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Clicks and Bricks: Assessing the Viability of a Food Cooperative in Central Pennsylvania

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List of Abbreviations

F+F = Friends and Farmers Cooperative

B+M = Brick and mortar, in reference to a brick and mortar cooperative grocery store

OLM = Friends and Farmers Online Market

AFN = Alternative food network, as in alternative to the industrial agricultural supply chain, i.e. farmers markets, CSAs, direct farm-to-consumer sales

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Introduction

Organic and local food has been on the rise for decades, and is reaching its zenith in the United States. Following the rise of “foodie” culture, especially among young professionals, consumers are asking more of their food, and the prominence of farmers markets and CSAs reflects a thriving local food landscape, but a somewhat limited scope of how to access and distribute local product. The cooperative business model, in which the business or organization is owned and operated by its users for their benefit, has existed in the food and agricultural sectors for well over a century, but is seeing a resurgence in popularity in recent years. The food cooperative is a model with origins in England in the 1800s. Originally, working class people formed cooperatives by banding together to purchase large quantities of goods from wholesalers or directly from producers as a way to gain some economic clout, both ensuring lower prices for them, purer product without the risk of contamination by corrupt middlemen, and more money going directly to producers (Zimbelman, 2015). It was introduced as a way to protect less powerful members of society. Over the decades, the model has fallen in and out of favor, and has had varying degrees of success. In Europe and Asia, the model is fairly successful. In the US, however, the model has suffered from inadequate capital, lack of membership support as well as wholesaler support, and a tendency toward idealism rather than economic stability (Zimbelman, 2015). In recent years, the model has grown into public favor as an alternative food network (AFN) but many cooperatives have still struggled to find success.

Food cooperatives can exist in several forms. Cooperative food hubs exist, as do “buying clubs”, but the term “food cooperative” is most closely associated with the local cooperative grocery store. Food cooperatives are not always, or even usually, specializing in local product, but instead act as buying clubs for high quality specialty and organic products. Making it work with local product is an added challenge.

According to a USDA publication from 2012 titled “Regional Food Hub Resource Guide”, a food hub is defined as “a business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail, and institutional demand.” There exist farm-to-consumer food hubs as well as farm-to-institution food hubs. The role of the food hub as a business is coordination of supply chain logistics, and often operates on both the supply and demand ends.

A food cooperative exists in State College, Pennsylvania, and it is called the Friends and Farmers Cooperative (F+F). It was founded on the mission to provide the area with a cooperatively-owned and –run brick and mortar grocery store (B+M) that sells primarily local products. It currently exists as an online market (OLM) that serves as an alternative revenue stream for local vendors in the form of a food hub, but its stated mission is an eventual B+M. The concept behind the current business model is known as “clicks to bricks”, in which an online purchasing platform (the OLM) is used to grow membership and earn money that will eventually be utilized to transition to a B+M.

There are two major food cooperatives that are often used as points of reference for success stories for F+F: East End Food Cooperative in Pittsburgh, Pennsylvania, and Weaver’s Way

Cooperative in Philadelphia, Pennsylvania. Pittsburgh and Philadelphia are the two major cities in Pennsylvania, Pittsburgh being in the southwest and Philadelphia being southeast. Keep in mind that both of these cooperatives operate in urban areas much larger than the State College area.

East End and Weaver's Way both started as buying clubs in 1972, and are operational cooperative grocery stores today, with other community ventures happening along the way, such as cafes and delis, and the East End Cooperative Credit Union (Our History – East End Food Coop; Weavers Way History). Both cooperatives have been and continue to be bolstered by grant and award money, and Weaver's Way even faced bankruptcy in 2002 (Weavers Way History). They have had their share of roadblocks and speed bumps, but have maintained a strong community presence and only continue to grow. It took 6 years for East End Cooperative to open a store in 1978, and received a \$20,000 start-up grant (Our History – East End Food Coop). It has continued to evolve and expand for 45 years, some endeavors succeeding and some failing, all by the grace of community and member support.

These are the benchmark businesses that F+F is built on, and yet there are notable, and fundamental differences between those two ventures and what F+F is trying to accomplish. East End and Weaver's Way have found success by providing their communities with organic, fair-trade and artisanal specialty products, with little to no focus on local, unlike F+F.

Non-cooperative business models exist in Pennsylvania, with stronger focus on local foods, such as The Common Market in Philadelphia, which is a nonprofit food hub that acts as an aggregator and distributor of local foods to institutions, restaurants and workplaces in inner city Philadelphia. Businesses like The Common Market have found success with non-cooperative business models, but largely in more urban areas than State College, a university town tucked away in the Nittany Valley in the Appalachian Mountain range of Centre County, Pennsylvania.

The greater State College Area is made up of the borough of State College, and the townships of Benner, College, Harris, Patton and Ferguson. The closest neighboring towns are Boalsburg, Port Matilda, and Bellefonte. According to US Census data, there are just upward of 100,000 people living in the greater State College area as of 2015. Just under half are female, and while there is a reasonably sized foreign student population, the population is predominately white (79-94%). Upwards of 95% of residents over the age of 25 have high school diplomas, and aside from university students, upwards of 60% of residents over the age of 25 have baccalaureate degrees (U.S. Census Bureau, 2016). It is a largely white, affluent community. The town exists around the University Park campus of the Pennsylvania State University. Situated as it is in the fertile Nittany Valley, the university began as the Farmers High School in 1855 and eventually became the state's first and only land-grant university. The location was ideal for agricultural studies and enterprises, comprised of silty-loam limestone soils, and it was strictly an agricultural college at first. Since the university's establishment as a land-grant college, it has expanded to include many other non-agricultural disciplines, from liberal arts to pre-med, but the College of Agricultural Sciences remains an integral facet of Penn State's legacy, if not a major player in its current cultural identity. The surrounding areas are still primarily farmland.

For this reason, the State College area is generally a town that values local food, seeing as it is a

cultural and intellectual hub nestled in the middle of agricultural land for miles. State College is known for being a fairly progressive and liberal town surrounded on all sides by politically conservative rural areas. State College has been and continues to be home to many outdoorsy folk who straddle the line between rural agriculturists and well-educated, high-earning “urban” professionals. Thus, the town has been home to many active farmers markets, people willing and able to support small local artisanal businesses, and a close and strong relationship between farmers and consumers and various other community members (such as farm-to-table restaurants) for many years.

This existing culture surrounding local food and AFNs such as farmers markets and community supported agriculture (CSA) sparked the idea for the Friends and Farmers Cooperative in 2011, with the missions being laid out as follows: to support the local economy by giving local producers a priority on store shelves, to offer convenient and healthy locally prepared foods, to inspire healthy eating habits through education and transparent labeling, and to draw the community together in an inviting atmosphere (Friends and Farmers Cooperative, 2014). This atmosphere is referring to what many people call “the third place”, that is neither home nor work, but a third space for collaboration, conviviality and community-building.

In May and June 2015, the F+F Board of Directors (BOD) applied for several grants, and was awarded two. One was a \$10,000 seed grant for the cooperative as a local food venture. The other was a \$92,000 grant from the Local Food Promotion Program that was specifically for the OLM and stipulated that the OLM must be operational through September 2017 and serve as a wholesale distributor (Carlson, 2016).

In September 2015, F+F paid a third party to perform a market feasibility study for a B+M store. The study found, despite the existence of both direct and indirect competition in the area, that the demographics in the greater State College area were comparable to those key demographics that correlate positively with “natural food co-op” sales in other geographical areas (Carlson, 2016). The study went on to make recommendations in regard to location and size of the proposed store. The full results of the study can be found in Appendix A.

Unfortunately, recent financial statements make it clear that the OLM in its current form and with the current levels of member and community support is not sustainable without grant subsidization. It relies heavily on volunteer efforts, which are simply not reliable, and the cost of operating the OLM (renting the space for aggregation and packaging, renting the truck for pick-up of goods, paying the OLM coordinator, Local Food Marketplace software, etc) far outweighs the income from purchases. The failure to launch a wholesale program through the OLM has meant that the cooperative has not been able to take full advantage of the \$92,000 grant from the Local Food Promotion Program (Carlson, 2016). The OLM is operating at a monthly loss of \$2,000 (see Appendix B), which is currently being subsidized by grant funds, but also member equity.

The mission statement of F+F currently reads: “Friends & Farmers Cooperative aims to open a member-owned, cooperative grocery store in State College, Pennsylvania that will specialize in local, sustainably produced products, be open to all people and strengthen the community and local economy with good food” (Marchetti, 2014). The OLM is currently not moving F+F

toward this vision of a cooperative grocery store, but is in fact moving the business further away by spending member equity. When the grant expires in September 2017, the OLM will burn through member equity very quickly, and thus the current BOD is faced with a decision: what do we do with the failing OLM and what becomes of F+F beyond the grant?

Literature

While the existing literature on food hubs specifically is fairly scarce, there is a wealth of scholarly work done around the subject of alternative food networks (AFNs), which Renting et al (2003) define as alternative methods of food production and supply such as direct markets (farmers markets, CSAs) and farm-to-school programs that food system stakeholders have developed in response to growing concerns about the conventional food system. These articles range from sociological studies of public opinion on local and organic foods and market studies of how and where consumers spend their food dollars, to case studies of specific AFNs, and critiques of the way scholarly work on the subject has been carried out.

Several studies make use of the term “value-based supply chains” or “value chains” in regard to AFNs (Dupuis and Goodman, 2005; Campbell and Macrae, 2013; Matson and Thayer, 2013). Unlike regular supply chains, which are purely economic in nature, a value chain takes into account the social value of a producer-consumer relationship and interaction. This concept is key in the study of AFNs.

A study of two neighboring Oregon towns indicated that the town situated around a university, one which trends more politically liberal, had a higher percentage of people willing to pay 10% more for local products, but who are often unwilling to incur the time costs involved with buying from an AFN. This unwillingness to give up convenience and time for buying local was a common theme among these studies (Weatherell et al, 2003; Stephenson and Lev, 2004; Chambers et al, 2007). Other studies listed price as a major barrier (Weatherell et al, 2003). However, the percentage of participants who support local agriculture in theory and would be willing to pay more is higher than those that buy through AFNs, so there is potential for growth of consumer bases, as long as AFNs can fit into consumers’ existing shopping habits (Stephenson and Lev, 2004). Other studies found that the main motivation for those who do shop from AFNs is the interaction with farmers, and the ability to give money directly to the producer (Zepeda and Leviten-Reid, 2004). This social value that is so inherent to direct markets and local food is the basis of an entire other subset of studies.

Clare Hinrichs has published several articles related to local food systems, sustainability in food systems, and the notion of embeddedness. Her 2000 article identifies “social embeddedness” as the way in which economic transactions do not exist in a vacuum, but in a social context. The term has become a “convenient shorthand for social ties, assumed to modify and enhance human economic transactions” (Hinrichs, 2000) and has become the hallmark of direct agricultural transactions, and AFNs at large. This notion of embeddedness is writ large throughout the existing literature on local food (Hinrichs, 2000; Winter, 2003). It is expected of the consumer that they will “discount the uncertainties, idiosyncrasies, and higher prices” in exchange for insight into the production system, improved status, enhanced expertise, etc (Sage, 2003) However, there are some studies that seek to downplay the value of the social connection, reciprocity and trust that many claim as the star virtues of AFNs (Tregear, 2011). In fact,

Hinrichs warns against touting embeddedness as the be-all, end-all, but instead suggests that direct markets must embrace some notion of marketness to become economically sound and stay that way. Marketness, she posits, is the other end of the spectrum from embeddedness, rather than its antithesis. Marketness is the notion of price considerations taking priority over all other factors, particularly social values (Hinrichs, 2000). However, an article regarding a proposed food hub in Vancouver suggests that to make a local food system more sustainable and *just*, it cannot be limited to the economic constraints of the existing conventional food system, which views food purely as a commodity (Connelly et al, 2011). It seems that neither extreme end of the marketness-embeddedness spectrum is the key to success.

