchange for a price premium: only unexpected costs (in one group) produced dissatisfaction.

Farmers who marketed through intermediary-led groups did not face added transaction costs, but were also as a result less engaged in the group’s success. In fact, all had marketed through multiple intermediaries, mainly because these groups’ pricing policies, deductions and penalties did little to encourage producer loyalty, and indicated that farmers were seen as merely input suppliers. Producer dissatisfaction was high in these groups, and as a consequence most did not see them as a long-term solution, and
looked to either large-scale policy solutions, or other marketing alternatives, including smaller-scale regional intermediaries.

### 5.4 Future research

In many ways, the results presented in these manuscripts raise as many questions as they answer. To what extent are diverse results –exhibited by similar groups– the result of macro forces (urban proximity, accessibility to markets and/or regional economic disparities), the result of individually-held qualities (entrepreneurial or marketing skills, income / financial / social class), or the result of group dynamics (social frictions or complementarity between individuals)?

One important component of these food chains –the consumer– has been represented only through the reflections of producers and key food chain informants. Research that captures consumers’ attitudes towards producers and local food initiatives of varying scales –including the practices, strategies and relationships developed through these marketing chains– would provide a fine compliment to this study.

Controlling supply will be critical to the future of regional food systems. This may be more difficult to appreciate in systems –including Ontario’s current LFS– that operate on a scale where these future issues are not self-evident. Future negotiations over supply management in regional systems would benefit from research that captured the voices and experiences of farmers with experience in both commodity production and collective solutions.

Finally, intergenerational farms are notably absent from this study. This may be a peculiarity of the Ontario beef sector, where surveys show less optimism, and lower
propensity to recommend beef farming to the next generation (Friesen 2012) – attitudes that were certainly reflected in this study. Only three families (all with young children) had not resigned themselves to their children’s departure from farming. This may also be a function of family farm cycle: given the average age of the study’s farm couples, many children had left before alternative chains became an option.

Research elsewhere has shown that –where the next generation is engaged in alternatives as a succession strategy– different strengths and resources come into play. In these settings, ‘mixed farming’ appears to be making a comeback (or perhaps a makeover), offering useful and engaging alternatives for sustaining family farms (see esp. Inwood and Sharp 2012). This research project uncovered interesting examples of made-in-Ontario versions of the new mixed farming – including online solutions, complimentary hybridized marketing, and sustainable meat production.

The extent to which Ontario farm families embrace this innovative, multi-faceted and multi-generational “à la carte” alternative may be emblematic of the potential for local food systems to increase in scale without compromising fundamental principles. This research has suggested that the future of local food as an alternative for family-scale farms may be dependent upon the regional innovation capacities and political will to support the creation of appropriately-scaled regional resources and infrastructure that would foster a sustainable mid-scale food system development trajectory.

Without viable alternatives (like local food), demographics and distorted farmland prices will accelerate current trends, including the loss of farmers and farmland –driven by the decline of farm revenues on reasonably-sized family farms (without supply management)– and rural communities emptied of tax base, social capital and endogenous
agricultural knowledge. This path leads to a future where production is increasingly split between 1) small-scale farms producing rural amenities (including “local food”) for an elite, propertied class, on land rented from that elite, and 2) large-scale, consolidated industrial farms increasingly producing non-food inputs for industrial systems.

In this light, the development of flexible, effective, regional food systems – to provide outlets that will sustain alternative mid-scale farm production – will serve as a metaphor that encapsulates a broader statement of our commitment to future generations. The social priorities reflected by this statement will ultimately determine whether “local food” is destined to be a passing fad, an elite niche market within an unsustainable food regime, or an alternative with the potential to support diverse rural communities, agricultural landscapes, and ecosystems, as well as multi-generational farm populations – while challenging conventional food systems with a safe, trustworthy food supply that offers transparency, reassurance and resilience in the face of external (i.e. climatic) challenges.

