

# Tiers of the Food System

## A new way of thinking about local and regional food

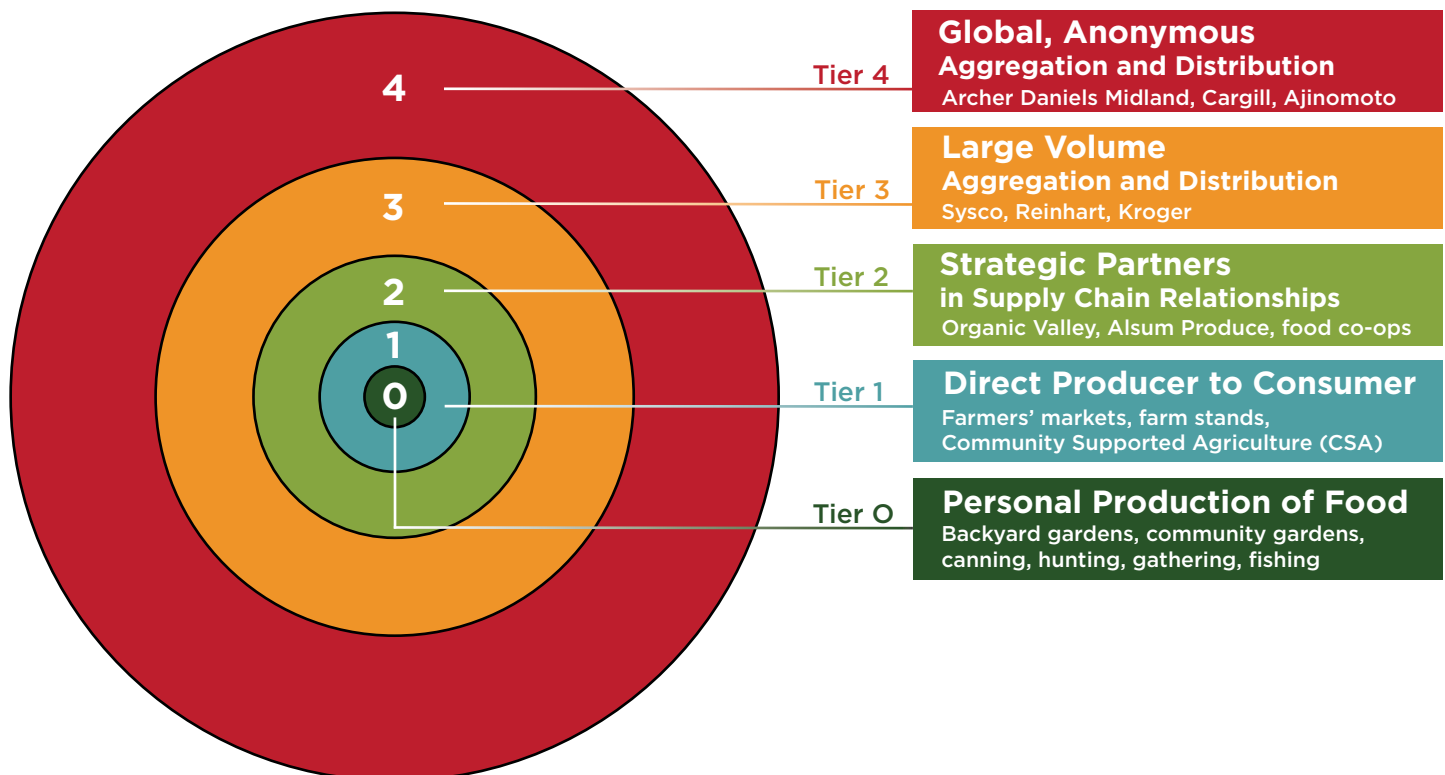
From farmers' markets to supermarkets, there is a spectrum of relationships between consumers and the businesses that grow, process, distribute and market their food. The burgeoning local food trend has caused many people to seek food from—and personal contact with—local farmers as a way to connect with the food they eat. Consequently, small-scale, local food production is often contrasted with the anonymity of global, industrial food production, resulting in a black and white portrayal of local and global food systems.