Tregear (2011) identifies 4 factors contributing to the continued uncertainty of AFN development, one being the over-valorization of the social embeddedness of direct markets. Other articles echo the warning to not conflate local and social as inherently better or more sustainable (Dupuis and Goodman, 2005), as is demonstrated via a case study in Iowa, in which Hinrichs insists that small-scale farmers are not inherently better environmental stewards (Hinrichs, 2003). The same study also suggests that when the definition of “local” food can range from a 15 mile radius to the entirety of a 54,000 square mile state, the “local” ideal is often more about branding and creating a distinctive but coherent cuisine to reflect a specific place (Hinrichs, 2003).

A food hub is defined in the literature as a “business or organization that actively manages the aggregation, distribution, and marketing of source-identified food products, primarily from local and regional producers to strengthen their ability to satisfy wholesale, retail and institutional demand” (Barham et al, 2012). A slightly broader definition includes the final consumer in its list of potential direct sources of demand (Morley et al, 2008). Yet another definition broadens the scope even further by saying a food hub is a “network or intersection of grassroots, community-based organizations and individuals that work together to build increasingly socially just, environmentally robust and ecologically sound food systems that connect farmers with consumers as directly as possible” (Blay-Palmer et al, 2013). These food hubs are often cooperatively owned, and therefore abide by the 7 cooperative principles: open, voluntary membership; democratic governance; limited return on equity; surplus which belongs to member-owners; education of both members and the public on the cooperative principles; cooperation between cooperatives; and concern for community (Katchova and Woods, 2011).

A large portion of food hub related articles are case studies. These are largely demonstrative, and tend to use empirical information as a “confirmatory adjunct to a pre-determined argument” rather than a source of complex insights (Tregear, 2011). However, these case studies do have value, especially as the topic of food hubs is a minor one in existing literature. A food cooperative in Oklahoma originally set out to become a brick and mortar store, but has since evolved to act as a food hub for the entire state of Oklahoma. The cooperative has no warehouse, but instead the producers come together once a month and volunteers come to the congregation point to pick up and deliver the orders. This is an important case study because it mirrors F+F in many ways, and is a success. At 3,100 members, only 650 (20%) make monthly orders. However, 94.6% of the producers said that the cooperative is an important marketing channel. This indicates that people are willing to provide member equity even if they have no intention of buying from the online market, but simply as a show of support for local food endeavors, which

can express itself as both a blessing and a curse, as can be seen in the case of Friends and Farmers Cooperative (Holcomb and Kenkel, 2011).

A case study of Farmer Direct Produce (FDP) in Santa Barbara, California demonstrates the ways in which the support of a major institution, in this case University of California Santa Barbara, can bolster a food hub. This case study is important because Penn State University is a potential major buyer for F+F. To find success, FDP had to accept the food hub model as a hybrid between idealistic organizations that prioritize social and environmental goals and a more instrumentalist approach that seeks to reduce externalities in the local food supply chain. In recognizing this, FDP believes the food hub model can capture the advantages of both approaches by facilitating connections between major institutions and local producers. The study posits that the key in a scenario like this is to scale up from the socially-minded model to preserve relationships, rather than scaling down (Cleveland et al, 2014).

One case study looks specifically at nonprofit food hubs in Vermont. The key takeaways here are that none of the food hubs the article studies break even without grant funding and donations, and also the acknowledgment that most successful food hubs are cooperative in nature, although The Common Market in Philadelphia conflicts with that claim. It also emphasized the need for understanding whether a community is saturated with AFNs and has room for a cooperative food venture. If the market is saturated, a food hub will likely fail (Leblanc et al, 2014). Another case study in Vermont looked at the Intervale Food Hub, which also identified grant funding as a key to success (Schmidt et al, 2011).

Another nonprofit “food hub” is Local Food Plus (LFP) in Toronto, Canada. LFP claims to not be a food hub, per se, but a builder of relationships and “supply networks”, aka value-based supply chains, and a “bank of strategies and lessons” that would otherwise take time to emerge between various actors. LFP exists as a virtual marketplace, much like the F+F online market (OLM), but feels that this model can only go so far and a physical hub would create more opportunities and more effective relationship building (Campbell and MacRae, 2013). This physical hub would fulfill the ideal of “the third place”.

One case study of the Regional Access Food Hub (RAFH) in New York looked at opportunity cost, or the loss of potential gain from other alternatives when one alternative is chosen. It is a common concern regarding food hubs and whether by offering another avenue for sales, it will have an overall negative effect on producers by diverting sales away from other revenue streams in the form of farmers markets or CSAs. Using surveys with both producers and consumers, it evaluated the dollar amount diverted from other AFNs for every dollar spent at RAFH. It found a \$0.11 negative shock to wholesale for every \$1.00 spent at RAFH, which indicates an overall positive economic impact on the community (Jablonski et al, 2016).

When it comes to barriers and challenges associated with AFNs, and food hubs in particular, most articles could identify several. Convenience for the consumer and vendors, particularly regarding time, location and distance is a major concern (Weatherell et al, 2003; Stephenson and Lev, 2004; Zepeda and Leviten-Reid, 2004; Holcomb and Kenkel, 2011). When ordering from a food hub and not being able to see the product in person before you buy it, the quality and condition of the products is a concern as well (Holcomb and Kenkel, 2011). A report by

Katchova and Woods (2011) listed complicated vendor relations, limited supply and purchasing capacity, as well as distribution and logistics as barriers for food hubs. Size of the operation is a challenge, as smaller cooperatives tend to have more disadvantages in regard to economies of scale (Katchova and Woods, 2011; Cotterill, 1983). This includes the need to scale up without sacrificing foundational principles (Blay-Palmer et al, 2013). In scaling up without reverting to a market-driven approach, food hubs face lack of supportive policy, too little funding both from the government, grants and donations, and often suffer from an over-reliance on volunteers (Blay-Palmer et al, 2013; Leblanc et al, 2014). Organizations such as this also often suffer from intra-organizational conflict between the idealists and the business-minded (Ashforth and Reingen, 2014). Market saturation and the risk of creating competition and diverting sales from other local food ventures is a challenge (Jablonski et al, 2016). As we look for ways to make local food available to more and more communities, we need to address the fact that often AFNs are frequented by affluent white folks, and it is a concern that the AFN will become exclusionary and homogeneous (Dupuis and Goodman, 2005), although issues of demographics do not factor into this study.

Challenges exist in regard to research and academic work related to food hubs, as well. No comprehensive, data-driven assessments of economic impacts exist (Matson and Thayer, 2013; Jablonski et al, 2016). Tregear's 2011 article lists 4 issues with how AFNs are conceptualized in existing literature: lack of clarity and consistency in usage of key concepts, conflation of spatial characteristics with desirable outcomes/food properties, problems of marketplace trading, and lack of consumer perspective. This study seeks to contribute consumer perspective to the existing literature on AFNs and food hubs.

Thesis Questions

1. In what ways does the existing level of community engagement with the Friends and Farmers Cooperative act as a gauge for future success, either as a food hub or a cooperative grocery store?
2. What are the challenges associated with the success of a cooperative food business?
3. In what practical and viable ways, if any, can the food cooperative model survive in the fast-expanding local food landscape of central Pennsylvania?

Methodology and Materials

Through action research, we assess the viability of a cooperative business model for a local food venture and the implications its success or failure have for the community in which it exists.

Personal Involvement

In October 2016, I was elected to serve on the Board of Directors (BOD) for Friends and Farmers Cooperative (F+F), and furthermore to serve as the Secretary of the Executive Committee, as well as the Chair of the Communications and Outreach Committees. The BOD is made up of nine cooperative member-owners who are democratically elected by the membership at an annual meeting. The BOD is an unpaid, working board, meaning that all hours spent in meetings, at events, planning and communicating are volunteer hours, and every BOD member works full-time outside of the cooperative. There are 3 one-year seats, 3 two-year seats, and 3 three-year seats. My seat on the board is a one year commitment.

Methods

This study is based on data, largely collected in a town hall meeting held on April 29, 2017 to discuss the current state of Friends and Farmers Cooperative (F+F) and how the membership would like to move forward, either returning focus to the original mission of the brick and mortar store (B+M), or redirecting energies to making the online market (OLM) solvent. Data were also collected from an email survey sent to OLM customers, from several interviews with various members of F+F, and from a vote open to all F+F member-owners after the April meeting.

1. Meeting and Vote

On April 29, 2017 a member meeting was held to help the BOD make an informed decision about moving forward with the cooperative. Over the course of 3.5 weeks prior to the meeting, the entire BOD along with several F+F employees made calls to each and every member to explain the reason for the meeting and to ask for their attendance. Many calls were left unreturned, with only 24 calls resulting in an RSVP “yes”.

The meeting consisted of a presentation of mission, sales and overall financials of F+F since the launch of the OLM. Of 515 member-owners, 38 attended the meeting, along with 7 member-associated household members and 5 non-members. Four vendors were in attendance. All in attendance, including the 8 BOD members, were broken into 6 smaller groups to discuss the questions that they would be asked to vote on after the meeting. The subjects the members were asked to make decisions on were twofold:

Q1: Organizational Direction and Mission

- 1. The local food landscape has changed, and the original vision should be reassessed. The Co-op needs to refresh its vision of how to best support a thriving and sustainable food system.*
- 2. I believe the current Friends & Farmers vision of a cooperatively owned and operated full line natural grocery store with priority shelving for local growers is the correct vision for F&F and we should continue the current course.*
- 3. Other*

Q2: OLM Options

- 1. Close or sell the online market -- the board should focus its efforts toward refreshing the vision statement and put all efforts into achieving said vision. Member equity for the purpose of opening a store is too vital to risk on the online market.*
- 2. The board should focus efforts on making the online market sustainable. This may put additional member equity at risk, which could delay progress to opening a brick and mortar store.*
- 3. A hybrid -- both keeping the online market open and moving it toward solvency as well as refreshing and pushing toward the (refreshed) vision are equally important. These efforts cannot be separated. This may put additional member equity at risk, which could delay progress to opening a brick and mortar store.*

After small group discussions, groups shared the highlights of their discussions with the larger group, and commonalities were taken note of. This qualitative data contributed to the identification of challenges facing F+F (second research question), as well as possible solutions and potential for success (third research question).

The members left the meeting with the opportunity to vote on an online platform over the next 10 days. Votes were limited to one per member household. Qualitative data gleaned from

discussion at the member meeting and from the various interviews was collated, and sought to gauge member engagement and participation, as well as answer the third research question.

2. Survey

In mid-February 2017, a survey was sent out via email to every existing account on the OLM software, which is provided by Local Food Marketplace. Local Food Marketplace is a software platform engineered specifically for use by food hubs to plan, sell, and distribute local food. It should be noted that as a member of F+F, one does not automatically have an account on the OLM software, but one needs to create an account. Accounts and shopping on the OLM are not limited to members. Therefore, the survey went to anyone, member or non-member, who had created an account on the OLM, whether or not they had previously shopped there. The survey was to determine the number of members versus non-members shopping on the OLM. It also gave an idea of how many of our members engage with F+F via online communications, and sought to help answer the first research question.

Table 1: Email survey demographics of number of OLM shoppers who are F+F members (n=107)

Member?	OLM Shopper	Not OLM Shopper	Total
Yes	79	4	83
No	19	4	23
Didn't Answer	1	0	1
Total	99	8	107

As evidenced in Table 1, a total of 99 OLM shoppers responded to the survey, which is more than 50% more than the average weekly order number being 60. The percentage of OLM shoppers who responded that were also F+F members is 79.8%.

3. Interviews

A proposal was sent via email to the entirety of F+F's members (n=515) to gauge willingness to participate in a brief interview regarding opinions and expectations of AFNs, namely cooperatives and food hubs, and their experience with F+F. The interviews sought to provide qualitative data to help answer all three research questions.

An extensive interview template was written. The questions begin with basic inquiries about the subject's age, gender, family size, occupation, household income, purchasing history with both the OLM and other AFNs, and level of education. Then there are questions more specific to F+F, such as when they joined (if they are members), why they joined, what they see as a benefit of F+F over other AFNs, what they expect F+F to provide them as members and community members, whether or not the expectations have been met, whether they are likely to recommend F+F to others and why or why not, and what they see for F+F in the near and far future. From these interviews, an attempt was made to derive a pattern of what originally drew people to F+F, how F+F can utilize its resources to better market to the community to grow membership, and what weaknesses and challenges members have identified.

