



Thurston
County

WASHINGTON STATE UNIVERSITY
EXTENSION

Market Assessment for a Regional Value-added Food Processing Facility

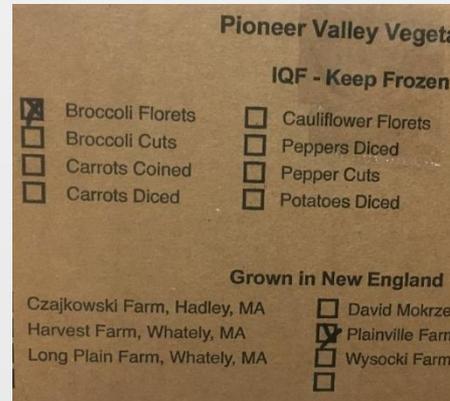


Stephen Bramwell

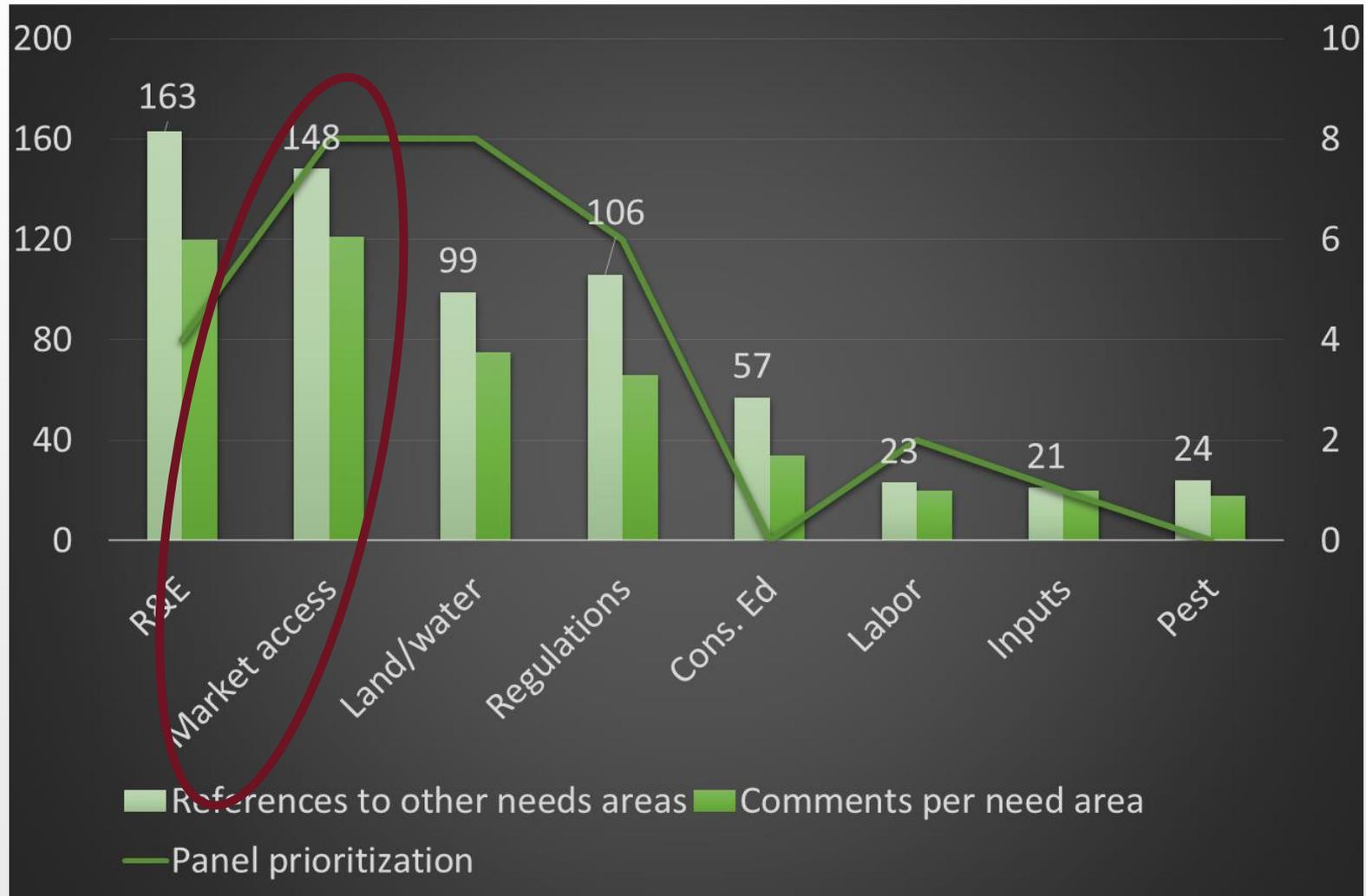
Sydney Debien

10 Nov 2018

*Tilth Association of WA
Conference*



How did this project come about?