5.5 References


APPENDIX A:

GLENBARROW FARMS – LESSONS FROM AN E.U. (L.E.A.D.E.R.) CASE STUDY

A.1 Glenbarrow Farms

As research progressed, it became clear that the Ontario groups shared a consistent set of barriers and problems. These included: developing an initial consensus on direction and governance; securing a strong, flexible relationship with a processor; ensuring a consistent, transparent premium for the cattle; setting consistent practices, volumes and schedules; and establishing progressive growth without steps that became investment hurdles. While the original intent was to confine the analysis to developments in Ontario, the emergence of these common constraints suggested the value of a reconnaissance for initiatives that proposed alternative processes. Glenbarrow Farms, a large beef producer Cooperative in Co. Laois, Ireland, offered an innovative, endogenous development model that addressed many of the issues that plagued Ontario groups. Despite its large size, the self-sustaining member cooperative also prioritized membership for small farms that were struggling to adapt – a model that also offered an interesting counterpoint to the larger, intermediary-led Ontario groups. The group was included in this study to determine the merits and mobility of this model, and its relevance to the Ontario context.

A.2 The Irish context

The BSE crisis arrived in Ireland much earlier than in Canada. After the general outbreak in the U.K. and mainland Europe (1998), many European countries restricted consumption to within their own borders in a double effort to control spread and support their national farm communities. While no outbreak occurred in Ireland itself, 90% of
Irish beef is exported. The Irish government was quick to recognize that much higher production standards and controls would be needed to reclaim markets for the nation’s beef producers. As a consequence, Irish beef farmers faced a higher burden of expectations, regulations, and controls on production practices, along with increased uncertainty over markets.

In Co. Laois, a primarily beef-farming region in the heart of the country, local economic development, municipal government and agricultural organization representatives worked together to find an appropriate outlet for a new EU funding agency (LEADER) aimed at local, grassroots rural development projects. While other alternatives were considered and given trials – with the intent of diversifying the region away from beef production – consumer and producer surveys showed strong support for a locally-branded beef cooperative.

Before the cooperative was established, however, the steering committee determined that independent brand development was beyond their current level of funding, and that it would be best to work with a meat processor with an established market for high value product. As such, they searched for – and found – a processing facility that both could handle the large volumes of distinct, value-added beef, and would commit to a guaranteed premium. Slaney Foods, a (relatively) small processor, could see the value in a large, consistent volume of product whose elite quality would be guaranteed by a certification regime covering transparency and food safety, animal welfare and environmental protection.
A.3 Application of the framework

A.3.1 Group Form and Decision-making

In the initial farm survey, there was strong support from farmers (87%) for a cooperative structure (Laois LEADER 1998). From a functional perspective, this structure offered the benefit of spreading responsibilities and reducing the risks of the producers, while limiting the exposure of board members:

If you were a voluntary director, you have a limited liability – so community reps and state agencies can come and sit around our board knowing that if something goes belly-up... that their liability is limited to a Euro. (M1)

Within 5 years of its formation, over 250 farms in Co. Laois had joined the co-op, with the average herd shipping 25 cattle per year. Given the size of the membership, decision-making settled onto the shoulders of the board of the co-op, which meets monthly. The board is headed by a farmer, and is comprised of farm members elected by the broader membership, the one part-time employee (who is also a farmer member), and representatives from Glanbia (a large agricultural cooperative which supported the group financially), Teagasc (the Irish Ministry of Agriculture), and LEADER – the latter of which acted as group facilitator for several years. Operational decisions and workload naturally resided with a core spearheaded by the group facilitator and the employee. Decisions which broadly affect the membership – including the annual negotiation of the processor premium, any changes to the grid payment structure, and decisions on future strategies concerning value-added distinction – are made by the full board, in consultation with the processor, where appropriate.
A.3.2 Group Function and the Exchange

After the BSE crisis, national changes in production practices and quality assurance demanded by Bord Bia (the Irish Food Board) meant that farmers in Laois were predisposed to join the Glenbarrow group, to take advantage of a premium that matched their premium efforts.

The part-time employee co-ordinates finishing dates and shipments, and encourages new members. The co-op is self-sustaining, but not for profit: each farmer pays a one-time membership fee, which has established a fund that is held in reserve, as well as per-head payments, which pay for operations and the part-time group coordinator. As such, while it performs the same functions as many intermediary groups in Ontario, Glenbarrow farm members benefit directly – and more transparently – from the guaranteed premium from their processor / distributor. And while the standards for the production process are rigorous, the membership recognizes that the guaranteed premium places the co-op on solid footing for the long term.

