Valley Food&Farm

2014 Upper Valley Market Assessment Executive Summary

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INTRODUCTION

About Vital Communities and the Valley Food & Farm Program

Vital Communities' mission is *to engage citizens, communities, and organizations in creating solutions to our region's challenges.* Since 1993, Vital Communities has facilitated community-based solutions to environmental, social, and quality-of-life challenges defined by the 69 rural communities comprising the Upper Connecticut River Valley of New Hampshire and Vermont. Our goal is to affect sustainable change according to values expressed by our constituents.

Our Valley Food & Farm program fosters the relationships that make agriculture a vital part of daily community life**.** Valley Food & Farm has led our region's local food movement since 2001, with consumer education, local market development, farm to school programming, and farmer support. We have adopted the Vermont Farm to Plate goal of doubling local food consumption from five percent to 10 percent by 2020, and will join the New Hampshire foods system strategic goal when it is adopted. More information can be found at VitalCommunities.org.

About the Local Market Assessment

Valley Food & Farm undertook the local market assessment as a sophisticated analysis of the regional food marketplace. Rosalie Wilson, a consulting expert on agricultural markets who lives in our area assisted. The assessment encompassed individual consumers, independent grocers, independent restaurants, and non-commodity farmers in the Vital Communities service area. We used in-person interviews and in-person and electronic surveys. The assessment began in March 2014 and ended in November 2014.

The Valley Food & Farm local market assessment identifies growth opportunities in the local foods market to facilitate doubling local food consumption and the continuing growth of local-food-based businesses. The assessment provides data that Vital Communities, farms, and other food system businesses and organizations can use to develop the local food marketplace. Many thanks to all who participated in developing, surveying, and evaluating the assessment.

The assessment aimed to answer the following questions:

- What activities would have the greatest impact on increasing local food consumption and farm viability in the Upper Valley?
- What are the most promising areas for growth in local market channels?
- What major barriers stop farmers from accessing these market channels?
- What are areas of growth for local consumers (i.e. what and where are they interested in buying)?
- What role can Vital Communities and others play to facilitate access to these markets, both for farmers and consumers?

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EXECUTIVE SUMMARY

The Valley Food & Farm Local Market Assessment identifies growth opportunities in the local foods market to facilitate the doubling of local food consumption and the continuing growth of local-food-based businesses.

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Conclusions

How Big Is The Local Market?

When consumers were asked in September/October how much they spent over the past thirty days on local foods, (more than $150, less than $50, between $50-150), consumers indicated they spent $12.78 million dollars on local food. When the region's independent restaurants and grocers were asked how much they spent annually on local foods, ($0 to $5,000, $5-10,000, $10-25,000, $25-100,000, over $100,000) independent restaurants and grocers estimated they spent a minimum of $3.65 million per year on local products. Given that buyer spending more than $100,000 were not asked to indicate how much more than $100,000 they are expending on local foods, the assessment is confident $3.65 million is under-representative of the independent retail and restaurant market.

Is There Room For Growth?

Yes. Buyers and consumers want more. Farms want to grow. Eighty-six percent of the region's independent restaurants and retailers would like to buy more local foods. Forty-four percent would like more locally grown meat, 28 percent would like more locally grown vegetables, and 10 percent would like more locally made cheese. Three-quarters of the region's consumers would like to buy more locally grown vegetables, two-thirds would like more local fruit, and more than 50 percent would like more locally grown meat and cheese.

Fifty-seven percent of the region's farmers want to grow. Only 17 percent of the region's farms derive their entire income from the farm. One-third or more of our farms earn less than 25 percent of their annual family income from their farm. Four-fifths of all farms in the region generate annual gross sales of less than $100,000.

Farms want to grow by increasing production volume and expanding their customer base. Fifty-six percent of these farmers want to increase their direct-to-consumer sales (i.e. through farm stands, farmers' markets, Community Supported Agriculture (CSA) and similar outlets), and 40 percent are interested in servicing more wholesale business.

Where Are The Opportunities?

Winter Production

Most consumers in the region (112,852, 63 percent) feel local food, especially produce, is less available in winter. Winter food production and promotion of existing local options available in winter would provide market entry and growth opportunities for new and established farmers, especially vegetable farmers.

Direct Sales

The assessment found several opportunities to increase direct farm sales in the region:

- 68,069 consumers (38 percent) would buy and use more locally grown food if bulk buying opportunities were made available
- 46,574 consumers (26 percent) would like to use a farmers' market more often
- 39,409 consumers (22 percent) would buy and use more locally grown food if locally grown food were delivered to their home, school or workplace
- 30,452 consumers (17 percent) would like to use Community Supported Agriculture more

Wholesale Penetration

At least 18 percent of the region's consumers reported that local food options are not available where they shop and 19 percent can't make an extra trip to source local foods. Yet 76 percent of consumers report they would buy more local foods if their barriers were removed. For farms seeking more wholesale growth the lowest-hanging fruit would be to target the stores most frequented by consumers seeking more local foods, and stores most cited as having a lack of local availability.