Some producer comments on market access



*Transcribing
producer
comments*

- Small farmers struggle to access institutional buyers due to managing high volumes*
- Mismatch between the costs of local production and prices consumers and restaurants will pay*
- Growth in large scale organics misleading labeling about “local”, etc.*
- Small, local farms perceive shrinking market for local, direct-from-farmer sales, and increasing competition*

Ideas for how to address



*Olympia Farmers
Market vendor display*

- *more control of wholesale prices (raise them)*
- *develop markets for surplus*
- *develop info hub that tracks seasonal produce supplies*
- *community-shared purchasing*
- *narrow definition of local by region*
- *buy local rewards cards*
- *local produce prescriptions, corporate wellness programs*
- *product aggregation to reach new/larger markets*

Limitations to local food market development

National average annual growth rate of direct sales:

- 1992 and 2012: 16%
- 2007 and 2012: 1.6%

Thurston County average annual growth rate of direct sales:

- 1997 and 2002: 357%
- 2002 and 2012: 8%

Forage as a percentage of total crop production increased from 37 to 68% (Thurston County)

The Status and Future of Local Foods (John Ikerd)

“Farmers markets increased in number from 1,755 to 8,476 between 1994 and 2015. However, the number of farmers markets increased by only 2.5 percent between 2015 and 2017.”

19%



1.25%

Potential of a Regional Food Processing Center?

Goal for south Puget Sound project:

Evaluate markets for a community-based food processing facility in the south Puget Sound region



Local organic green beans at food co-op in White River Junction, VT

Preliminary Market Assessment



Some Project Questions

- Are other facilities successfully doing local food processing?
- Is there local market interest?
- Would local markets pay more?
- Is local markets and local production in balance?
- Have Ports elsewhere invested in equipment and buildings?

What We Did



- **Market evals:**
 - Oly Farmers Market
 - CSAs
 - Institutional buyers
- **Go to other facilities**
- **Rally local partners**



- *Rapid Market Assessment at OFM*
- August 11, 10:00 AM – 3:00 PM
- 7 questions, 1 dot per question
- Sheets changed hourly
- 500+ participants