Of the 30 member-owners that responded with offers to participate, only 9 responded to subsequent calls and emails when it came time to actually have them fill out a questionnaire of participate in a telephone interview. Numerous calls were made and emails were sent, to no

avail. Only one non-member participated, despite 6 individuals expressing interest in participating. Non-member participants were culled from crowds attending a local food and climate festival in downtown State College on March 11, 2017. Overall, 10 individuals were interviewed.

Results

There are several sets of results that contribute to answering the research questions. The turnout and discussion results from the member meeting largely identified challenges and potential strategies for success, much more effectively than the interviews (first, second and third research questions). The results of the vote sent via email to all F+F members post-meeting also helped to answer the first research question, but also sought answers for the third. The results of the email survey to online market (OLM) members helped to gauge member engagement with both online communications, as well as the OLM (first research question). The results of the interviews with participating Friends and Farmers Cooperative (F+F) members as well as one non-member helped to identify challenges for cooperatives, as well as contributed to identifying ways for a cooperative to succeed (second and third research questions).

Member Meeting

The following are the major points of discussion that were brought up by the various members in attendance through large- and small-group discussions on April 29, 2017. The topics discussed pertain to all three research questions.

i. Mission Statement

Nearly every small group discussion resulted in the suggestion of modifying the mission statement. The original and current mission statement reads as such:

Friends & Farmers Cooperative aims to open a member-owned, cooperative grocery store in State College, Pennsylvania that will specialize in local, sustainably produced products, be open to all people and strengthen the community and local economy with good food.

Most could agree on the fact that if we were to remove the section “open a member-owned, cooperative grocery store in State College, Pennsylvania that will”, the mission statement is a much more accurate depiction of F+F in its current state. Its current operations have strengthened the community and local food economy, just not with a grocery store, and with no brick and mortar store (B+M) on the horizon in the near future.

Thus, some suggested removing that part of the mission statement altogether. However, there was some concern that the mission statement as it stands is too vague, and should be re-visioned to more explicitly state how we are bolstering and growing local food economy. Others suggested that the phrase “grocery store” is pigeonholing the mission, and could instead be changed to “brick and mortar entity”, “marketplace”, or to utilize the term “the third place”. This idea of the “third place” is commonly used in cooperative and community-growing endeavors to talk about a place beyond home and the workplace to which one belongs. All members in attendance agreed that the mission statement needs to be, if not totally re-visioned, at least modified and revised. This relates to the third research question.

ii. Identity and Marketing

There was a consensus from the members that the current state of flux that F+F is in makes it difficult to market to new and prospective members. The mission statement says one thing, our community presence says another, and it presents a challenge from an outreach and marketing perspective. Many members voiced their concern that this identity crisis makes it difficult for them to convince friends and acquaintances to check out F+F because they don't know what exactly they are selling. Is it grocery store? Is it a food hub? Is it neither? Ultimately this issue goes back to F+F's mission, and a change in mission could help secure an identity for F+F, and increase its chances at long-term success. This relates to the second and third research questions.

iii. Market Saturation

There is concern that the current market in the greater State College area is saturated with other AFNs. For local food, there are 4 farmers markets just in State College itself, let alone neighboring towns in the valley, as well as at least one major grocery store that sells both local produce and other local products, all of which are currently available on the OLM but with a higher markup. Countless farms that are vendors for the OLM also do CSA shares, some year-round. On top of all of this, more and more people are growing their own food.

Organic options can be found at any grocery store, although the prepared foods market is largely cornered by Trader Joe's. Until last year, there were two natural food stores on opposite ends of town, but one recently closed. The inventory of the natural food store doesn't have a lot of overlap with the proposed B+M and the OLM, but F+F will need to work hard to differentiate itself from such a store.

While it may seem that the OLM offers a convenient service that others do not, several large stores in town recently started offering an online ordering and pickup component, and a 16,000 ft² grocery store is coming to downtown State College within the year that will offer priority shelving to local products and will have an online ordering component. And then there is Amazon.com, which has become a titan of food products, especially organic and specialty food products.

This relates to the second research question.

iv. Market Study

Many members in attendance felt that the existing feasibility study done in September 2015 is outdated, particularly in a constantly growing and evolving community such as State College. In a year and a half, existing supermarkets have asserted themselves into the local and organic food market. Competition has changed and increased, but mainstream demand for local products has also increased, and the existing feasibility study no longer reflects the current landscape.

The existing feasibility study is specifically for a natural foods cooperative grocery store. From the beginning, there has been vocal concern that the proposed cooperative store was not properly defined for the study, and it would not simply be another "natural foods" store. Instead, the B+M would focus on hyper-local products. As mentioned, not all cooperative grocery stores have a local food focus. Additionally, as F+F's mission statement is reassessed to lessen the emphasis

on the local grocery store and allow for consideration of a more unique and diverse community space (the “third place”), the feasibility study is even further from reflecting the reality of the situation. This relates to the second and third research questions.

v. Community Support

One founding member voiced concern that the State College community doesn’t have enough of a history in local food movements and progressive community engagement to make a food cooperative in any form work. Compared to other comparatively-sized university towns with massively successful and long-standing food cooperatives like Ithaca, NY and Berkeley, CA, both of which are former hippie enclaves, State College is much more rooted in large-scale agriculture and government-funded industrial agricultural research. It is possible that the market saturation point of AFNs in the area is much lower than similar towns because of that.

Another founding member, and the owner of a revered restaurant that sources largely from local producers, has concerns that the “local food” focus for the proposed B+M may not succeed due to lack of diversity in local vendors, and an unwillingness of vendors from farther away to travel for delivery. Without a wider and more diverse vendor network, the possibility of wholesale is thrown into doubt, as many existing OLM vendors in the area are not interested in scaling up to provide larger quantities for local institutions and restaurants. For this reason, with doubts about the potential of the B+M and wholesale, some members see the OLM being integral to F+F’s success. This relates to all three research questions.

vi. Member Engagement and Volunteers

Unfortunately, the majority of F+F members do not volunteer for the OLM. In fact, only about 5 members volunteer with the OLM on a weekly basis, often fewer. Even fewer volunteer for committees or to help with community events. The current BOD has inherited member disengagement, and concerted efforts to increase member engagement and volunteer efforts have gone unrewarded.

Members suggest a clause in a potential membership contract that would require a certain number of volunteer hours per member per year. If a member is unable to volunteer said hours, they would be required to buy those hours out. Unfortunately, volunteer hours do not translate directly to money, and volunteer hours are not free, and definitely not reliable.

Even if a volunteer requirement for members were to be invoked, it does not solve the issue of a largely disengaged current membership. This relates to the first and second research questions.

vii. The Future of the Online Market

As presented in a financial report by the president of the BOD, the grant that currently subsidizes the OLM will expire in September 2017, and another grant has not been obtained for beyond. Without grant subsidy, at current numbers, the OLM loses \$2,000 per month. The OLM was originally proposed as a way to grow income and maintain member equity as a means to get closer to the goal of a B+M. Instead, it has cut into member equity and now the original member numbers proposed as benchmarks on the path to a B+M are no longer accurate. Given that even with the grant, F+F is utilizing member equity to keep the OLM afloat, once the grant expires, the OLM will quickly run through the remaining member equity within less than 3 years. This

was a point of major concern for the members at the meeting.

However, members present at the meeting unequivocally support the OLM and would hate to see it end. There is member concern that several local producers have built their small businesses around the OLM as the primary market, and closing the OLM would do the exact opposite of strengthen local food economy. Many voiced concerns that closing the OLM without an immediate replacement for vendors would irreparably damage vendor relations, which would not serve F+F well for the future when opening a B+M.

Unfortunately, few if any offered advice on how to make the OLM a more profitable endeavor, and many acknowledge that a simple increase in OLM sales would not fix what is obviously an inefficient business model. Members did acknowledge that the BOD was empowered to make decisions, including restructuring of business models, and the membership was encouraging them to do so before relegating to simply closing the OLM.

This relates to the second and third research questions.

Vote

There were 150 total votes cast by members of F+F following the meeting. Again, the options posed to the members were as follows:

Q1: Organizational Direction and Mission

- 1. The local food landscape has changed, and the original vision should be reassessed. The Co-op needs to refresh its vision of how to best support a thriving and sustainable food system.*
- 2. I believe the current Friends & Farmers vision of a cooperatively owned and operated full line natural grocery store with priority shelving for local growers is the correct vision for F&F and we should continue the current course.*
- 3. Other*

Q2: OLM Options

- 1. Close or sell the online market -- the board should focus its efforts toward refreshing the vision statement and put all efforts into achieving said vision. Member equity for the purpose of opening a store is too vital to risk on the online market.*
- 2. The board should focus efforts on making the online market sustainable. This may put additional member equity at risk, which could delay progress to opening a brick and mortar store.*
- 3. A hybrid -- both keeping the online market open and moving it toward solvency as well as refreshing and pushing toward the (refreshed) vision are equally important. These efforts cannot be separated. This may put additional member equity at risk, which could delay progress to opening a brick and mortar store.*

While far from the 515 members, the number of votes cast is much larger than the 38 members that attended the member meeting. Based on what was heard in discussions at the meeting, very few of those 38 from the meeting voted to close or sell the OLM. However, there is evidently more support for the OLM than was represented at the meeting, because 93 members voted against closing or selling the OLM, despite the fact that an average of 60 members order from the OLM weekly. However, a look at the survey results discussed previously show 83 OLM shoppers. There is likely overlap in the number of people who responded to the OLM survey and those who voted against closing the OLM.

This vote sought to identify the ways in which the OLM and F+F could best succeed, and the ways in which it could best serve its community, both of which are important to answering the third research question. Simply by asking for a vote and seeing how many members actually took the time to read and cast a vote, we were able to gauge member engagement and emotional investment. This is important to answering the first research question. The results are displayed in the following graphs (Figures 1 and 2)

Figure 1: Member Vote Results for Question 1, Organizational Direction and Mission of F+F (n=150)

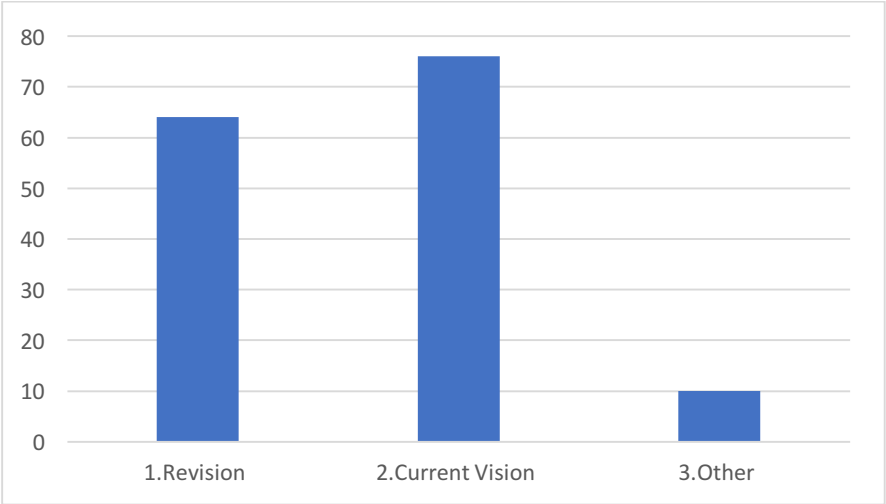
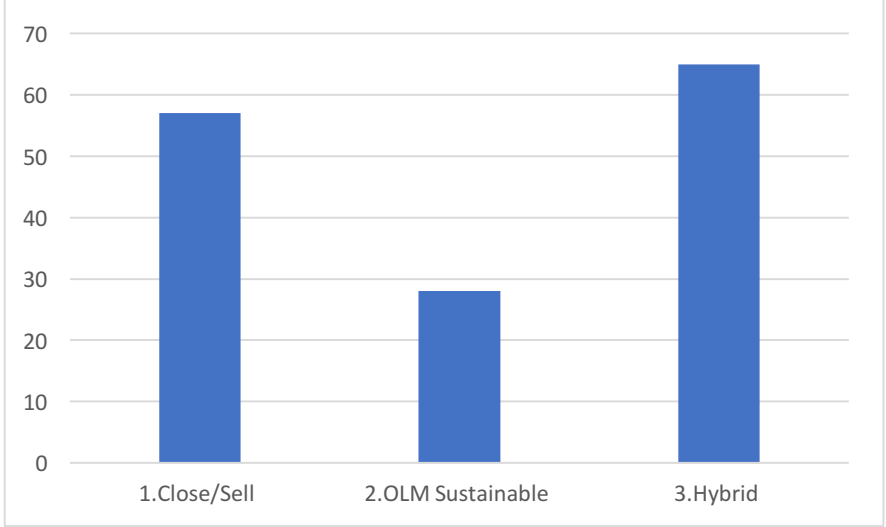


Figure 2: Member Vote Results for Question 2, Options for the OLM of F+F (n=150)



There are at least 30-odd members who vocally support the OLM, but do not regularly purchase from it. They are willing to sacrifice more member equity to make the OLM work. There is concern that the “hybrid” option would not force the OLM to make any major changes, as a hybrid option that both finds solvency for the OLM and also is able to build toward the B+M has been the mission since the launch of the OLM. This helps to identify the nature of the

engagement F+F has in its members, and for some, the emotional investment in supporting local food outweighs the financial risk.

