

Indiana Grown Commission Meeting
10/10/14

Attendees:

Pete Eschelman
Sara Yelich
Chelsea Marburger
Margaret Davidson
Jeanette Merritt
Bob White
Cheryl Carter Jones
Jodee Ellett
Ted McKinney

Welcome from Ted and Pete. Description of the properties owned by the Eschelman family.

Review of Agenda from Melissa, then presentation of updated timeline.

- Don't rush – highlighted point in the Ady study.
- Cancel Oct 28 meeting, keep Nov 10 at the Indianapolis City Market
- In November, go over Ady study, look at logo, continuation of discussions from today.

Logistics

- ISDA should be a resource to contact other agencies and be an advocate or define regulations. The lack of communication with locals and the state is a current difficulty.
- Purdue has done a workshop in the past on regulation education.
- "One stop shop" idea. For whoever is in the position of IN Grown program manager in ISDA – they should be the ombudsman along with current ISDA staff (David/Aly). Add onto the website to be a centralized resource of information.
- Introduce state agencies to farming/ag practices.
- From a farmer's market standpoint, there are so many stops to get through the red tape from the state/local entities.
- Transportation – biggest bottleneck for smaller local growers. They don't have a truck or don't know anyone with a truck. No trucking entities are interested or available in taking that business. Limits to road weights for milk/dairy processing.
- Inspectors can work on Saturday and BOAH has the authority to open it to fees. They are leery of doing it for the perspective of it being considered a "tax." There are many processors who would happily pay for the inspection on Saturday. Inspections are a bottleneck and there is a shortage of inspectors. Pete gives a specific that he has to go to Michigan for processing his

beef because the local processor cannot get inspectors to handle the capacity Pete and other local farmers would add.

- If we could make it as easy to do business in Indiana as compared to surrounding states, then we will have accomplished a great deal.
- FSMA (federal and state)/GAP certified.
- Labor issues – fruits, etc crops cannot be picked.

Kroger Local Merchandising Manager

- Need for a local aggregator who has the capability of getting product from multiple farms, bringing it together, then take it in truckloads to the end “store.”
- The breakpoint btw farmers markets and larger supplier appears to be 5 acres.
- Good resource – Grow Farms from Kentucky
- Kroger is starting to use an aggregator person – asks them to identify producers of x,y,z crops. Then they identify the volume needed.
- Kroger distributes through a location in Shelbyville.
- His role is a local resource manager. It did not exist a few years ago. He has only been in the position for a year – it is a fairly new push for Kroger, but it is a growing trend in grocery. They look at locally relevant products as well.
- It is hard to measure the use of local foods quantitatively.
- Michigan has a narrow scope for their label. Illinois is the other extreme. Ohio looks at how much is produced in the state.
- Kroger is a diverse company – very process oriented. So it is difficult to fit into a state specific logo, but they are interested and want to encourage the use of local products.
- They expect them to be GS1 certified – UPC use specific to the company and not reused. GFSI certified is also an expectation – they use a 3rd party certification or connect them to food safety folks in the corporate office.
- How do smaller producers get into retailers such as Kroger? Do they have to use an aggregator? For Kroger, the product must be GAP certified. No one wants someone to get sick or die. People want to know where their product is from so there is a groundswell.
- Market forces are bringing the market aggregators to reality.
- If you go higher than 50% of the product must come from IN in value added, it can be difficult. Due to weather, etc, it can be difficult because the producer still needs to be churning out product to stay in business. Michigan started at 50% and then went up to 75% - he thinks it was a push to put it higher from the tourism group.
- Grown vs. processed differentiation. Question of how much value added is being done.
- He likes Ohio Proud, also similarities to Kentucky Proud.
- Issues with volume of fruit/vegetable crops grown in IN to fill the needs of the retailers.
- **TO DO** - Was the IL program separated from the start in a grown and produced/two program? Not sure. How does MI police the levels of their product sourcing?
- ISDA could find the different retail promoters of local foods and determine how to move the process along.

- Kroger is trying to determine the best way to highlight local products. Do a fixture at the end of the aisle or highlight in an area of the store or just put it on the shelves along with all products. For them, it will probably be a mix of both.
- We need to really do a good job defining what is in and what is out.
- Kroger has developed their own program in MI b/c the volume wasn't there to make it worth it to connect with Pure Michigan. They wanted more exposure for Michigan products.
- He thinks it could be connected to Honest To Goodness. Group think indicates that the connection to Honest To Goodness might muddy the waters, but is a good partnership. It won't necessarily fit the grocery store model.
- Local, small grocery stores would find access to local products.

NE Region Commerce

- Ag continues to be very important to this state, big or small – doesn't matter.
- Very excited about the energy in this program.

Fee Structure

- Two themes from study – keep it simple and diversify funding.
- Would rather start with a fee from the start for membership because it is hard to go back and add a fee for something people have been getting for free.
- \$100 for membership for growers/producers is too high.
- Membership duration?
- **TO DO** – what does Kroger pay to participate in other state programs?
- Want to include food hubs and farmers markets
- Sponsors needs to be completely separate from other members. It is just a different category.
- A member can also be a sponsor.
- Categories for membership – add organizations (commodity groups, farmers markets, etc)
- Think about the fee as an investment, not a potential “tax”
- \$250,000 budget gets you a small sticker program. Higher budget gets a more robust program.
- Values to the members - Education, marketing, regulatory advocacy,
- For these levels of fees, it needs to have a lot of value to the members.
- Option of payment plans for smaller entities
- Fees for distributors and processors don't need this program. They won't find a value to high level of fees. Other opinion – the distributors will feel pressure from the retail to identify IN products. It could add more value to the distributor.
- Figure out what they will get before setting a price.
- You are not going to get awareness necessarily from an ad campaign, but instead from what is on the store shelves.
- Retailers make a “commitment” to the program – use the logo and use it as part of their marketing program. Focus on value rather than dollars. Low entry level, require them to use the value of the program.
- Membership categories – like the categories as a whole, add associations. For a buy-in, ask for numbers and values from the sales. (data, benchmarks) ***agreement***

- ***Agreement to charge a fee***
- What are the goals of each of the categories? Meet those needs – how does IN Grown help those categories? Ask the categories themselves what they want – tailor the benefits to them.
- Within each membership group, they like tiered levels. Opens it up for both small and large groups.
- Other categories – people who work in the ag industry (individuals) and/or related businesses (institutions, hospitals, schools, etc)
- Can each member reach out to colleagues to find out what would be of value to each category? Cheryl and Sara– growers/producers, Margaret – sponsors and retailers, Pete – restaurants, Bob – several, Jodee and Sara – associations, Jodee – institutions, Chris – distributors and processors
- **TO DO** – recap this action and provide draft questions.

Other

- Someone, likely Tourism, has research on the use of the word Hoosier.
- Bring in speakers from other retailers.
- Look to get impressions from non-ag interests.

Huntington University presentation