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FOOD

Whole Foods, taking flak, thinks local

By Carol Ness
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“Locally grown produce” is the promise printed on Whole Foods grocery bags this summer. Signs and banners hanging in the markets, complete with pictures of smiling farmers, trumpet the same message. In the produce section, large hand-written green signs point out Frog Hollow Farm peaches from Brentwood, or T&D Willey basil grown in Madera.

The truth is, the Whole Foods chain has grown so big — 184 stores at last count — that the bulk of its produce is neither locally grown, nor from smaller farms like Full Belly and T&D Willey. That’s true even in the Bay Area, despite an abundance of smaller or medium-size and sustainable or organic farms nearby.

But now Whole Foods, which is big and successful enough to pull the rest of the supermarket industry along with it, is taking a few steps to change that — including requiring all its stores to buy “out the back-door” from at least four individual farmers. Most produce arrives from a regional distribution center.

The move is one of several the chain is making to bolster its street cred in response to stinging criticism by influential

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Chain under pressure to reach out to more local farmers, growers

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Berkeley author Michael Pollan for not walking its talk when it comes to supporting sustainable food systems.

At the same time, Whole Foods feels the fiery breath of Wal-Mart's big move into the organic market, and needs to keep itself ahead of the pack.

The new initiatives were announced by Whole Foods CEO John Mackey this month in an extraordinary online conversation with Pollan. (Their exchange can be read on both men's blogs, wholefoodsmarket.com/blogs/jm/ and by searching "Mackey" at michaelpollan.com/write.php.)

In addition to buying more from smaller growers, Whole Foods plans to:

- Give \$10 million a year in low-interest loans to help small, local farmers and producers of grass-fed and humanely raised meat, poultry and dairy animals.

- Raise its standards of humane care for the animals who supply meat, eggs and dairy to the stores Whole Foods has hired an "animal compassionate field buyer" to work with producers to ensure that they meet the standards.

- Set up Sunday farmers' markets in the parking lots of some Whole Foods stores, including about 10 in Northern California.

In announcing the initiatives, Mackey defended Whole Foods policies of buying globally, saying it was important to support farmers around the world and also that he didn't want to dictate values — such as buying locally — to customers. But he conceded that "Whole Foods could and should do more to promote local agriculture."

He also said animal food suppliers have been resistant to adopting more humane methods, so "we are going to have to create an alternative animal compassionate system from the ground up," and he wants to do it locally.

Pollan, in an interview, said he thinks the initiatives are "meaningful."

In his latest best-selling book, "The Omnivore's Dilemma," (Penguin Press, 2006) and in ubiquitous media appearances, he painted Whole Foods as hypocritical for marketing its organic and sustainable values while, among other things, buying most of its produce from super-mechanized, monocropping national ag giants like Earthbound Farm and Cal-Organics/Grimmway — which he called "industrial organic."

Whole Foods' new moves, he said, have as much to do with competition as with his criticisms.

"With Wal-Mart and Safeway getting into their market, they now need to raise the bar again," he said. "Because selling industrial organic is going to be nothing special soon."

"Selling industrial organic is going to be nothing special soon."

MICHAEL POLLAN, author

He added, "The challenge is, can they make it work long term?"

"Locally grown" is the hottest trend in food right now among consumers concerned with reducing fuel and pollution generated by moving food all over the world, and with keeping farms in their communities.

Whole Foods' incredible growth and the downward drive of organic food prices is what has brought things to this turn. From one store in Austin in 1980, Whole Foods has added stores and bought out a series of small regional natural food chains, like Sonoma County's Fresh Fields, in 30 states plus Canada and England. The publicly traded chain has a target of 300 stores and \$12 billion in sales by 2010, up from \$4.5 billion last year, according to the company.