Table 2: Crosstabs of vote results for F+F members post-meeting regarding the mission of the cooperative and the future of the OLM (n=150)

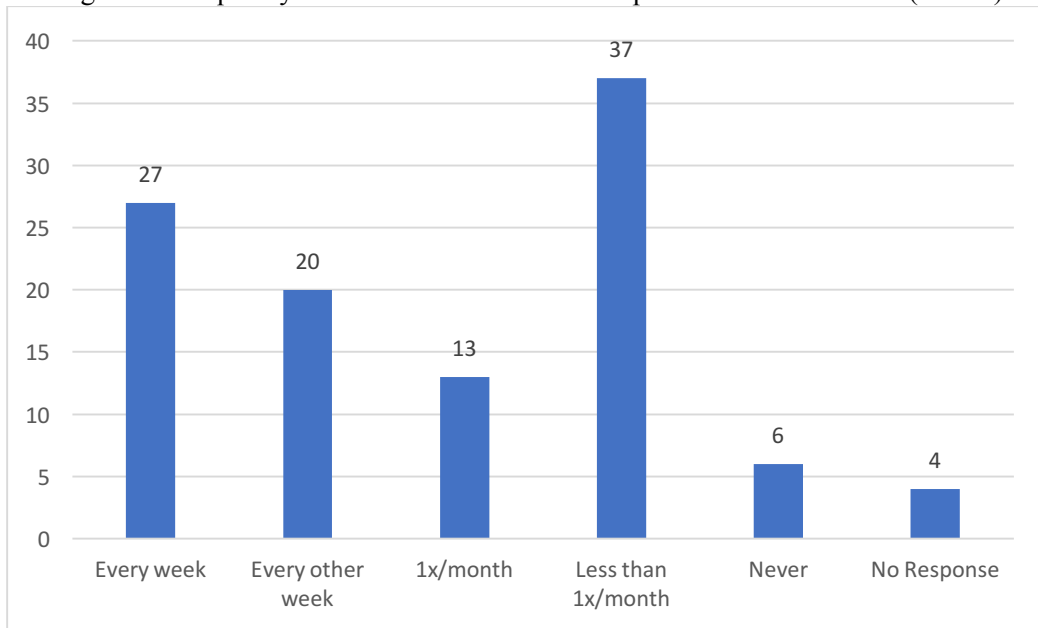
OLM				
		Close/Sell	Sustainable	Hybrid
Vision	Revision	9%	15%	19%
	Current Vision	28%	1%	21%
	Other	1%	3%	3%

Table 2 shows the crosstabs of the two questions. Unsurprisingly, the majority of those who voted to create a new vision or revise the current vision also voted in favor of prioritizing the OLM or at least acknowledging the OLM’s importance to F+F’s success. Again unsurprisingly, the majority of those who voted to keep the current vision also voted to close or sell the OLM and put the focus back on the B+M, while protecting our remaining member equity. A number of members wanted to both keep the current vision and also find a way to make a hybrid business model work, but only 2 members voted to keep the current vision and prioritize the OLM.

Online Market Survey

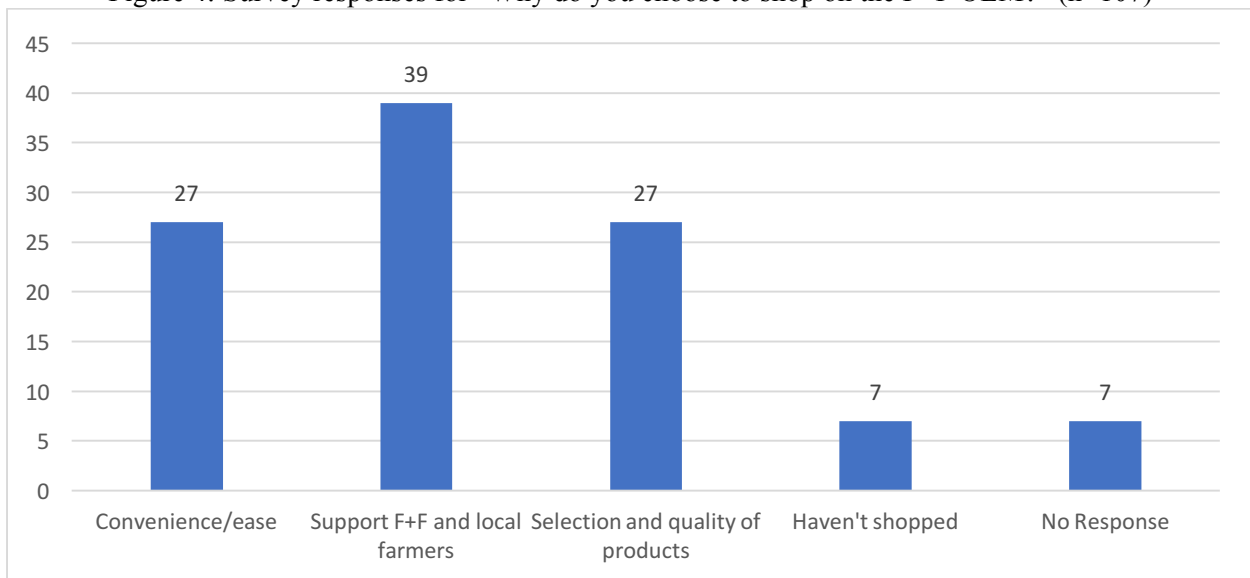
The following chart (Figure 3) shows OLM customer frequency, indicating the majority of those who have shopped on the OLM do so once monthly or less (n=50). It is nearly twice the number of responses that indicate that they purchase weekly (n=27). This indicates that customers are not making a major shift in shopping habits to incorporate the OLM into their weekly routine, but are instead utilizing it infrequently, maybe on special occasions or when they do not have time to go to the farmers market.

Figure 3: Frequency of OLM customers to make purchases on the OLM (n=107)



The following chart (Figure 4) displays the responses for the question “Why do you choose to shop on the OLM?”. The most common response was to support local farmers and/or the cooperative itself, and fewer people indicated that it was a matter of convenience. Only two responses indicated that they shop the OLM because they are unable to shop at other alternative food networks (AFNs), and two indicated that the OLM is more of a “one-stop shop” than other AFNs, such as farmers markets where the customer must make several transactions with different vendors.

Figure 4: Survey responses for “Why do you choose to shop on the F+F OLM?” (n=107)



Surveys included several other points of inquiry, but the data in Figures 3 and 4 are most relevant to the first research question.

Interviews

Unfortunately, it proved very difficult to get useful results from the questionnaire, administered via telephone interviews and email. It is scientifically unwise to draw conclusions from such a small sample. However, some trends can be identified just amongst the few responses. This feedback pertains to the second and third research questions, but the lack of participation speaks to the first research question. Of the ten that participated, eight said they had expectations of greater community-building and social value that F+F has not met. Seven indicated that they would prefer a B+M to the OLM. Four said that the prices in the OLM are too high to justify, when the same products can be found at the farmers markets from the same vendors for lower prices. Several participants are disappointed by the slow pace of progress toward the originally proposed B+M. Six acknowledged that F+F has strong competition in the area in the form of other AFNs, and a small community presence due a lack of defined identity. Several are unsure of the future success of F+F because of this lack of identity and poor marketing.

It should also be noted that people tend to speak from an emotional place rather than a concrete and analytical place when discussing food, and especially when answering open-ended questions. Several interviews conducted via phone strayed far from the interview template because people are passionate about food, and there exist emotional connections to food, and to local food in particular. By purchasing from a farmer who is tilling land in one's backyard, as opposed to a farmer in a country one may never see, one is forging an emotional link to their food. Buying local is about understanding the place that one lives and what that landscape can provide, but it is also about supporting the livelihood of one's neighbors, the local economy, and third parties such as F+F. This notion of emotional weight to food was very apparent throughout the study, but particularly evident in several interviews.

Full anonymous interviews can be found in Appendix D.

Discussion

Commonalities can be drawn between the feedback from members and literature on food cooperatives and food hubs to address the research questions.

As is evidenced in several studies in the literature review, there is precedence for difficulty in successfully opening a food cooperative in an affluent university community (Stephenson and Lev, 2004). There may be more money in a university town, and particularly high interest in local foods in a historically agricultural school such as Penn State, but it seems that there is also generally less time that community members are willing to spend on a venture such as a food cooperative. As can be seen throughout interactions with members, there is a large faction of Friends and Farmers Cooperative (F+F) members who happily handed over \$300 in member equity for their share, but have no intention of donating their time to volunteer for the online market (OLM) or cooperative events, and make no effort to attend meetings or contribute to member-wide decision making. This is a clear example of affluent community members giving their money, but not their time, hence why other alternative food networks (AFNs) are more successful in the area - they ask less of their patrons. This speaks to both the first and second research questions, as it regards community engagement beyond a monetary level, and also the challenges of a food cooperative in a university town.

One of the biggest challenges is lack of member engagement, and this speaks to the first research question, which is “In what ways does the existing level of community engagement with the Friends and Farmers Cooperative act as a gauge for future success, either as a food hub or a cooperative grocery store?” Particularly when performing an action research study, having the members that do engage with the cooperative display a representative sample is difficult. Of the 515 members, only 38 attended the meeting, 4 of whom were vendors. Additionally, 7 who live in member households but are not members themselves attended, and 5 non-member guests attended. These numbers do not include the 8 Board of Directors (BOD) members in attendance, nor the 3 F+F employees. Ignoring the BOD and employees, all of whom are members, this is a 7.54% member-attendance rate. The lack of member engagement was critically detrimental to the planned interviews for this study. It proved extremely difficult to get many members to commit to either a phone interview, or simply to fill out the questionnaire and return it via email. This unwillingness to dedicate time to F+F, even 20 minutes for an interview, says a lot about the current membership and what it is capable of in a cooperative model. Those members who gave their member equity and haven’t engaged in any other way since have little to no emotional stake in the future of F+F, and therefore are less likely to take surveys and attend meetings. This demographic of F+F’s membership is unfortunately larger than the BOD realized. The identification of the affluent but apathetic population is a major key to addressing the first and second research questions, although the answering of those two ostensibly contributes to the answering of the third.

There is concern that the members who did not attend the member meeting cast their votes without the context of the discussion that occurred at the meeting. While it is not scientifically sound to do so, some may interpret the absence of votes from many members as a sign of disengagement with the current state of F+F, and therefore an indication that they would prefer the prioritization of the brick and mortar store (B+M).

The issue with member engagement stems from the current iteration of the cooperative and that it is largely an online presence, which is one of many challenges that should be identified in responding to the second research question, “What are the challenges associated with the success of a cooperative food business?” Of 515 members, only about 60 engage with the cooperative via the OLM on a weekly basis. Less than 20% open newsletters and membership emails on a regular basis. The members who are plugged into F+F’s online presence (namely via OLM) are those most likely to open and read emails, take surveys, and attend meetings because they have incorporated F+F into their weekly routine and have a vested interest in its future. Unfortunately, that means that this vocal minority that supports the OLM often acts as the majority.