Slaney committed to a top market price with premiums for both grades and loyalty, as well as a fund for the group “targeted at specific projects aimed at beef animal improvement within County Laois …[that would] help all group members to participate in improving beef quality at farm level” (Slaney, 2004). To this end, the processor conducts initial on-farm inspection to outline and confirm quality assurance, traceability and the code of good farm practice are all followed. Quality standards were then enforced by independent assessors – at one time, three separate audits. This process was necessary to ensure value-added returns for both farmer and processor, because “under the international quality standards, the concept of independent auditing is simply
fundamental” (E6). Members have expressed some concerns over grade-based payment, which the co-op has addressed by providing information about any changes to the grid, and bringing in their processor, Slaney Foods, for on-farm demonstrations of the likely grid score of a set of animals. Any amendments to the grid are made in consultation with the co-op board.

In recognition of Glenbarrow’s commitment to encouraging and facilitating the membership of small, struggling farms, the processor also agreed to a transparent pricing mechanism where no favoritism was given to herds shipping larger numbers.

The people with small numbers obviously they’re in need, and I'd arrange transport for them …and they know they’re going to get the same price as some feller that would've had 100 cattle. …The farmer will get his cheque on the day –at the price agreed for him and it works pretty good: it takes negotiation and haggling out of it. Now, admittedly, it is the prime beef …that the factory requires - they have a market for that. …They do not pay for something they don't want. We have to be 'market-led' or 'market driven'. (S9)

One consequence of this market-led demand for top quality beef is that producers still ship their lower quality animals through conventional channels. However, the processor’s commitment to improving overall herd quality on these farms helped to reduce the number of cull animals, and their transparent pricing mechanism addresses the common complaints about the commodity market – that the price fluctuates rapidly, and is left to the negotiating power of individual farmers on the day of sale. For the Glenbarrow group, the base price is published weekly in the Irish Farmer’s Journal.

A farmer could just pick up the Journal and know - he didn't have to ring around - he knew this is what I'm getting from the producer group. He could ring the others if he wanted: one thing we never did was stop a farmer going anywhere [else]. You may be a member, but you weren't [forced to sell through the group]. Because our job at the time was to get the best price for these farmers. Now, I think, we need to have a subtle
change - in that people really need to be more committed to the Glenbarrow scheme. (M1)

The board has contemplated moving to a more formalized and exclusive relationship primarily to facilitate coordination efforts and to offer their processor predictable, guaranteed volumes. While this has not happened yet, it speaks to the nature of the group’s relationship with their processor. Surprisingly, the discourse surrounding ‘value chains’ was absent from their description of this relationship; yet, of the large-scale groups involved in this research, Glenbarrow most closely resembled a value chain in its function. The commitment of all members of the chain to constant improvement of both the product and the return to farmers has only increased throughout the life of the co-op. This is no doubt due, in part, to the exceptional nature of the founding of the chain, with the processor using Glenbarrow as a promotional tool to garner other high quality producers, and the group recognizing that the premium received from the processor is extraordinary.

A.3.3 Value-added Distinction

For Slaney it's good, too, in that if they were short-numbered, they could ring us: they had one contact point. And [our coordinator] ...would drum up a load of cattle if they needed them. Slaney's right, we did get a good deal. The thing about the producer group is that we have to keep changing. …Now, we have to reinvent ourselves, … we need to look at getting a unique selling point again.

The pricing system still is there, but everyone else has kind of come up to meet our standards. Now we want to differentiate ourselves so we can go back to the factory and say "This is what we're offering you now: come and talk to us. You can go out and sell that you have this carbon footprint." So, that's the research we're doing now. (M1)

While the shared value and numerous benefits were evident to all parties, the group felt that its future remained insecure without continual improvement of its value-added
qualities. Marketing through an intermediary, without any group information communicated with their product, the group could only develop value-added attached to verifiable product qualities.

We're not promoting the Glenbarrow brand. What they do, is they sell "we're working with producer groups, we're working with local farmers: these guys, this group here we have in Laois, they're quality assured" - they're selling us under their own 'Slaney' brand. But it suits everyone, because ultimately there's a benefit to the members that we wanted to get the benefit to. (M1)

Given the group’s reliance on their processor for marketing, the Glenbarrow brand remains largely outside of the group’s control. And while the processor shares the group’s desire to create distinction based on superior quality, the realities of the market situation dictate that 90% of all Irish beef – and their processor’s product – is exported to Europe. This means that a specific county brand has less resonance with the processor’s consumers:

We're not going to farmers' markets in France, Ireland, the Netherlands or in Britain - we have to engage with ...retail groups, or food service groups. ...But it doesn't necessarily mean the product is being marketed as Glenbarrow. Because the quantities required for a [retail] group in Britain or in Holland means that we just cannot fill all of that order with one source. But we nevertheless are very committed and quite happy to pay a premium to the Glenbarrow people because of the guarantee of supply and they are very much people who have created a model that we want others to follow with us in Ireland. (E6)

In reality therefore, the value of the distinction of the Glenbarrow brand is twofold: a high quality product for large-scale consumers, and a model of production practices and independent verification, aimed primarily at other Irish producers. This is an interesting result, given that the cooperative was originally established to develop a local, county brand and market.
Over the years, the board has pursued various options to develop the local branding of the co-op. Given the local consumer interest in beef produced within the county, the co-op invested effort in pursuing contacts with access to regional foodservice distribution channels. With a limited budget, the group did not feel that it was feasible to employ a full-time staff member for distribution. Instead, they partnered with an established distribution company, and sent a part-time representative along to local hotels and restaurants to develop sales. While initial efforts showed some promise, return visits from the distributor alone were not as successful. The product, and the premium price, proved unable to develop a loyal customer base: “The consistent opinion was that our product was too dear for the ordinary business” (Glenbarrow Farms, 2005). Additionally, an advisor from the County Enterprise Board suggested that, in order to employ a full-time marketing / sales person, and contract a delivery person, the cooperative would have to sell more product locally than small independent stores and catering could purchase, and centralized purchasing for larger groceries made this market difficult to access. In the end, these efforts were unsuccessful, and direct marketing was not seen as an option due to the size of the co-op, and volume of production. While their processor / distributor is supportive of efforts to find local markets, they believe that the market within Ireland for such a volume of premium beef is simply too small. Of note, Irish tastes do not match European fondness for lean meat, yet Irish beef is graded – and co-op members paid – on the European standard. And, the sweet premium negotiated with their processor meant that any alternative would have to look more attractive than speculative, in order to gain the support of the membership.

If, at some stage, we could sell the brand ourselves - and make a premium on top of that: at the moment, any premium that could be made, the fac-
tory would probably get. But we're still getting a good deal for the farmers. The cost of doing up a marketing plan for ourselves would just [be prohibitive]. (M1)

Export markets have remained strong even in the last year, despite recent economic turmoil in Ireland. The group continues to receive the agreed premium from their processor. While this provides some reassurance, the group remains committed to developing additional qualities to strengthen (or retain) brand distinction in the future. Strategies under consideration include establishing animal welfare verification, and pursuing enhanced environmental standards through the reduction of CO2 emissions and the development of metrics to measure their carbon footprint.

**A.3.4 Social Capital**

We had good contacts [between] our board and farm (food producers’) organizations at the time. In that respect, it was probably to our benefit, because many of these people ...were from our region - so we had producers going out to [talk to] producers. (T3)

The Glenbarrow group was established with the intent of providing a value-added outlet to the county’s struggling beef farmers, and in that sense, it has been spectacularly successful. Over 250 farm members have shipped significant volumes – over 1,000 head in their heaviest month. While recruitment is ongoing, the majority joined early in the project, at the urging of committed proponents. JF – who was instrumental in taking the message to the farmers – had not only a persuasive message, but a good deal of credibility due to his background.

I probably had an advantage: I had been chairman of the Irish Farmers Association in county, and prior to that had been on the National Livestock Committee of the IFA - so I had been seeing these farmers for many a year before - so I would have been fairly well known. (T3)
As mentioned earlier, many of the farmers were predisposed to join a value-added alternative enterprise, as a result of shrinking returns and extraordinary measures implemented by the national agencies, looking to reestablish Irish beef export markets through quality assurance schemes that would guarantee production practices on all farms in Ireland.

A.4 Conclusions

The group has been open to alternative strategies and flexible in its approach, but limited from the outset by its scale. Success at farm recruitment has meant that a more localized marketing strategy would only ever be a marginal outlet for their volumes and, given the centrality of the processor’s premium to their success, investments that might diversify their marketing approach never gained traction. Where producers in other counties might try different strategies to improve returns, the success of the rural development company in Laois – in fostering a cooperative with a guaranteed premium for local, small-scale beef producers – determined that these producers would see their best option as one that tied them to a value-added commodity chain.