"The honest truth is, we found as we grew that it got more difficult and complex to fulfill our desire to have local organic producers provide our stores with a steady and reliable supply," said Joe Rogoff, vice president of the Northern California region, which encompasses 19 stores from Sonoma and Sacramento south to Fresno. A company spokesperson said that number is projected to double to 40 by 2010.

Regional produce centers

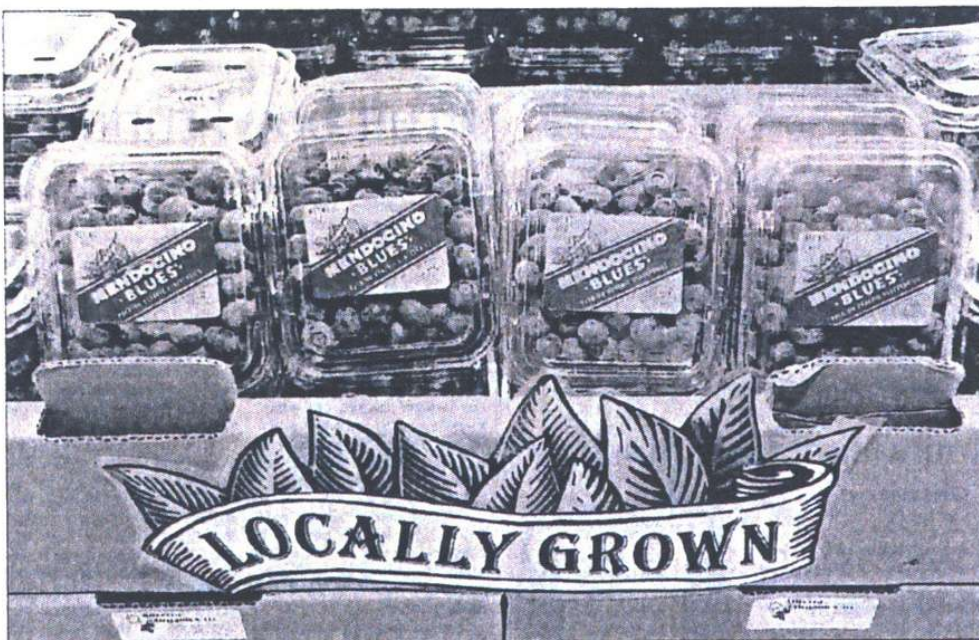
As it has grown, Whole Foods has built regional produce centers to consolidate supplies and buy larger amounts at better prices. Instead of buying carrots, say, from a number of small local farms, it is more efficient and cheaper to buy from one big producer who might grow anywhere.

Go into any Bay Area Whole Foods store right now, with California's summer harvest at full bore, and you'll see lots of green signs tagging "locally grown" produce on the fruits and vegetables prominently displayed in the center of the produce section.

Flawless Swanton strawberries from Davenport, Alterra blueberries from Mendocino, squash and eggplant from Wooley Farm in Gridley all make a gorgeous summer display.

But around the edges of the produce section, the staples — lettuce, broccoli, cabbage, bagged baby carrots — all carry tags from the same big farms — Earthbound, Cal-Organic and its parent company, Grimmway.

An informal count of fruits and



KATY RADINSTEIN / The Chronicle



PHOTO: GLENN KLEIN / The Chronicle

Blueberries from Alterra in Mendocino, above, live up to Whole Foods' credo of supporting local farmers. At left, a sign in Whole Foods produce department gives information on Swanton Berry Farm in Davenport.

opened in the early 1990s, she and other farmers were still able to sell to individual stores. But about six years ago, she says, word came down from Whole Foods that "we mustn't make these deliveries, so we stopped doing it."

As a middle-size farm, Full Belly can grow enough tomatoes or melons, for example, to supply the regional center, she said. But special varieties might be right for just one or two stores.

"For a smaller farm, I think if they have one relationship with a store they'll do their best for that store. Those accounts are golden for small farms," she says. Selling to Whole Foods is important to small farmers, who otherwise depend mainly on labor-intensive farmers' markets and Community Supported Agriculture sales.