Stevenson and Lev (2014) specifically address the customers’ desire for AFNs to fit within existing shopping habits, which a B+M grocery store would do. On the other hand, a grocery store would require much more member equity, which means more members and stronger member engagement and word of mouth, all of which have been a challenge for F+F in the past. On top of that, there are very few, if any, success stories for strictly local cooperative grocery stores. Of course, it is at the discretion of each cooperative to decide its definition of “local”, but major points of reference East End Food Cooperative and Weaver’s Way Cooperative prioritize organic, fair trade and artisanal over local. The OLM, contrastingly, requires of its patrons a shift

in planning and habits. The volunteering of time and energy required for a cooperative endeavor doesn't necessarily fit into anyone's shopping habits, which is a major contributor to the low success rates of cooperatives. These are important challenges to identify when attempting to find viable ways for a food cooperative to succeed.

Ashforth and Reingen (2014) discuss the plague of intra-organizational conflict that often handicaps food cooperatives from the get-go. Intra-organizational conflict certainly exists within F+F, and will continue to be a challenge for this cooperative and others in the future. As exhibited by the vote data, there was not a clear-cut winning mission or business plan moving forward. There is support for both the OLM and the B+M, and trying to make both work is the biggest challenge the cooperative has to face, and will likely fail doing so based on financial records. The supporters of the OLM fear that closing it would damage vendor relations, and would take away their preferred AFN. Those in favor of the B+M fear that the continued operations of the OLM will doom the end goal of a B+M store. Most voters would prefer a hybrid model that finds success for the OLM while continuing to build toward the B+M, but the operation of the OLM is actually diverting efforts and funds from the B+M, and therefore the hybrid is unlikely to happen without seismic changes to the business model.

Additionally, as was addressed by Ashforth and Reingen (2014), there is and has always been a conflict between idealists and more business-minded pragmatists in cooperative ventures. There are those who want to keep the OLM operating at a loss for the sake of serving the local food economy and who hesitate to suggest that F+F negotiate prices with vendors to increase margins and move the OLM toward solvency for the sake of dignity pricing. Then there are those members who look at the numbers and are much more realistic about the fact that something needs to change drastically if F+F wants to sustain either an OLM or a B+M, because at this rate the OLM will not last long beyond the grant, and the B+M may never come to fruition. It was idealistic to vote for a hybrid business model that saw the continued operation of the OLM while keeping the vision of the B+M. It was realistic, if pessimistic, to vote to close or sell it when the grant expires. However, more members voted for a hybrid, even though it conflicts with what is financially realistic and responsible for F+F.

Finally, to address the third research question, "In what practical and viable ways, if any, can the food cooperative model survive in the fast-expanding local food landscape of central Pennsylvania?" Feedback from members makes it clear that F+F's business model needs to change in several ways. Just as Hinrichs (2000) suggested, the notion of social embeddedness is not the be-all, end-all in the local food sector. In fact, F+F could benefit from restructuring its business model toward marketness. F+F has expected customers to overlook higher prices, and the inability to see and feel what you are purchasing on the OLM prior to receiving it, for the sake of social embeddedness (Sage, 2003). However, it could be argued that the OLM removes many aspects of embeddedness from the equation. It removes the "value" in "value-based supply chains", such as face-to-face interaction with producers and enhanced knowledge of growing practices. Without all the perks of social embeddedness that can be found with other AFNs, it would behoove F+F to change the business model in several ways, most notably to more marketness by negotiating prices with vendors, seeking out more wholesale opportunities, and seeking more producers from further away. The move toward a more marketness-based business would be more in line with something like The Common Market in Philadelphia, and it would

ask less of the community (Hinrichs, 2000). However, asking F+F to shift its position on the spectrum of embeddedness to marketness throws into question the viability of a cooperative food venture in the area altogether. This addresses the third research question, in that the cooperative model may best survive in the local food landscape by adopting more marketness-oriented policies and leaning less on the virtues generally associated with social embeddedness.

Unfortunately, given the current state of the cooperative, F+F demands a lot of time and energy from its BOD, and that is not always a possibility, especially with a BOD that is so active in the community in other ways. Without the BOD donating the time needed to make F+F work, it will likely continue to spin its wheels and not accomplish much of anything. This is particularly true given the high turnover rate of BOD members, and the significant learning curve for new members. With a BOD that is constantly in flux, it is unlikely that major changes such as those needed for a shift toward marketness would happen in a timely enough manner to save the OLM before the grant expires in September 2017.

Conclusions

Based on the feedback from Friends and Farmers Cooperative (F+F) members and community members, there are several conclusions that can be drawn in regard to F+F, the community in which it exists, and the larger picture of local food and regional food systems. While the study does not yield the results that it set out to, it sheds light on important aspects of the local food movement. It is an exercise in bureaucracy, engagement, and most importantly, cooperation.

This thesis set out to address several questions regarding the existence and success of F+F as a food hub in State College. The research questions were threefold: 1) In what ways does the existing level of community engagement with the Friends and Farmers Cooperative act as a gauge for future success, either as a food hub or a cooperative grocery store? 2) What are the challenges associated with the success of a cooperative food business? And 3) In what practical and viable ways, if any, can the food cooperative model survive in the fast-expanding local food landscape of central Pennsylvania?

This study highlighted the factors contributing to the potential success or failure of a food cooperative in the State College area through an online survey, interviews, and the discussions at a member meeting and subsequent vote. By assessing the market saturation of alternative food networks in the area, and the current and past levels of community engagement with the food cooperative at hand and associated food hub, it was possible to identify practical and viable ways the cooperative model could succeed, and also factors that could contribute to its failure.

There are evidently many changes that need to be made to F+F and the online market (OLM) business model. Clarification of the mission is important as the business moves forward. There is a disconnect between F+F and the community, and a major lack of member engagement. Continued efforts to increase engagement have gone unrewarded, and that may speak more about the membership than it does about the efforts of the cooperative.

Feedback from members has reinforced the common notion that starting and sustaining a food cooperative is extremely difficult. Recommendations to for other food cooperatives to take into consideration are as follows:

- 1) Member engagement and community interest is key! Affluence and vocal support for local foods is not enough – community members need to be activists and want to be a part of a participatory local food system.
- 2) Similarly, Board of Directors (BOD) engagement and time commitment is crucial. If the BOD can't go above and beyond with its time and energy, it is likely to remain in bureaucratic stasis.
- 3) Stick with a vision. Do not let your vision be sidetracked or compromised in the early stages of the cooperative. It's important to build a brand, and customer and vendor loyalty. Decide on your entity before you go public.
- 4) Capital, capital, capital. You can never start with too much money, and you can never apply for too many grants. Having more capital upfront allows for some missteps without cutting into member equity, which should always be a last resort.

Above all else, this study has illuminated an unfortunate faction of the F+F membership: the affluent but apathetic locavores. There is a disproportionately large number of F+F members who gave their member equity to F+F as a show of solidarity with a burgeoning local food endeavor, but have not engaged with the cooperative in any way since. They are financially invested, as much as a one-time payment of \$300 can get you, but not emotionally invested in the evolution or outcome of F+F. While the monetary support does help, more than that is needed for a cooperative to run successfully.

This lack of emotional investment and engagement from the community is ultimately dooming. In its current state, the Friends and Farmers Cooperative is unlikely to succeed in any form, as ending the OLM could irreparably damage vendor relations, as well as the cooperative's reputation. Keeping it open without grant subsidization nor wholesale support from growers would hemorrhage member equity very quickly. It doesn't seem that the State College area has the right kind of support to make a cooperative succeed, because being a cooperative member requires much more than a monetary donation: it requires time, collaboration, a willingness to compromise, and lots of patience. The market for local food exists in the area, and other alternative food networks will continue to grow and thrive, but there is serious doubt as to whether a cooperative local food venture, particularly the OLM, will succeed.

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Abstract: As interest in local foods reaches previously unfathomable heights in the United States, there is a growing diversity of business models to bolster local food economies and increase access to a wider range of high quality local products. The cooperative model, in which the business or organization is owned and operated by its users for their benefit, has existed in the food and agricultural sectors for well over a century, but is seeing a resurgence in popularity in recent years. This case study of a food cooperative in an affluent university town in Pennsylvania looks to assess the viability of a cooperative in the ever-expanding local food landscape. The cooperative at hand was at a crossroads of how to proceed with its business model to be most successful in its community, either as an online market food hub or as a local grocery store, and sought feedback from its member-owners to decide its next step. Through an online survey, interviews, and group discussions with subsequent online vote, the Board of Directors gauged community engagement, both potential and realized, to measure the viability of a food cooperative in the given area. The research questions focus on member and community engagement as a gauge for success of a cooperative food venture, the challenges associated with the success of a cooperative food venture, and possible ways in which a cooperative model can survive in the context of other alternative food networks. The study finds a wealth of existing and emerging local food ventures in the area that fill a niche similar to that of the proposed cooperative. The study shows a trend of a community generous with its money, but less with its time, energy, and emotional engagement. The lack of member engagement is a major challenge for a cooperative food venture to succeed, as are intra-organizational conflict inherent to cooperatives, the online market business model and that it does not fit into traditional consumer habits nor does it provide its patrons with competitive priced goods, the time required of a working Board of Directors to make such changes, and the lack of a concrete identity within the community. Those things, along with an overreliance on the value of social embeddedness lead to the conclusion that a non-cooperative model could potentially find more success.

Keywords: food cooperative, food hub, food systems, alternative food networks, agroecology, local food

Appendix A

MARKET STUDY – G2G Research Group – September 2015

KEY FINDINGS AND CONCLUSIONS/RECOMMENDATIONS

This study of the State College market area has resulted in a number of findings and conclusions regarding the proposed natural foods co-op store. This section will summarize those findings that have the most significance for Friends and Farmers Cooperative, as well as our recommended course of action given those findings.

Key Findings:

- The natural foods co-op store will serve a relatively large-sized trade area in terms of geography, extending between 15 and 25 miles.
- The trade area for the proposed co-op contains a population base of 114,900 persons that reside in households, which is somewhat higher than the Co-op database store average of 103,200 persons. In addition, the demographic composition of the proposed co-op's trade area is fairly comparable to the Co-op database store average with respect to the key demographic characteristics that correlate positively with natural foods co-op sales performance levels.
- The competitive environment within the study area is considered relatively weak in terms of direct (i.e., natural/organic food store) competition, as there are currently only two, small-format direct competitors (i.e., The Granary and Nature's Pantry) located within the defined trade area; and further, their much smaller size relative to the size of the proposed co-op and less central location to trade area residents, respectively, will temper their impact on the proposed co-op. In addition, there are two strong indirect competitors (i.e., Trader Joe's and Wegmans) that are located in the demographically favorable area of western State College.
- At the request of the co-op planning group, sales forecasts were completed for two specific sites located in Hamilton Square Shopping Center and at 1400 West College Avenue site, as well as for the "target/optimal" location for a natural foods co-op (in terms of sales potential and strategic value) that was identified through the field evaluation and data analysis stages of this study.

Conclusions/Recommendations:

Based on the population size, demographic composition, and competitive environment of the State College market area, combined with the experiences of other natural foods co-ops in similar market situations, it appears that there is sufficient sales potential to support a full-line natural foods co-op.

- In order to maximize sales for the proposed co-op, it is recommended that the co-op planning group secure a store location (with adequate visibility, parking capacity/configuration, and ingress/egress) along North Atherton Street/US Highway 322, between Blue Course Drive and Martin Street in western State College. A store located in this area would benefit from good

accessibility, as well as the strong retail synergy provided by its proximity to other major/regionally prominent retailers. Further, in light of the available sales potential that exists within the State College market area for a natural foods co-op, it is recommended that the proposed co-op have about 6,250 square feet of sales area (or approximately 10,000 square feet of total space). A store of this size will have sufficient space to provide for a “full-line” grocery store that can operate in a contemporary format, thus enabling shoppers to make all of their weekly grocery purchases and rendering the co-op less vulnerable to existing/future competition.