The top twelve stores in the region frequented by consumers seeking more local food are:

Co-op Food Stores - Hanover
Co-op Food Stores - Lebanon
Hannaford - West Lebanon
Co-op Food Stores - White River Junction
Upper Valley Food Co-op-White River Junction
Price Chopper- West Lebanon
Stern's Quality Produce, White River Junction
Market Basket- Claremont
Price Chopper- Lebanon
BJs- West Lebanon
Price Chopper- Windsor
Shaw's- West Lebanon

The top stores most frequented by consumers who answered "Local options are not available where I shop" to the question "What stops you from buying any or more locally grown foods?" are:

Hannaford- West Lebanon
Market Basket- Claremont
Price Chopper- West Lebanon
Co-op Food Stores- Lebanon
Co-op Food Stores- White River Junction
Co-op Food Stores- Hanover
Price Chopper- Windsor
Stern's Quality Produce, White River Junction
Upper Valley Food Co-op-White River Junction
Hannaford- Bradford
Price Chopper- Lebanon

What Is Motivating Demand?

Seventy-five percent of independent restaurants and retailers in the region and 52 percent of consumers buy local because they want to support the regional economy. Almost 70 percent of independent restaurants and retailers buy local because "freshness is important to their business," while 76 percent of consumers indicate their top priority when shopping for food is "freshness." Consumers also buy local because they want to know where their food was grown (43 percent strongly agree with this), and to preserve farm land and open spaces (41 percent strongly agree with this). More than 30 percent of consumers buy local because they desire a connection with local farmers.

What Is Limiting Growth?

Consumers

Consumers' predominant barrier to buying more local food is lack of availability in winter. More than 60 percent would buy more local food if it was available in winter. Almost 40 percent report they cannot afford to buy more local food. Nineteen percent report they can't make an extra trip for local foods, and 18 percent report local foods are not available where they shop.

Independent Restaurants and Retailers

Independent restaurants and retailers' three top barriers to buying more local food are:

- Lack of time to focus on procurement
- Price considerations
- Not knowing where to source more local product

At least 41 percent of the region's independent restaurants and retailers (107) would buy more local product if it were priced competitively; 31 percent (81) would buy more local product if their distributors carried it; 26 percent (68) would buy more local product if it came in the consistent volumes they require; and 17 percent (44) would buy more local products if their distributors better identified and promoted local offerings.

Farmers

Farmers report that top barriers to reaching their current sales and production goals are lack of capital/infrastructure (18 percent), marketing/consumer education (18 percent), time (15 percent), and labor (12 percent). Their biggest hurdles to growth are access to labor (27 percent), capital/infrastructure (24 percent), and time (21 percent).

If farmers could generate more income they could invest in more infrastructure, attract more labor, implement their marketing plans, and free themselves up as managers to focus on long-range goals and the bigger picture. In terms of assistance, farms are most interested in technical support that can help them with marketing, labor issues, and bookkeeping/accounting. Farms also indicate that consumer education, a commercial kitchen, storage infrastructure, and a group CSA or third-party aggregator would facilitate growth. A regional campaign promoting local food was identified as the most desirable form of sales and marketing assistance.

Recommendations

Following are key steps that could be taken by farms, service providers, distributors, buyers, and community organizations in support of our region's ability to achieve Vermont's Farm to Plate goal of doubling local food consumption from five percent to 10 percent by 2020 while meeting our farms' interests in growing their direct and wholesale volume.

Delivery-Based Direct Sales

Twenty-two percent of the local population would buy more locally grown food if it were delivered to their home, school, or workplace. Seventeen percent of the local population would like to use a CSA more. Thirty-eight percent of consumers are interested in local buying clubs. Forty percent of consumers report a key barrier to buying more local food is price, and up to 76 percent of consumers would buy more local food if their barrier was removed. Fifty-six percent of farms desiring growth want to grow through direct sales channels.

The data indicate a top method of expanding local direct sales, achieving farmers' preferred mode of growth while overcoming consumers' barriers of price and accessibility, would be for farms to expand place-based delivery models.

1. Explore increasing inclusiveness of employer or place-based CSA shares: Could a workplace CSA be marketed to nearby residents in addition to employees?
2. Expand the concept of delivery-based CSAs to service central location points that can deliver critical mass, such as employees and patrons of a cluster of small businesses or strip mall, and community-based CSAs with a community center or gathering spot as the delivery point, such as schools and child care centers, churches, town halls, and general stores.