A.5 References


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1) How did you become involved in this initiative?
2) What do you see as the main goal or purpose of the initiative?
3) How did this initiative come about?
   a) Who were the main players?
   b) How were the goals agreed on?
      ▪ Is there a formal decision-making mechanism? (majority voting, consensus seeking, etc)
4) What strategy(s) will you use to achieve your goals?
   ▪ Production?
   ▪ Marketing?
   ▪ Promotion?
   ▪ Collaboration?
   ▪ Branding?
   ▪ Other …?
   b) What makes this initiative ‘different’?
5) How were potential consumers factored into your goals / strategy?
   a) Were they involved? …consulted? …marketing survey?
6) How are you marketing the initiative to consumers?
   ▪ Using which means?
7) What makes this initiative ‘local’?
   ▪ What is ‘local’?
8) Describe your typical producer.
   ▪ Farm size, business model, farming practices, etc.
9) What do you expect from the producers?
   ▪ Product quality?
   ▪ Production practices? (certification?)
   ▪ Investments?
   ▪ Responsibilities?
   ▪ Loyalty to the initiative?
10) What changes are expected of the producers?
    ▪ Is there any flexibility in those expectations?
    ▪ Are there any formal requirements / contracts for participation?
11) How do you process / distribute your products?
    a) Do you have formal relationships with your processors / distributors?
12) How do you protect the ‘value-added’ for your producers?
    a) What kind of ‘premium’ do they get, compared to regular market prices?
    b) What practices relate most directly to this premium?
13) What kind of process is there for farmer members to express their views / opinions / dissatisfaction?
    ▪ Does this happen often?
14) What do you see as the barriers?
    ▪ For the initiative?
    ▪ …for producers?
15) What kind of process is there for consumers to express their views / opinions / dissatisfaction?
   ▪ Does this happen often?
16) What is the importance of this local food initiative for the local community / region?
   ▪ Does the initiative have local support?
17) Where do the majority of your consumers come from?
   ▪ Describe your ‘typical’ consumer.
   ▪ What are they looking for?
   ▪ What makes a loyal consumer?
   ▪ Do you think your consumer base will change in the future?
18) Do you feel the initiative is meeting its goals?
19) What changes would you like to see in the future?
APPENDIX D: INTERVIEW GUIDE FOR LOCAL BEEF VALUE CHAIN PRODUCERS

1) How did you become involved in this initiative?
   ▪ What factors were most important in this decision?
2) Describe how you were farming before you became involved in this initiative.
   ▪ Did you start the farm enterprise with this form of marketing in mind, or evolve into it from ‘mainstream’ production?
   a) Commodities produced?
   b) Degree of specialization or diversity?
   c) What was your market?
      ▪ Any value-adding
   d) Farm practices
   e) Acreage / crops
   f) Off-farm work
3) What are some of the biggest changes since joining?
4) What do you see as the main goal or purpose of the initiative?
   a) How do you relate this to your own goals?
5) How did this initiative come about?
   a) Who were the main players?
   b) How were the goals agreed on?
      ▪ Is there a formal decision-making mechanism?
6) What strategy will you use to achieve your goals?
   a) What makes this initiative ‘different’?
7) What kind of feedback do you get from consumers?
   ▪ How?
8) What makes this initiative ‘local’?
   ▪ What is ‘local’?
9) What is expected of you as a member?
   ▪ Product quality?
   ▪ Production practices? (certification?)
   ▪ Investments?
   ▪ Responsibilities?
   ▪ Loyalty to the initiative?
10) What changes are expected of the producers?
    a) What kind of input do you have into decisions over changes?
    b) Is there any flexibility in those expectations?
    c) How are these decisions made?
    d) Are there any formal requirements / contracts for participation?
11) What type of relationship do you have with other farmers in the initiative?
    a) …with your processors / distributors?
    b) Where / when do you talk?
12) What kind of ‘premium’ do you get, compared to regular market prices?
    a) What practices relate most directly to this premium?
13) What do you see as the barriers?
    ▪ For the initiative?
    ▪ …for producers?
- …for consumers?
14) Are you satisfied with your involvement in this initiative?
15) What kind of process is there for you to express your views / opinions / dissatisfaction?
   - Does this happen often?
16) Where do the majority of your consumers come from?
   - Describe your ‘typical’ consumer.
   - What are they looking for?
   - What makes a loyal consumer?
   - Do you think your consumer base will change in the future?
17) Do you feel the initiative is meeting its goals?
18) What changes would you like to see in the future?