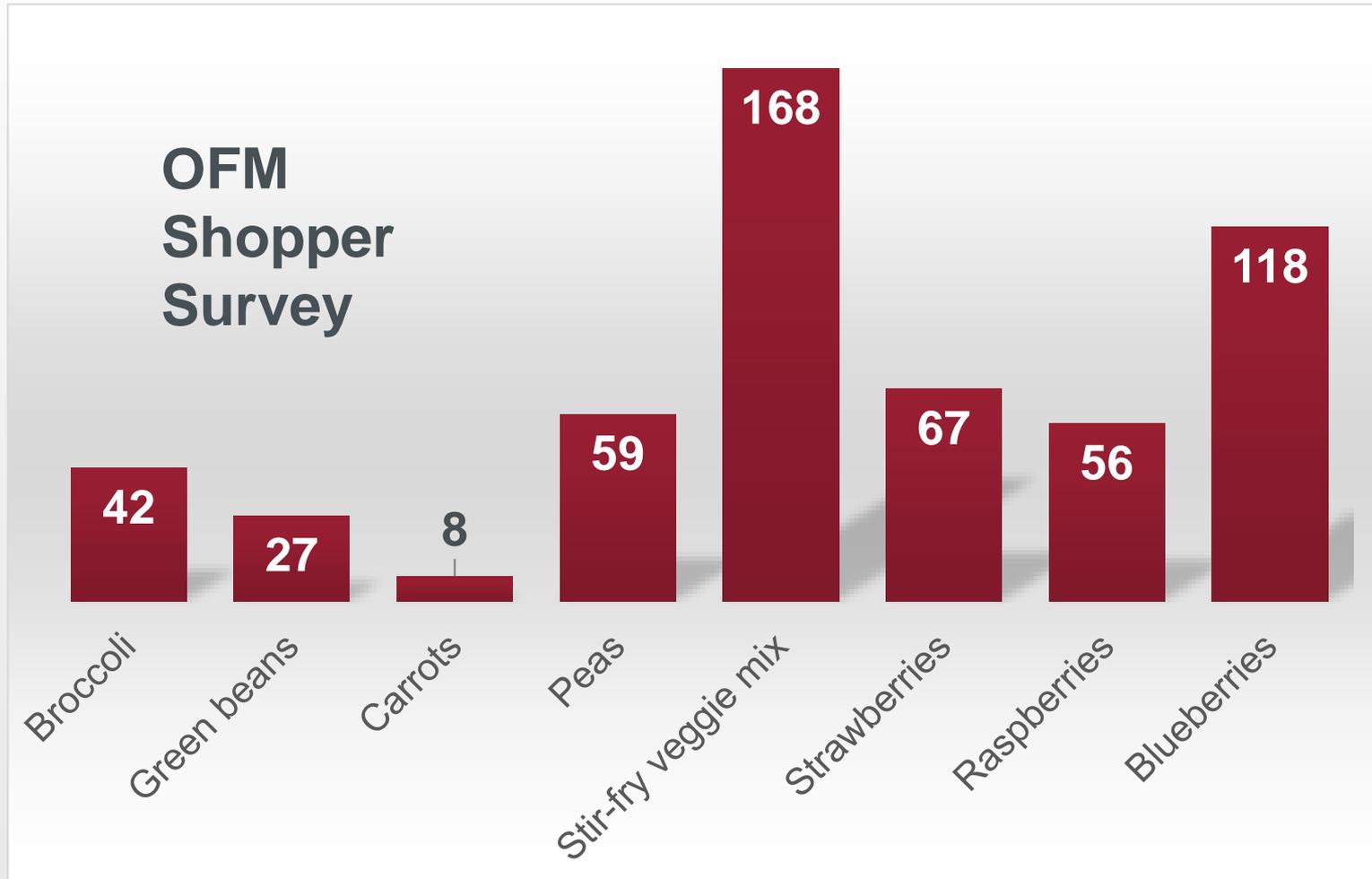


Customers placing dots

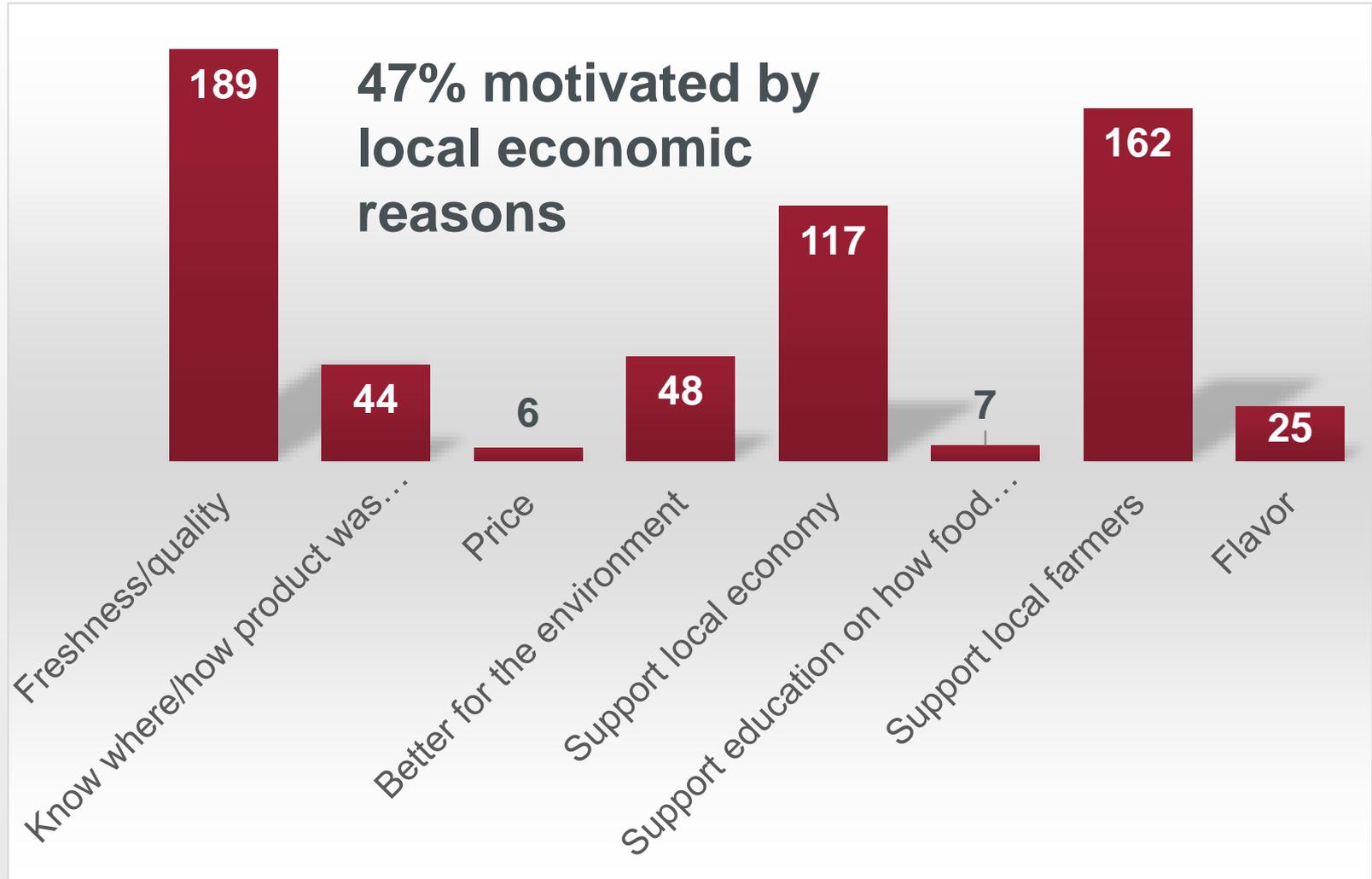


RMA at Olympia Farmers' Market

Which Product Would You Most Like to Buy?



What is Your Primary Motivation for Buying Local?



If non-local frozen stir-fry veggies cost \$3.50/lb at the local supermarket, what is the MOST you would pay for locally grown and processed frozen stir fry veggies (both organic)