- The sales forecasts for the two specific sites evaluated as part of this Market Study (i.e., at Hamilton Square Shopping Center and 1400 West College Avenue), as well as the “target” site, are as follows (refer to Section III for a more detailed discussion of the sales forecast analysis):

<u>Year of Operation</u>	<u>“Target” Site (N. Atherton St Avenue Site)</u>	<u>Hamilton Square SC Site</u>	<u>1400 West College Avenue Site</u>
First Year (2018)	\$5.99 million	\$5.35 million	\$4.80 million
Second Year (2019)	\$6.80 million	\$6.07 million	\$5.45 million
Third Year (2020)	\$7.68 million	\$6.85 million	\$6.15 million
Fourth Year (2021)	\$8.63 million	\$7.70 million	\$6.91 million

Annual Sales Forecasts

- The proposed co-op would benefit from a somewhat higher-than-average trade area population base (i.e., 114,900 persons that reside in households versus 103,200 for the Co-op database average), combined with its favorable demographic composition. In addition, the proposed co-op would encounter a relatively weak competitive environment with regard to direct (i.e., other natural/organic food store) competition, as there are only two, small-format direct competitors (i.e., The Granary and Nature’s Pantry) located within the defined trade area.
- The proposed “target” site in western State College is projected to achieve higher sales than the other two sites, due to its location in an area exhibiting the highest concentration of “in-profile” demographic characteristics for a natural foods co-op (refer to the Study Methodology section for more details). In addition, the “target” site benefits from strong retail synergy and regional accessibility.
- The proposed Hamilton Square Shopping Center site is projected to achieve somewhat lower sales than the “target” site, as it located more distant from the most “in-profile” areas of western State College, thus enhancing the competitive influences that strong indirect competitors (i.e., Trader Joe’s and Wegmans) exert on the residents of this area. In addition, the proposed 1400 West College Avenue site is projected to generate a lower sales volume than the other two sites.

This is primarily due to the fact that there is no significant retail development in its immediate vicinity to help attract prospective shoppers to the proposed co-op.

- Finally, the co-op should strive to become part of the community through various outreach programs (i.e., host nutrition classes, sponsor a sports team, develop a community garden with the help of a local school or church, etc.) in order to raise awareness of the co-op and to demonstrate how the co-op supports the community.

It must be remembered that the sales projections are based on an assumed sales area size of about 6,250 square feet. The sales forecasts are also based on the concept of a co-op food store in the normal sense of the term, with an emphasis on natural, organic and locally-produced merchandise. They are based on a store format that will feature a relatively complete array of food store departments. They are based on a program of sales promotion and advertising that will permeate the trade area on a regular basis, in order to convey information about the store, its location, and its product mix. They are based on an overall image of quality merchandise and knowledgeable customer service, provided in a facility that conveys an environment of ambiance, intimacy, and community. ***Finally, they assume a level of store management that is knowledgeable and experienced (with at least five years of co-op store management experience), with a significant amount of market and marketing savvy (with a marketing budget of at least 2.5%).*** If the manager of the new store does not have at least five years of co-op store management experience, then it is assumed that the co-op will enter into a “mentoring and monitoring” program with an existing co-op food store or NCGA until the new store generates positive cash flow. If these minimum levels of management experience and marketing budget are not met, the proposed co-op will not achieve the sales projections presented in this report.

Friends & Farmers Cooperative

PROFIT AND LOSS

January - December 2016

	TOTAL
INCOME	
403 Fundraising Merch Sales	450.00
404 Fundraising Event Sales	0.00
409 Other Income - Proc Fees	1,285.77
410 Other Income - Interest	11.48
420 Income - Food Sales	123,075.54
Total Income	\$124,822.79
COST OF GOODS SOLD	
504 Merch Supplies/COGS	100,840.38
Total Cost of Goods Sold	\$100,840.38
GROSS PROFIT	\$23,982.41
EXPENSES	
515 Merchant Account Fees	4,088.23
601 Advertising and Promotion	3,747.12
617 Computer/Internet	893.18
620 OLM Expenses	
620-100 Automobile Expense	2,445.24
620-125 OLM Expenses - Delivery	4,150.00
620-150 OLM Expenses - Supplies	850.81
620-175 OLM Expenses - General Office	600.65
620-200 OLM Expense - Fees	726.80
620-250 OLM Expenses - Contractor	23,532.00
Wages	
620-300 OLM Expenses - Dues/Subscriptiobns	1,709.00
620-400 OLM Expenses - Rent	6,600.00
Total 620 OLM Expenses	40,614.50
623 Annual Membership Mtg Exp	273.12
633 Insurance Expense	2,041.80
649 Office Supplies	176.42
660 Printing and Reproduction	169.20
665 Postage and Delivery	198.92
667 Professional Fees	1,271.30
722 Outreach/Communication	270.50
722-150 General Expenses	1,474.65
722-250 Outreach/Comm - Contractor	11,850.00
Wages	
722-300 722 Outreach/Communication - Dues	664.58
Total 722 Outreach/Communication	14,259.73
730 Taxes	120.80
762 Training/Conferences	598.52
800 Grant Expenses	
350 Eating Local Year-Round Classes	466.41

	TOTAL
800-150 Grant - Office Supplies	1,820.76
800-250 Grant - Contractor Wages	14,103.75
Total 800 Grant Expenses	16,390.92
890 Misc	0.97
Uncategorized Expense	20.58
Total Expenses	\$84,865.31
NET OPERATING INCOME	\$ -60,882.90
OTHER INCOME	
400 Grant Reimbursement	26,514.61
425 OLM Grant Reimbursement	14,830.04
450 Non Monetary In-Kind Contributions	100.00
Total Other Income	\$41,444.65
NET OTHER INCOME	\$41,444.65
NET INCOME	\$ -19,438.25

- OLM Lifetime Data Averages
 - Average order is \$39
 - 28% of orders are delivered
 - True cost of delivery = \$6.78 per delivery
 - Average mark-up collected = 18%
 - 71% of customers pay with credit card
- OLM Shopper Statistics
 - 436 registered shoppers have purchased goods from the OLM
 - 249 (50% of total Coop Membership) are Coop Members and shoppers
 - Coop Members account for \$181,516 (74%) of lifetime sales
 - 87 Members have registered for the market but have not made purchases
 - 38% of Members have not registered or purchased from the OLM
 - 187 non-members have used the OLM and spent \$50,341 since the start of the OLM
 - 326 non-members have registered as customers but have not purchased items
 - 49% of people who have registered have not made purchases (87 members and 326 non-member)
- Member Equity Status (amounts rounded for ease of presentation – can do exact if preferred)
 - Lifetime amount collected = \$130,000
 - Remaining balance in Savings = \$50,000
 - Equity Cash in Checking to help with cashflow = \$6,000
 - Total applied to OLM loss = \$22,000
 - Total applied to Coop Development = \$52,000

Appendix C

1. Gender: F
2. Age: 79
3. Number of people in household: 2, but entertain a lot, fed grandson and girlfriend for 4 years, loves to cook
4. Occupation: graduated from university at 47 but has been a mother for most of her life, took care of both sets of parents
5. Level of education and educational background: Penn State, liberal arts – women’s studies, English, architecture
6. How long have you lived in the area? Born in Morgantown, WV, married at 19 and lived in Pasadena TX, went to Princeton and Yale 8 years and 6 years, respectively, but have been here for over 20 years
7. Are you the primary food buyer of the family? yes

8. What words, phrases, opinions do you associate with the term ‘food cooperative’?
I would hate to see us go into the brick and mortar until we are financially solvent.
9. What words, phrases, opinions do you associate with the term ‘food hub’?
I didn’t know about incoming competition like the downtown Fresh Market with the online ordering option, but other grocery stores are also starting to do online ordering.
10. What words, phrases, opinions do you associate with the term “online food market”?
Did not respond
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
Yes
12. When did you join?
March 2017
13. What were your reasons for joining?
I try to support all local food endeavors and the OLM was really convenient for when my husband was sick
14. What were your expectations/vision for Friends and Farmers?
Did not respond
15. How has Friends and Farmers met or exceeded your expectations?
The variety on the OLM is wonderful. Really impressed with the selection of offerings during the winter months. I didn’t know greens were locally available in the winter! And I love the prepared foods for when I don’t have time to cook from scratch.
16. Has Friends and Farmers failed to meet any of your expectations? How?
I don’t understand why there are so many members who don’t buy from the online market. You would think in this community, there would be more support. If my husband, 81, had not been eating as well as he does and exercise the way he does, he wouldn’t be here today.
17. Would you encourage others to join Friends and Farmers? Why or why not?
Yes because of the health benefits of eating fresh and organic, and supporting local producers, knowing what their food is and where it comes from. I have been married for 59 years. I didn’t know how to cook when we got married but now I have 6 grandchildren and I try to teach them to cook and encourage them to buy organic and local even if they

can't afford it.

18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
Engage kids in the community, market to older folks and help teach how to use technology to use OLM
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
Way Fruit Farm, Tait CSA, farmers markets all over the county
20. What do you like about the alternative food networks that you use?
Did not respond
21. What do you dislike about the alternative food networks that you use?
Did not respond
22. Do you or have you shopped at the Friends and Farmers online market?
Yes, every week since March
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
NA
24. If not a member, would you consider shopping at a local cooperative grocery store?
NA
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
I love the online market
26. Can you see yourself shopping at the online market in the future?
I do and I will continue to
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
I want to support any local food endeavor, even if it means buying one thing from each, so I would continue to support the online market if it was financially responsible, and also shop at the store
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
Yes but not sure in what form, or when. It depends on support from the university.
29. Are you a member of other food cooperatives elsewhere?
No, but have been very involved with local food movement in New Jersey, Connecticut and here for years.
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
Did not respond

1. Gender: F
2. Age: 51
3. Number of people in household: 4
4. Occupation: ministry
5. Level of education and educational background: masters degree (2)
6. How long have you lived in the area? 18 years
7. Are you the primary food buyer of the family? yes

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
community, natural, working together
9. What words, phrases, opinions do you associate with the term 'food hub'?
place to purchase food, pre-made
10. What words, phrases, opinions do you associate with the term "online food market"?
order and pick-up
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
yes
12. When did you join?
Early, a few months after it began
13. What were your reasons for joining?
To support friends and local farmers, and encourage community
14. What were your expectations/vision for Friends and Farmers?
Community encouragement, something like Stone Soup (years ago, in front of Centre Furnace Mansion) with more organization and incorporation of farmers; education
15. How has Friends and Farmers met or exceeded your expectations?
somewhat
16. Has Friends and Farmers failed to meet any of your expectations? How?
The support and care they offer our local farmers; the ways they encourage community
17. Would you encourage others to join Friends and Farmers? Why or why not?
Yes, if they don't do own gardening
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
Did not respond
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
Did not respond
20. What do you like about the alternative food networks that you use?
Did not respond
21. What do you dislike about the alternative food networks that you use?
Did not respond
22. Do you or have you shopped at the Friends and Farmers online market?
Yes I like it but unfortunately I work on Tuesdays and it just wasn't convenient.
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
Did not respond
24. If not a member, would you consider shopping at a local cooperative grocery store?

Did not respond

25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?

Local cooperative grocery store

26. Can you see yourself shopping at the online market in the future?

I do!

27. Can you see yourself shopping at and contributing to a local cooperative grocery store?

Yes.

28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?

Did not respond

29. Are you a member of other food cooperatives elsewhere?

Did not respond

30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?