Christensen says stores weren't forbidden to buy out the back door, and some, especially San Rafael, continued to deal with some farmers. But they had limited spending authority.

"And 'we haven't made it a priority," Rogoff acknowledged.

"We have people working in our stores who are incredible produce merchandisers — they display beautifully, and we hire for that," Rogoff said. Expertise in buying great local produce hasn't been a priority, he added.

Trying to stay price-competitive means "larger and more regional growers have taken up more of a percentage than we would like," Rogoff said.

Now, the new initiatives mean every store must establish relationships with at least four farmers. "Unfortunately, we have to start that low with some stores," he said.

As soon as Mackey's announcements came down, Full Belly's Redmond heard from Whole Foods asking her to sell directly to

six or seven local stores. She's focusing on four.

In the bigger picture, she said, Whole Foods has learned that the centralized model "isn't the whole answer" when it comes to food.

But working small farms back into its system may be tougher than Whole Foods realizes, Pollan says, especially with increased competition from price-cutting giants.

On the other hand, he says, "If they can find an efficient way to deal, I think that's very important" to small and sustainable agriculture.

Whole Foods' loans to small agriculture could prove an important component. Loans of \$10 million a year could help develop a sustainable system by underwriting things like organic certification, or funding a slaughterhouse so small-scale sustainable ranchers can sell to markets, Rogoff says.

Pointed questions

Pollan, meanwhile, plans to respond to Mackey's initiatives with questions about how, exactly, all this will work.

"I think he's looking to raise the bar again, and that's good," Pollan said. "I really felt there was a strong streak of idealism in our conversation."

But, he pointed out, the very public exchange was also very clever marketing — something at which Whole Foods excels.

"Doing it this way gave the whole effort a lot more credibility in the eyes of the sustainable food movement," he said.

What remains to be seen, he said, is how far Whole Foods will go to meet the promise of those summertime grocery bag slogans and store signs.

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vegetables raised by small local farmers in five Whole Foods stores in the Bay Area last week found a low of 17 kinds at the Fourth and Harrison store in San Francisco, to a high of about 40 at San Rafael, plus several kinds of mushrooms from one grower and herbs from another.

At this time of year, lots of the Earthbound and Cal-Organic produce likely comes from the Salinas and Central valleys, but labels don't say where most are grown so they weren't included in the count.

A similar count in a New York City Whole Foods store, festooned with "locally grown" banners and photos of farmers, turned up 10 locally grown items, most of them non-organic. Most everything else came from California. Across the street, the Union Square farmers' market teemed with locally grown fresh organic summer fruits and vegetables.

For most of the country, Whole Foods defines "local" as within a 7-hour truck ride, according to Karen Christensen, regional produce coordinator at Whole Foods' Northern California headquarters in Emeryville.

"However, in Northern California, the general consumer perception is that it must be much, much closer," Christensen said.

Now local is local?

So here, local means within about a 200-mile radius, stretching north to Garberville, east to the Nevada state line and south down the Central Valley as far as Reedley, south of Fresno.

In the Bay Area survey, the same local farm names showed up in most stores — indicating that the farms grow enough of at least one item to sell through the regional distribution center, which sits in San Francisco's produce terminal. It sends 60 tons of produce to each store every week.

Christensen said 28 percent of that produce is locally grown, averaged over the year, including anything Earthbound, Driscoll or the other huge growers harvest within 200 miles. Comparable numbers weren't available for other regions.

When Whole Foods opened its first Bay Area store in Palo Alto in 1989, stores had much freer rein to buy unusual varieties or small amounts from individual farmers.

"We pick and deliver the next day — it's really fresh," says Judith Redmond, co-owner of Full Belly Farm, which sold to a number of Bay Area Whole Foods in the early years. "We go to know what they liked at each store, and we were able to improve."

Even after the regional center