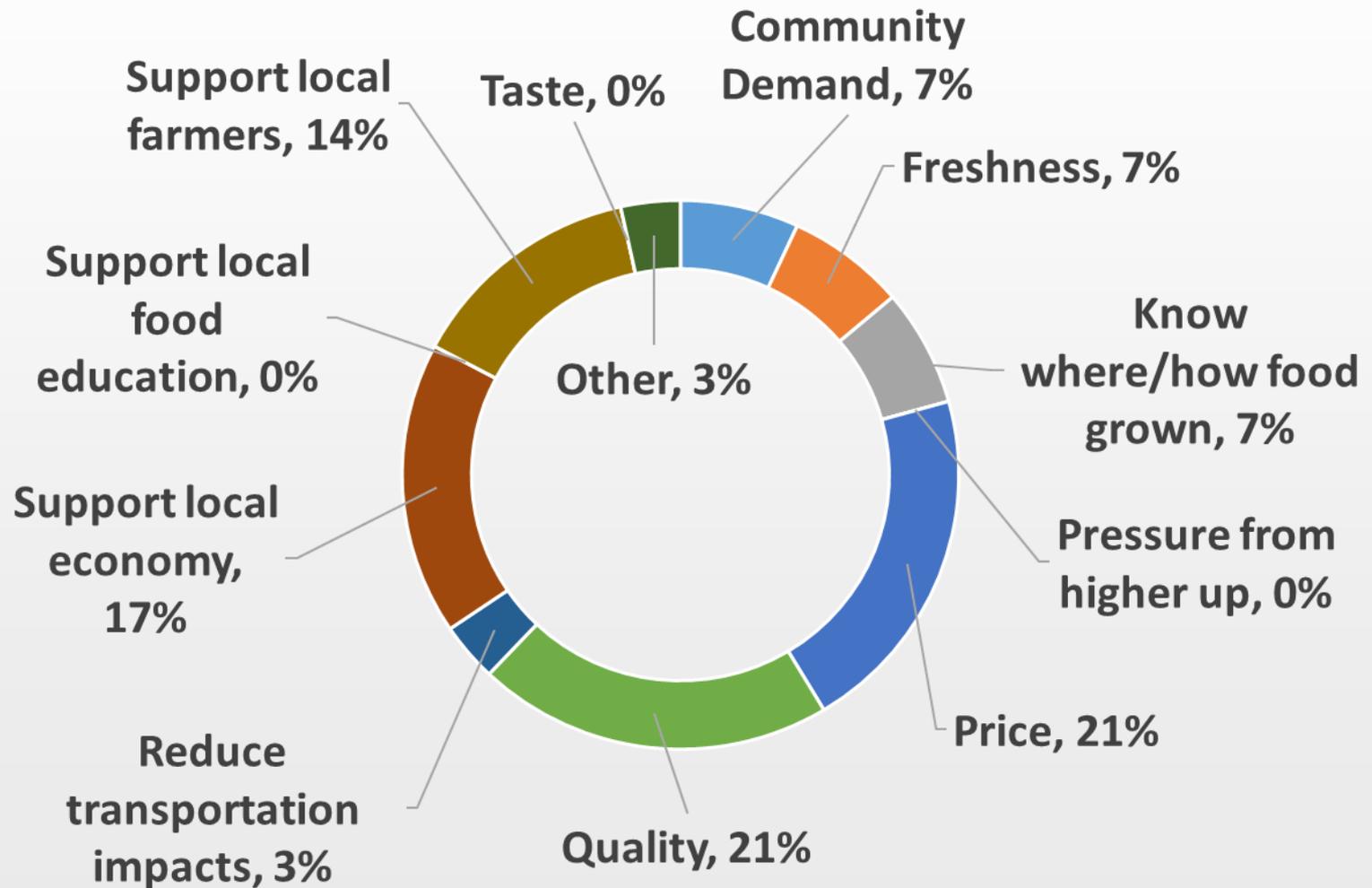
Institutional Buyer Survey

Food Services Directors:

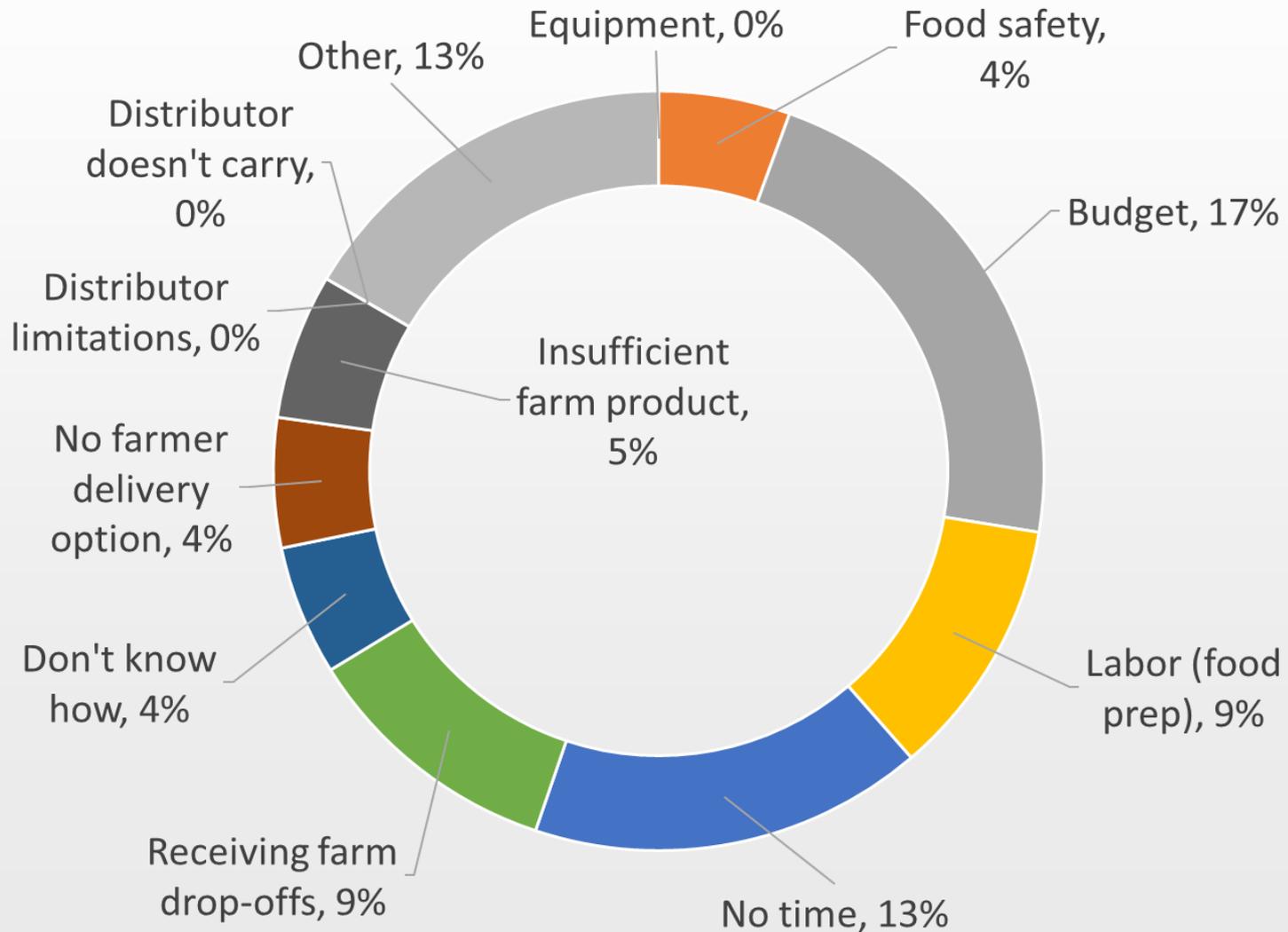
- (2) School Districts
 - (1) State cafeteria
 - (2) Correctional facilities
 - (1) Hospitals
 - (1) Senior living facilities
-
- 32 questions
-
- **Breakfasts:** 7,500
 - **Lunches:** 18,250
 - **Dinners:** 9,767