Did not respond

1. Gender: Male
2. Age: 24
3. Number of people in household: 1
4. Occupation: Student
5. Level of education and educational background: Bachelors in Horticulture from PSU
6. How long have you lived in the area? 5 years
7. Are you the primary food buyer of the family? Yes, I live in an apartment alone

8. What words, phrases, opinions do you associate with the term ‘food cooperative’?
Community, building social relationships around common interests, people taking charge of their food consumption and using food choices as political activism, anti-corporation
9. What words, phrases, opinions do you associate with the term ‘food hub’?
Wholesale, distribution, impersonal
10. What words, phrases, opinions do you associate with the term “online food market”?
The future, Amazon.com, convenience, urban lifestyle
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
Yes
12. When did you join?
January 2016
13. What were your reasons for joining?
Was very involved with local food scene in the area while a student at PSU, joined when I realized I’d be staying in the area post-graduation. Wanted to support the local economy
14. What were your expectations/vision for Friends and Farmers?
Joined as a show of support, don’t have many expectations, want to see it succeed in any form
15. How has Friends and Farmers met or exceeded your expectations?
I have never bought from Friends and Farmers, but prices appear higher than they are in other venues
16. Has Friends and Farmers failed to meet any of your expectations? How?
I expected there to be more social events, and more progress toward a store by now
17. Would you encourage others to join Friends and Farmers? Why or why not?
I always encourage colleagues and friends to support local food businesses, either at farmers markets or other, but I don’t have enough experience with what Friends and Farmers does to encourage others to join. I don’t know what to tell people they will get from investing \$300.
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
More social events, lower prices, more cooperation with other local businesses? Stronger community presence
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
Downtown farmers market mainly
20. What do you like about the alternative food networks that you use?
I love the downtown farmers market, wish that it went all year. I like being able to talk with the producers about what is in season, how the growing season is going, and ask

about tips and tricks for their products. I also appreciate that grocery stores are starting to carry more local produce and feature them prominently in the front of the stores

21. What do you dislike about the alternative food networks that you use?

I wish the farmers market went all year. Sometimes I wish there were more vendors and that the market was bigger.

22. Do you or have you shopped at the Friends and Farmers online market?

I have not.

23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?

NA

24. If not a member, would you consider shopping at a local cooperative grocery store?

NA

25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?

I would love to see a cooperative store

26. Can you see yourself shopping at the online market in the future? Why or why not?

I don't see myself shopping very frequently on the online market due to high markup.

27. Can you see yourself shopping at and contributing to a local cooperative grocery store?

Yes, I'd love to shop at and use a local cooperative store as a place to work, convene and get further involved in the local food community

28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?

It seems like the niche that Friends and Farmers hopes to fill has several direct competitors, but I hope that the cooperative nature of Friends and Farmers can distinguish it from the others to provide more of a community-building vibe

29. Are you a member of other food cooperatives elsewhere?

No

30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?

NA

1. Gender: Female
2. Age: 22
3. Number of people in household: 3 (Roommates, not a part of family)
4. Occupation: Certification Specialist/Staff Inspector at PCO
5. Level of education and educational background: BS in Soil Science from Penn State University
6. How long have you lived in the area? 4 years at University plus 1 year of working. Total of 5 years.
7. Are you the primary food buyer of the family? I purchase food for only myself.
8. What words, phrases, opinions do you associate with the term 'food cooperative'?
Community. Access.
9. What words, phrases, opinions do you associate with the term 'food hub'?
Institutional. Less access to community, more access for institutions.
10. What words, phrases, opinions do you associate with the term "online food market"?
Did not respond
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
Yes
12. When did you join?
Early 2017
13. What were your reasons for joining?
1. I support the mission behind Friends and Farmers. I was less interested in the B&M store, and more interested in the economic viability of the farmers in the area. 2. Easy access to fruits and vegetables during the wintertime. 3. I was finally economically stable enough to contribute my money back into the community and this is where I decided. 4. I originally did not join the first few years living here because after graduating, I had no idea where I would be located. I only decided to join after I was stable enough at PCO that I knew I would be sticking around for a few more years.
14. What were your expectations/vision for Friends and Farmers?
1. High quality food at an affordable cost with convenient pick-up. 2. Community
15. How has Friends and Farmers met or exceeded your expectations?
1. Yes. The food is obviously more expensive than your normal grocery store purchases, but the members of F&F either #1) prioritize that their food is local and fresh OR #2) are economical able to afford it. It is convenient for me, as well, because I live within walking distance to The Meetinghouse and work and normal 9-5 schedules. For some, I could see it not working well, though. 2. Not yet. I've been volunteering with F&F for several months and I've met a few people. I'm new to being a part of this community and was really hoping this would be a way that I could meet community members of all ages, careers, etc.
16. Has Friends and Farmers failed to meet any of your expectations? How?
See my note on community.
17. Would you encourage others to join Friends and Farmers? Why or why not?
I try to encourage all my friends to join Friends and Farmers. Unfortunately, many either #1) don't feel it would benefit them or #2) cannot afford to do so or #3) are living transiently in State College prior to moving onto a career or additional schooling.

18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?

I would like to be able to sell the “community” aspect. A lot of my younger friends who have stuck around after schooling are looking for just that.

19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?

I utilize the Boalsburg Farmers Market. Additionally, I work for a farmer that grows vegetables in which I get free food in return for labor. The OLM and Farmers Market supplements what I don't grow (like fruits, meats, cheese).

20. What do you like about the alternative food networks that you use?

I like meeting the farmers at Boalsburg and walking around outside. Prior to OLM pick up and volunteering on Tuesdays, I would take my dog for a walk at the Military Museum and pick up my food for the week. It was nice to see friends at the market. More of a social event than anything.

21. What do you dislike about the alternative food networks that you use?

Why I utilize OLM now more is because I travel a lot with work. I can shop ahead and plan everything I'll be making for the week without having to leave or while I'm on the road. If I'm not home between 5-7, a friend/roommate will help with pick up but either way, it is better than trying to plan while walking around the farmers market.

22. Do you or have you shopped at the Friends and Farmers online market?

I try to every week.

23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?

NA

24. If not a member, would you consider shopping at a local cooperative grocery store?

NA

25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?

That is tough. I REALLY like the OLM. I think that if a local grocery store opened up, I would utilize it but OLM has worked really well with my lifestyle.

26. Can you see yourself shopping at the online market in the future?

Yes

27. Can you see yourself shopping at and contributing to a local cooperative grocery store?

Yes

28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?

I'd say “if you build it, they will come” but I also struggle because State College is very transient. Grad students would be a great target but most do not stay for more than 2-4 years and are paid very little. University students won't participate, especially now with the Student Farm. Community members, if they care, will shop at other stores that provide competition, like Wegmans or Farmers Markets.

29. Are you a member of other food cooperatives elsewhere?

No.

30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?

NA

Just a quick opinion I have about this idea of "Food Hub." I feel as though the co-op was very quick to latch onto the idea of a Food Hub at the Membership meeting without truly understanding the implications of what it would mean to be associated with Penn State. It was nerve wracking listening to older members of the community voice support for a structure like a Food Hub connected to Penn State. The way Jeremy presented it was very topical. A "cooperative" is supposed to be community supported, and yes, Penn State is a huge part of our community BUT that being said, there are so many hoops that the co-op would have to jump through and I believe that it would be destructive to our small farmers who cannot provide to the University in the quantity that would be needed. The structure F&F is now provides a way for producers (of all shapes, sizes and products) to sell and make a living for themselves.

I do believe that there is a place for BOTH in the community, but I don't necessarily believe that one should replace another or suffer at the cost of the other. I don't believe that a Food Hub that is birthed out of F&F could be supported, especially since F&F cannot support themselves at the current moment. I believe that these two ideas should be kept separate at the moment.

I put full support into the Board to make these tough decisions. Good luck!!

1. Gender: Male
2. Age: 65
3. Number of people in household: 2
4. Occupation: Restaurant owner
5. Level of education and educational background: BS
6. How long have you lived in the area? 40 years
7. Are you the primary food buyer of the family? Shared responsibility

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
Local, healthy
9. What words, phrases, opinions do you associate with the term 'food hub'?
Local, convenience, price sensitive
10. What words, phrases, opinions do you associate with the term "online food market"?
Local, convenience, supportive
11. Are you a member of Friends and Farmers Cooperative?
Yes
12. When did you join
Founding member
13. What were your reasons for joining?
Support, quality local foods
14. What were your expectations/vision for Friends and Farmers?
Local fresh and prepared foods and products (wax, wool, etc.) only
15. How has Friends and Farmers met or exceeded your expectations?
No - limited on-line offering, need store with seasonal presence
16. Has Friends and Farmers failed to meet any of your expectations?
I thought F&F would incorporate farmer's presently selling at markets
17. Would you encourage others to join Friends and Farmers?
Sure...continued support of the local food system
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
Convenience
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
We buy local wherever we can...weekly markets and seasonal food stands
20. What do you like about the alternative food networks that you use?
It's great to touch and smell...can't do that on-line.
21. What do you dislike about the alternative food networks that you use?
Always question about TRUE source and health concern
22. Do you or have you shopped at the Friends and Farmers online market?
Weekly
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
NA
24. If not a member, would you consider shopping at a local cooperative grocery store?
NA

25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Local store selling ONLY food and byproducts
26. Can you see yourself shopping at the online market in the future?
Yes
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
Depends if it is limited to food and byproducts and seasonal
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)?
Yes....if you stop duplication of service...absorb farmer's markets
29. Are you a member of other food cooperatives elsewhere?
No
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
No touch

1. Gender: Female
2. Age: 45
3. Number of people in household: 5
4. Occupation: SAHM, photographer
5. Level of education and educational background: doctor of veterinary medicine
6. How long have you lived in the area? almost 8 years
7. Are you the primary food buyer of the family? ABSOLUTELY

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
:) crunchy granola people, which I'm okay saying I am. Maybe a little hippie.
9. What words, phrases, opinions do you associate with the term 'food hub'?
uncertain, it elicits confusion
10. What words, phrases, opinions do you associate with the term "online food market"?
since I'm familiar with it, a place to buy food online, tough for me to have free association on this one, as it is pretty concrete in my mind
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
YES
12. When did you join?
A founding member, so in the first 300, 2-3 years ago?
13. What were your reasons for joining?
Support for developing the co-op, many of my local friends are passionate about local food, as a veterinarian I understand the value of supporting farmers and the meat/dairy industry
14. What were your expectations/vision for Friends and Farmers?
I was hoping to do better connecting in the community on a personal level, but life interferes. I was excited to see a co-op in our town and congregate there.
15. How has Friends and Farmers met or exceeded your expectations?
Progress has been slower than expected after some initial momentum, but I've also gained a great knowledge of the complexities of municipal government here the longer I live here and realize that the brick and mortar store is likely more costly and complicated than I'd anticipated. I thought the online market was a brilliant way to bridge the process and expand awareness.
16. Has Friends and Farmers failed to meet any of your expectations? How?
Not exactly. I'd love to see the store happening, but completely understand how daunting it is and all that needs to come together.
17. Would you encourage others to join Friends and Farmers? Why or why not?
Yes, and I do. I think F&F is an important voice in our community and with more development we need to bring new community members into the fold of supporting local food. With the rise of Revival Kitchen and building of RE Cafe, I hope this movement can continue to gain momentum.
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
I think it is hard for F&F to compete against the active CSA community. Even I didn't use the online market really because I was in a CSA (although I still had too much waste and this summer plan to try using the market most heavily). Also we have several in

- person farmer's markets, so I don't know what competition that creates. I think the community is splintered in how they support local food.
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
For the past 3 years I was a member of Village Acres. We are regular Meyer Dairy store users exclusively for milk and often for ice cream. We occasionally buy "local" from Wegman's, but mostly shop there for as much organic produce as I can manage.
20. What do you like about the alternative food networks that you use?
We like supporting the Dairy because they are literally our neighbor and we want it to remain farmland. Village Acres was great people and great food, but often the items I got I was too busy to use immediately and wound up with a lot of waste, so I'd love a brick and mortar store that I could visit as needed.
21. What do you dislike about the alternative food networks that you use?
See above re: Village Acres CSA. I'm not good at meal planning and our lives are very variable, so I'm not always prepared to manage what comes in the CSA each week.
22. Do you or have you shopped at the Friends and Farmers online market?
No, but I intend to this summer
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
NA
24. If not a member, would you consider shopping at a local cooperative grocery store?
I am a member and would definitely shop.
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Co-Op Store
26. Can you see yourself shopping at the online market in the future?
Yes
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
YES.
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
I do worry about the sustainability. I think currently the local food market is rather fractured between farmer's markets, CSAs, etc. If a brick and mortar store can pull together some of those entities, then that might add to longevity. Do we really need like 4-5 farmer's markets?
29. Are you a member of other food cooperatives elsewhere?
No.
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
I have never been a member of one in the past, only visited them in various areas we have traveled in.