In reality, the food system is far more complex than local versus global and artisanal versus industrial. Between backyard gardening and multinational food conglomerates, there are diverse food businesses that

cultivate a variety of relationships with their customers and partners along the supply chain.

In order to better understand production and consumption relationships across the food system, researchers in Wisconsin developed the Tiers of the Food System framework identifying five different levels of relationships between food producers and consumers:

**Personal Production of Food** (Tier 0) acknowledges that many people grow, hunt or process at least some of their own food. This tier includes backyard and community gardens, home food preservation, subsistence farming, hunting, gathering and fishing.



**Direct Producer to Consumer** (Tier 1) is characterized by direct marketing, or distribution methods where farmers sell food directly to their customers. Many Tier 1 businesses embrace values about environmental stewardship, fair trade and family farming. They often personally communicate these values to their customers. Examples of this tier include producer-only farmers' markets, farm stands and Community Supported Agriculture (CSA).

**Strategic Partners in Supply Chain Relationships** (Tier 2) includes distributors and retailers that move locally and regionally grown food from farms to consumers. A commitment to fairly sharing risks and profits across the supply chain sets Tier 2 businesses apart from larger counterparts. Tier 2 businesses typically embrace Tier 1 values—and their customers may be willing to pay more for adherence to these values. Products can often be traced back to the farms where they were grown, and farm identity and values are communicated to consumers through labeling and point-of-sale merchandising. Organic Valley, Alsum Produce, Wescott Agri Products and natural food cooperatives are examples of Tier 2 businesses.

**Large Volume Aggregation and Distribution** (Tier 3) involves highly efficient transactions by companies whose brands have widespread recognition. Efficiencies and lower prices are typically more important at this level than the values embraced in Tiers 1 and 2. While relationships with farms are usually lost at this level, Tier 3 businesses often work to cultivate positive relationships with their customers. National distributors such as Sysco and Reinhart and national grocery chains such as Kroger are examples of Tier 3 businesses.

At the level of **Global, Anonymous Aggregation and Distribution** (Tier 4), products are moved at an international scale and relationships with consumers are superficial. Legislation requiring Country of Origin Labeling (COOL) has given Tier 4 products a geographic identity. Companies representing this tier include Archer Daniels Midland (ADM), Cargill and Ajinomoto.

In the real world, most food businesses do not fit neatly into one tier. A farmers' market vendor may sell produce to a supermarket. A regional food distributor

may also sell products nationally. Even a Tier 0 home canner may use sugar distributed by a Tier 4 company and purchased at a Tier 3 grocery store to transform homegrown fruit into jam.

Transparency, along with relationships and scale, changes at each tier. At Tiers 0 and 1, information about food production methods is readily available. At Tier 2, communicating this information depends on creative marketing and may include third-party certification. By Tiers 3 and 4, production information is typically obscured and usually not available.

Efforts to increase the production, distribution and purchasing of local and regional food are increasingly focused on Tier 2. This tier can potentially provide the connections to family farms, transparency about production systems and values found at Tier 1 while accommodating higher product volumes and, in some cases, greater production and processing efficiencies. While these efforts are often referred to as “scaling up” local food systems, both Tier 1 and Tier 3 businesses are emerging as leaders in the development of Tier 2 strategic partnerships.

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*The Tiers of the Food System framework was developed by Jim Bower, Blue Planet Partners; Ron Doetch, Michael Fields Agricultural Institute; and Steve Stevenson, UW-Madison Center for Integrated Agricultural Systems. For more information, please contact Steve Stevenson at 608-262-5202 or gwstevenson@wisc.edu.*

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*To see case studies of businesses building strategic food system partnerships, go to [www.cias.wisc.edu/economics/case-studies-profile-mid-scale-food-enterprises/](http://www.cias.wisc.edu/economics/case-studies-profile-mid-scale-food-enterprises/) and [www.cias.wisc.edu/farm-to-fork/scaling-up-meeting-the-demand-for-local-food/](http://www.cias.wisc.edu/farm-to-fork/scaling-up-meeting-the-demand-for-local-food/)*