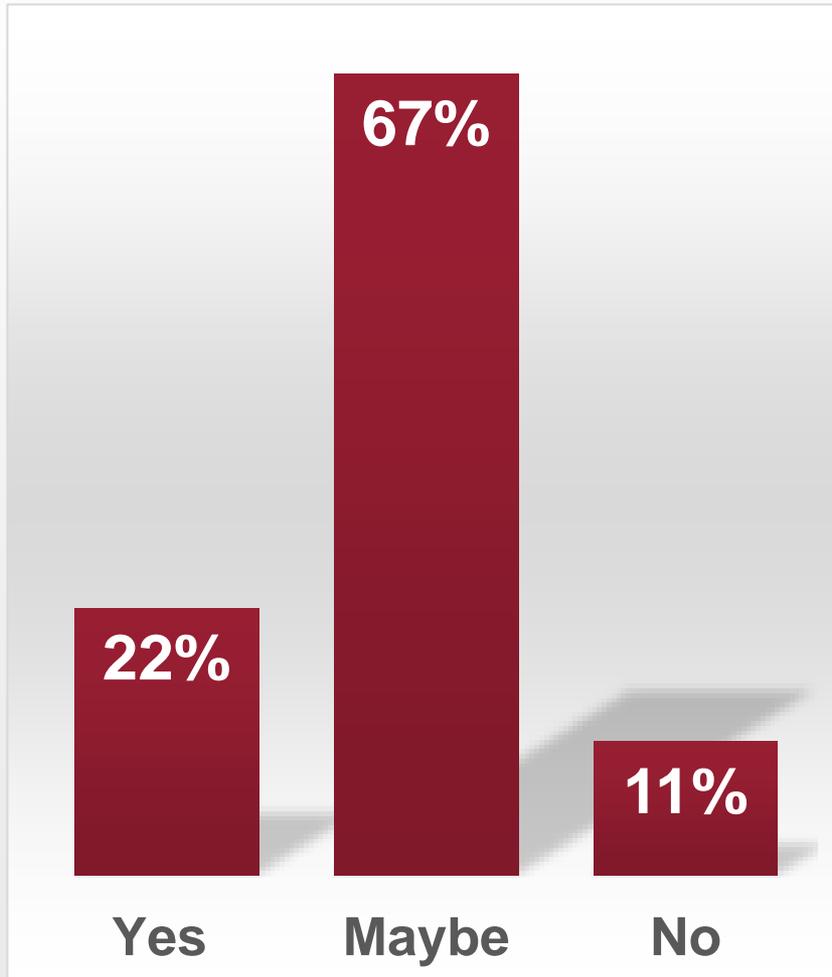
Motivation for buying local



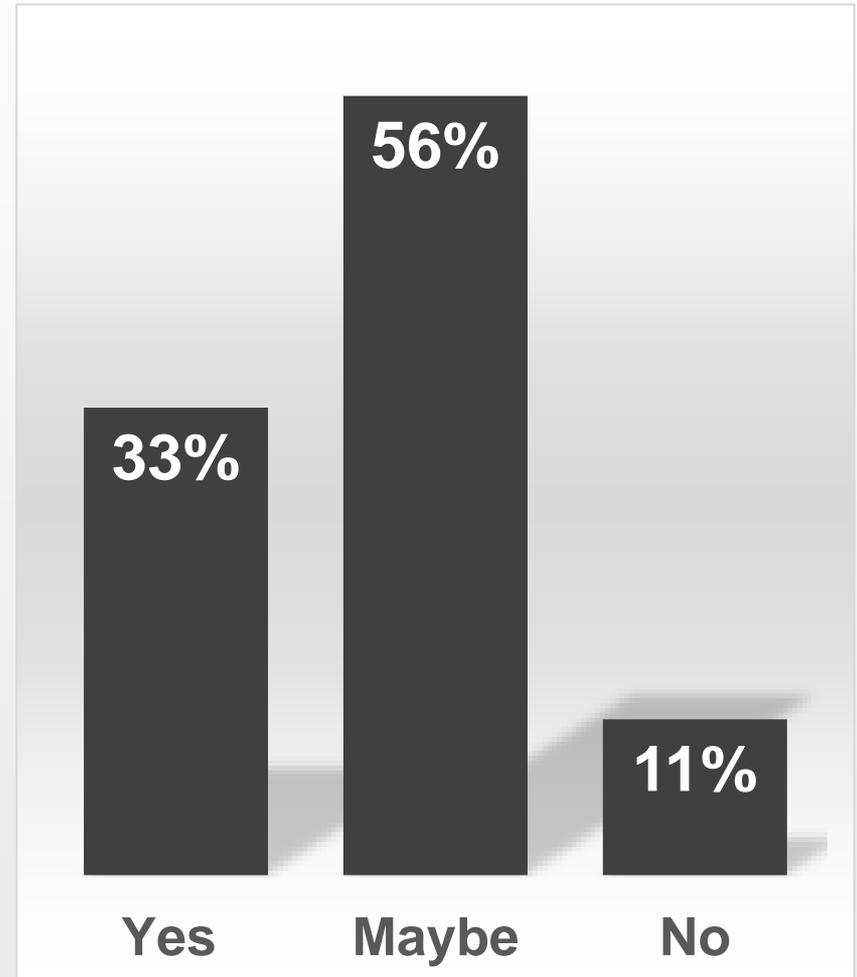
Limitations to buying local



Interest in a “commitment model”