1. Gender: F
2. Age: 47
3. Number of people in household: 2
4. Occupation: Yoga teacher/ Director of non-profit yoga organization
5. Level of education and educational background: masters in education
6. How long have you lived in the area? 17 years
7. Are you the primary food buyer of the family? yes

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
community, benefit, responsibility, groceries, bulk food, yummy, fun, friends, joining together for the benefit of all, positive associations as I think of the great co-ops I've visited in other towns. One negative opinion: a small, dusty tiny co-op I used to volunteer at that didn't have any of the life I think of from these other stores
9. What words, phrases, opinions do you associate with the term 'food hub'?
metal building, trucks in and out, order forms, warehouse I guess I'm thinking of
10. What words, phrases, opinions do you associate with the term "online food market"?
virtual, impersonal, digital, credit card, website, cold, cumbersome, uninviting
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
yes
12. When did you join?
first year - was that 2014?
13. What were your reasons for joining?
want State College to have a fun, locally owned store where we can buy our groceries, see our friends, support our farmers, find great new items and gifts, encourage local economy, keep money in our own hands (rather than big businesses of supermarket companies) and pick up a smoothie/salad on the run
14. What were your expectations/vision for Friends and Farmers?
to build a grocery store like the ones I've loved in Austin TX, Gt. Barrington MA, Moscow ID, Santa Cruz CA, Iowa (can't remember the town), I expected we'd be able to find the members by this point, have a location, and be building or planning to build
15. How has Friends and Farmers met or exceeded your expectations?
it has pulled in some great people from the community - that has met my expectations
16. Has Friends and Farmers failed to meet any of your expectations? How?
See above - I thought it was going to be happening faster, but I don't know if that's F&F or the community failing to meet the expectations. One interesting moment was in a conversation with someone about the co-op, AFTER I had joined, I learned that maybe the vision was just about having local food on the shelves, and the store would not be stocking my toilet paper or bananas or lemons or health care products, and I remember thinking, "OH, that's not what I had imagined." I was a little disappointed to hear this, because I want to be able to go shopping at one place for most of my needs, and when I learned that I had misunderstood the vision, I wasn't as into it.
17. Would you encourage others to join Friends and Farmers? Why or why not?
Right now, no, because I am not sure what the vision is, having learned that the online market is depleting member equity and it's not obvious to everyone that we should stop investing in online stuff. I am also not encouraging others to join at this point having

learned that some are wanting to change the focus of the course, shrink the store, create a food hub, reconsider grocery store, etc.

18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
Be very clear with me about what is trying to be created, and if it's a vision that syncs with my needs, I would be more inclined to recommend by contacting friends who I think would like to have a cool store in our area. If the course takes another direction, I will probably bow out altogether.
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
I shop at farmers markets, belong to a CSA, shop at roadside stands and small harvest shops (Tait Farm), buy local products at the grocery store, and shop at Nature's Pantry as much as at any of our supermarkets. I also grow some of my own food or get home-grown food from my family members.
20. What do you like about the alternative food networks that you use?
Good quality, supporting my neighbors, seeing friends when I shop, fresh fresh fresh food.
21. What do you dislike about the alternative food networks that you use?
Sometimes the expense is a challenge, as I don't make a lot of money and have to spend carefully. But it's not really that big a problem because my healthy eating is like my health insurance. I just don't buy as much as I'd like to stay within my budget.
22. Do you or have you shopped at the Friends and Farmers online market?
No
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
NA
24. If not a member, would you consider shopping at a local cooperative grocery store?
NA
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Local cooperative grocery store.
26. Can you see yourself shopping at the online market in the future?
As for shopping at the online market in the future, I probably won't go there. I like the sensory experience of going to the store and touching the things I am bringing into my home. I also work at odd hours compared to the general population, so I am usually tied up during evening hours of delivery/purchasing and like the option of going to get food before the days when I know I am going to be able to cook a lot.
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
Absolutely yes.
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
I am really not at all sure any more. A few years ago I was sure, because who WOULDN'T want to have a great co-op in the community? But the fact that we are only at 500+ members by now makes me think maybe it's not possible. ANd the fact that the

vision has become fragmented and many of the folks I know who were energized at the outset have stepped away, makes me wonder if this can really happen.

29. Are you a member of other food cooperatives elsewhere?

Not currently. I have belonged to one in the past in a previous town I lived in.

30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?

I like (have liked) the color at the stores, the people, the feeling of owning the company, the prepared food, the selection of items that are the kind I like to buy, bulk sections, seeing products on the shelves to try, community events associated with the co-op, being together with my friends and neighbors to do something, getting fresh, organic produce, doing something I have to do (get food for my house) at a place that I feel good about supporting.

One thing that is coming to mind as you ask all these questions is why I cared so much previously about wanting to be able to buy toilet paper (for example) at the co-op: I get so much produce from my CSA and garden and farmers markets, that produce is only one aspect of what I want to go to the store and purchase. So if the coop were just produce (I don't eat meat, eggs, or dairy anyway), I would still have to go spend my money at the supermarket to get the additional things I can't get through my produce-purchasing venues. I think that's why I was so keen on the store being like a supermarket. Plus, that's the model I've seen at the cities listed above where I loved the co-ops I visited. It's also true that when I go to a new town and see a co-op, I just go there first to shop/eat simply because it is a co-op and I want to support those people.

Hope this helps and hope you have a good run of interpreting all the results.

1. Gender: Male
2. Age: 35
3. Number of people in household: 4
4. Occupation: Non-profit executive
5. Level of education and educational background: Masters degree
6. How long have you lived in the area? 10 months
7. Are you the primary food buyer of the family? Yes

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
volunteering
9. What words, phrases, opinions do you associate with the term 'food hub'?
innovation
10. What words, phrases, opinions do you associate with the term "online food market"?
Friends and farmers!
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
No
12. When did you join?
NA
13. What were your reasons for joining?
NA
14. What were your expectations/vision for Friends and Farmers?
NA
15. How has Friends and Farmers met or exceeded your expectations?
NA
16. Has Friends and Farmers failed to meet any of your expectations? How?
NA
17. Would you encourage others to join Friends and Farmers? Why or why not?
NA
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
NA
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
Farmers markets and local products at grocery stores
20. What do you like about the alternative food networks that you use?
freshness and supporting small businesses
21. What do you dislike about the alternative food networks that you use?
not always open/available, so I need to plan in advance and supplement with grocery stores. Highly weather dependent too.
22. Do you or have you shopped at the Friends and Farmers online market?
No.
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
I would, but I like more availability (not just once a week)

24. If not a member, would you consider shopping at a local cooperative grocery store?
Yes
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Not sure. Local cooperative grocery store sounds great if it featured local products and produce
26. Can you see yourself shopping at the online market in the future?
Yes
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
Yes
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
Tough call. F&F probably needs to expand to survive, generate different sources of revenue, but in general it can carve out a niche
29. Are you a member of other food cooperatives elsewhere?
No
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
NA

1. Gender: Female
2. Age: 53
3. Number of people in household: 4
4. Occupation: Sales Director for Fresh and Conventional Berries
5. Level of education and educational background: MS Food Science
6. How long have you lived in the area? 17 years
7. Are you the primary food buyer of the family? yes

8. What words, phrases, opinions do you associate with the term 'food cooperative'?
Local, natural, sustainable, Earth Friendly, community, friends
9. What words, phrases, opinions do you associate with the term 'food hub'?
Not familiar with this term
10. What words, phrases, opinions do you associate with the term "online food market"?
It depends on if it is associated with local, food co-op or mass marketer (ie Amazon Fresh)
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
Yes
12. When did you join?
Fall 2016
13. What were your reasons for joining?
I believe in the local and natural concept. I want to support the local community. I have been impressed with the quality of the food
14. What were your expectations/vision for Friends and Farmers?
The opportunity to connect with my local community. Possibly help with the design and message using my experience in the fresh produce industry
15. How has Friends and Farmers met or exceeded your expectations?
It has met but hasn't exceeded
16. Has Friends and Farmers failed to meet any of your expectations? How?
Did not respond
17. Would you encourage others to join Friends and Farmers? Why or why not?
yes I have encouraged others to join.
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
The marketing plan needs to be improved. Most of the people I have told about it had never heard of it
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
I buy local at the grocery store when it is available
20. What do you like about the alternative food networks that you use?
I don't use any
21. What do you dislike about the alternative food networks that you use?
NA
22. Do you or have you shopped at the Friends and Farmers online market?
Yes I shop the online market

23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
Member
24. If not a member, would you consider shopping at a local cooperative grocery store?
NA
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Local co-op grocery store
26. Can you see yourself shopping at the online market in the future?
Yes
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
Yes
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
Yes however there has to be a greater emphasis on the marketing of the project
29. Are you a member of other food cooperatives elsewhere?
No
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
NA

1. Gender: Female
2. Age: 65
3. Number of people in household: 1
4. Occupation: Retired school counselor
5. Level of education and educational background: BS- Education; MS- Reading Specialist, MS-School Counseling
6. How long have you lived in the area?: Almost 9 years
7. Are you the primary food buyer of the family?: Yes

8. What words, phrases, opinions do you associate with the term ‘food cooperative’?
Group of people working together to prepare, process, buy/sell food. I have a positive opinion of the term.
9. What words, phrases, opinions do you associate with the term ‘food hub’?
A gathering place centered around food. I haven’t heard of it before.
10. What words, phrases, opinions do you associate with the term “online food market”?
Buying and selling food online, reminds me of Amazon online, though. Opinion isn’t too descriptive or inviting
11. Are you a member of Friends and Farmers Cooperative? If no, skip to question 19.
I believe I am with my son’s household, but I’m not so sure; although, I do have a card in my name
12. When did you join?
Son’s family joined several years ago
13. What were your reasons for joining?
We wanted to support local farmers and producers and get more fresh food
14. What were your expectations/vision for Friends and Farmers?
To offer reasonably priced fresh food from local vendors and farmers
15. How has Friends and Farmers met or exceeded your expectations?
I enjoy the convenience and the freshness of the food, but it is not as reasonably priced as I had thought it would be.
16. Has Friends and Farmers failed to meet any of your expectations? How?
Pricing seems high and I can get the same products, for the most part, at my local farmers markets and see what I’m getting for a lower price
17. Would you encourage others to join Friends and Farmers? Why or why not?
I think I would wait to see the future plans regarding a storefront.
18. What could the cooperative change or do to make you more inclined to recommend Friends and Farmers to others?
I’m not sure, perhaps, look at the options if a store is not a real possibility, reduce prices comparable to a farmers market
19. What other alternative food networks do you utilize, if any? Alternative food networks include farmers markets, CSAs, buying clubs, farm stands, buying local products at the grocery store, etc?
I frequent the farmers markets usually twice a week and try to buy local even from grocery stores
20. What do you like about the alternative food networks that you use?
I enjoy shopping outside and seeing the produce that I am buying, socializing with the farmers and other shoppers

21. What do you dislike about the alternative food networks that you use?
Cool, rainy days don't encourage me to shop outside
22. Do you or have you shopped at the Friends and Farmers online market?
Yes, almost weekly
23. If you are not a member, would you consider Friends and Farmers online market? Why or why not?
Did not respond
24. If not a member, would you consider shopping at a local cooperative grocery store?
Did not respond
25. In the grand scheme of things, would you rather have a food hub/online market serving the area or a local cooperative grocery store in the area?
Local cooperative grocery store
26. Can you see yourself shopping at the online market in the future?
Yes
27. Can you see yourself shopping at and contributing to a local cooperative grocery store?
Yes
28. Do you feel that the State College community can support a venture like Friends and Farmers (due to demand, saturation of the market, competition)? Why or why not?
I think that the many farmers markets serve a similar purpose. The exception is probably the cold food that is available at F & F and items such as the soaps and plants.
29. Are you a member of other food cooperatives elsewhere?
No
30. What do you like and dislike about other food cooperatives or food hubs that you have experience with?
NA