3. Explore a place-based bulk-buying club model featuring local foods in bulk volume at bulk buy prices.

Potential impact: 137,930 consumers.

Organize and implement a regional buy local campaign messaging the *freshness* of local food.
Half of all farmers believe a regional food campaign and consumer education would be the best form of marketing support for farms in the region. Three-quarters of the region's consumers consider f*reshness* their top criteria when shopping for food, and 70 percent of independent retailers and restaurants buy local because they consider it fresher.

Potential impact: 134,348 consumers.

Use community email discussion lists and the *Valley News* for marketing outreach.
When considering where and how to get your message out, consider use of town and regional community email discussion lists (e.g. "listservs," Front Porch Forum, Tom Marsh's Windsor town newsletter). These are effective, reaching up to 63 percent of the population, and affordable, costing little or nothing to subscribe and utilize. An additional outreach tool could be the *Valley News* regional newspaper in print and online. Seventy-one percent of consumers in the region obtain their news via word of mouth, 63 percent read local discussion lists, 61 percent rely on local newspapers, and 58 percent commented that they learn about news via the *Valley News*. Explore the possibility of the *Valley News* incorporating an "eat local" spotlight as a regular feature highlighting what local foods are available where, what is happening at local farmers markets, recipes that use the local products of the week, and more.

Potential impact: 123,600 consumers via email discussion lists, 103,895 consumers via *Valley News*.

Focus on season extension and winter production.
Consider reverse seasonal production and season extension for local foods, from vegetable to dairy and protein production. Sixty-three percent of the local population perceived local foods as less available in winter. Increase consumer awareness of local products that are already available for sale during the winter.

Potential impact: 112,852 consumers.

Explore creative solutions to capital and infrastructure limitations.
As two examples, shared infrastructure for winter growing, or a cooperative business model to target winter vegetable production could benefit some of the 24 percent of growers who indicate capital and infrastructure are barriers to growth. Winter vegetable production, for example, will require infrastructure and capital such as heated greenhouses. Perhaps a

cooperative or group effort could offset the capital limitations that would inhibit individual producers from being able to partake of this market.

Potential impact: 112,852 consumers.

Explore ways to make farmers' markets less of a burden on farmers and simultaneously more accessible to the general population.

How can the region facilitate more producer/local product representation at more farmers' markets, and how can the region create critical mass at each farmers' market sufficient to warrant a farmer's time to participate? One-quarter of the region's consumer already shop at a farmers' market regularly, and a full quarter of the region's consumers would like to shop at a farmers' market more. Six percent of the population reports the Norwich Farmers Market is one of the three places they most frequently shop for food. Yet, for all this demand, while 56 percent of farmers would like to increase direct sales, only 15 percent want to do so through vending at more farmers' markets.

Potential impact: 46,574 consumers.

Help distributors, independent restaurants, and retailers access and promote locally sourced foods.

Eighteen percent of consumers report local foods are not available where they shop, while 31 percent of independent retailers and restaurants report they would source more local product if their distributors carried it, 17 percent would buy more if their distributors identified and promoted local items, and 23 percent reported they do not know where to source more local food. At the consumer level, provide more in-store/on-premises signage, sampling, and point of sale materials. Within the supply chain, differentiate locally sourced from nationally sourced supply on order forms, enabling buyers an opportunity to designate their preference for locally sourced supply when available.

Potential impact: 32,243 consumers.

Focus wholesale outreach on accounts with the highest potential for sales impact.

Sales impact was gauged by the total percent of the population that shops there combined with the highest volume of consumers seeking more local products and/or who frequently shop there and cite "local availability where they shop" as a key barrier to buying more local foods. The top retail accounts farms and distributors should focus on further penetrating are:

Co-op Food Stores - Hanover
Co-op Food Stores - Lebanon
Hannaford - West Lebanon
Co-op Food Stores - White River Junction
Upper Valley Food Co-op - White River Junction
Price Chopper - West Lebanon
Stern's Quality Produce - White River Junction
Market Basket - Claremont
Price Chopper - Lebanon
BJ's - West Lebanon
Price Chopper - Windsor
Hannaford – Bradford

Potential impact: 164,423 consumers.

Consider marketing plant starts and gardening services such as workshops, tutorials, one-on-one gardening consultation and garden prep.

Twenty-two percent of consumers would like to use their garden more, 48 percent consider their garden important to their food supply, and 38 percent regularly use their garden. These individuals value local food but want to grow their own. Rather than omit them as potential customers, consider what aspects of your products and services would help them be better gardeners.

Potential impact: 39,409 consumers.