Willingness to meet on pricing w/ farmers

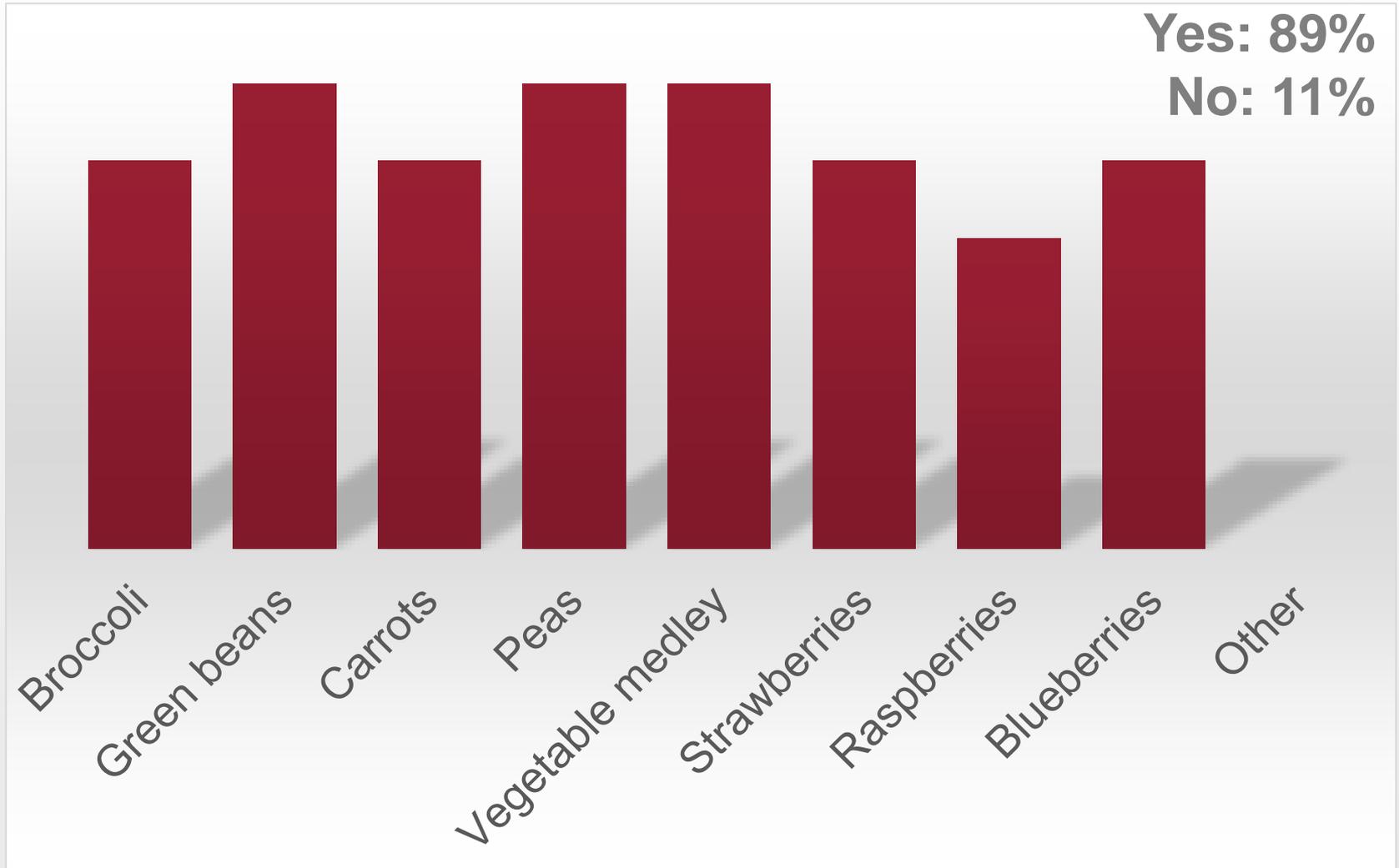


Interest in local frozen fruit, veg

Current purchase of frozen fruit, veg

Yes: 89%

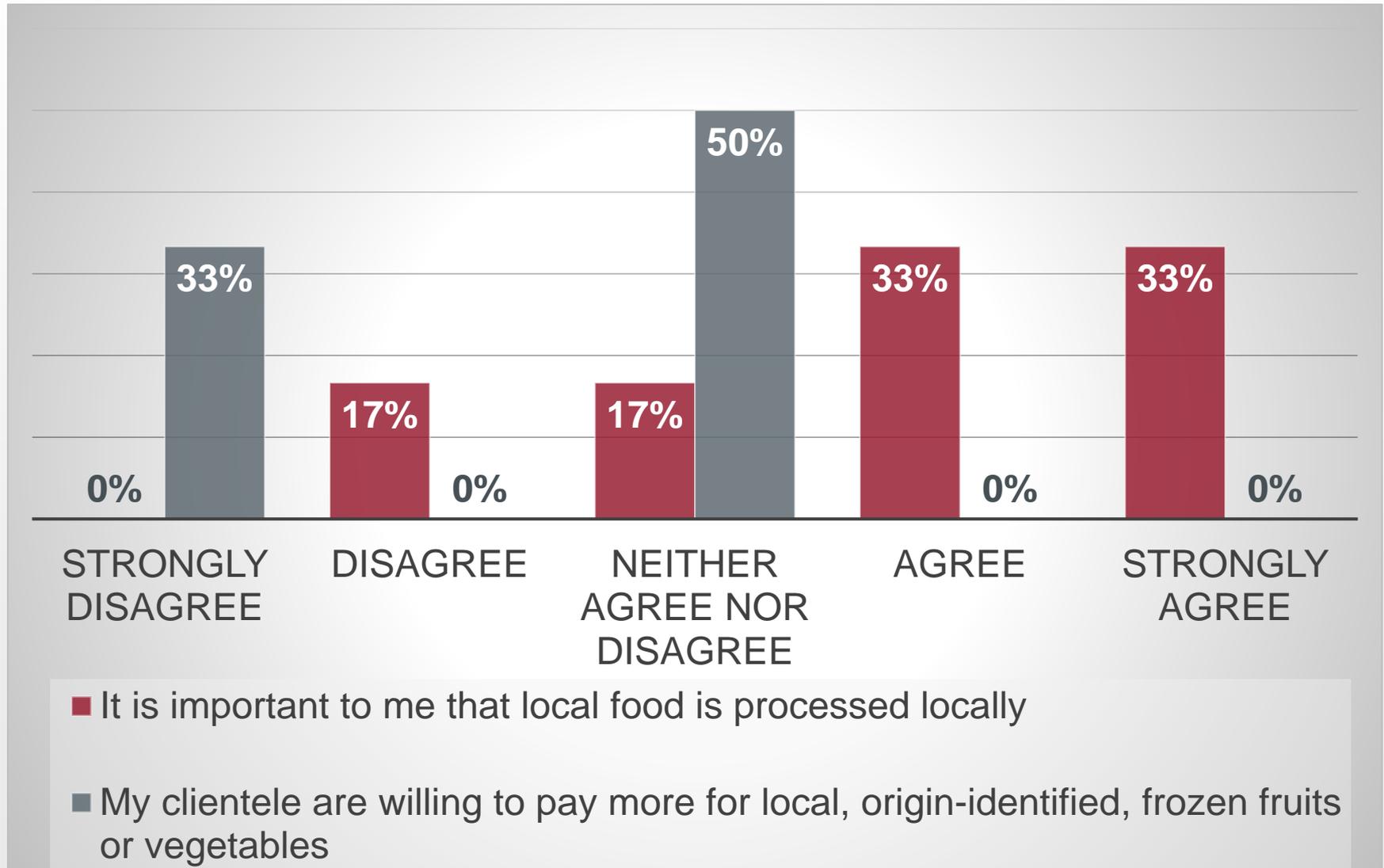
No: 11%



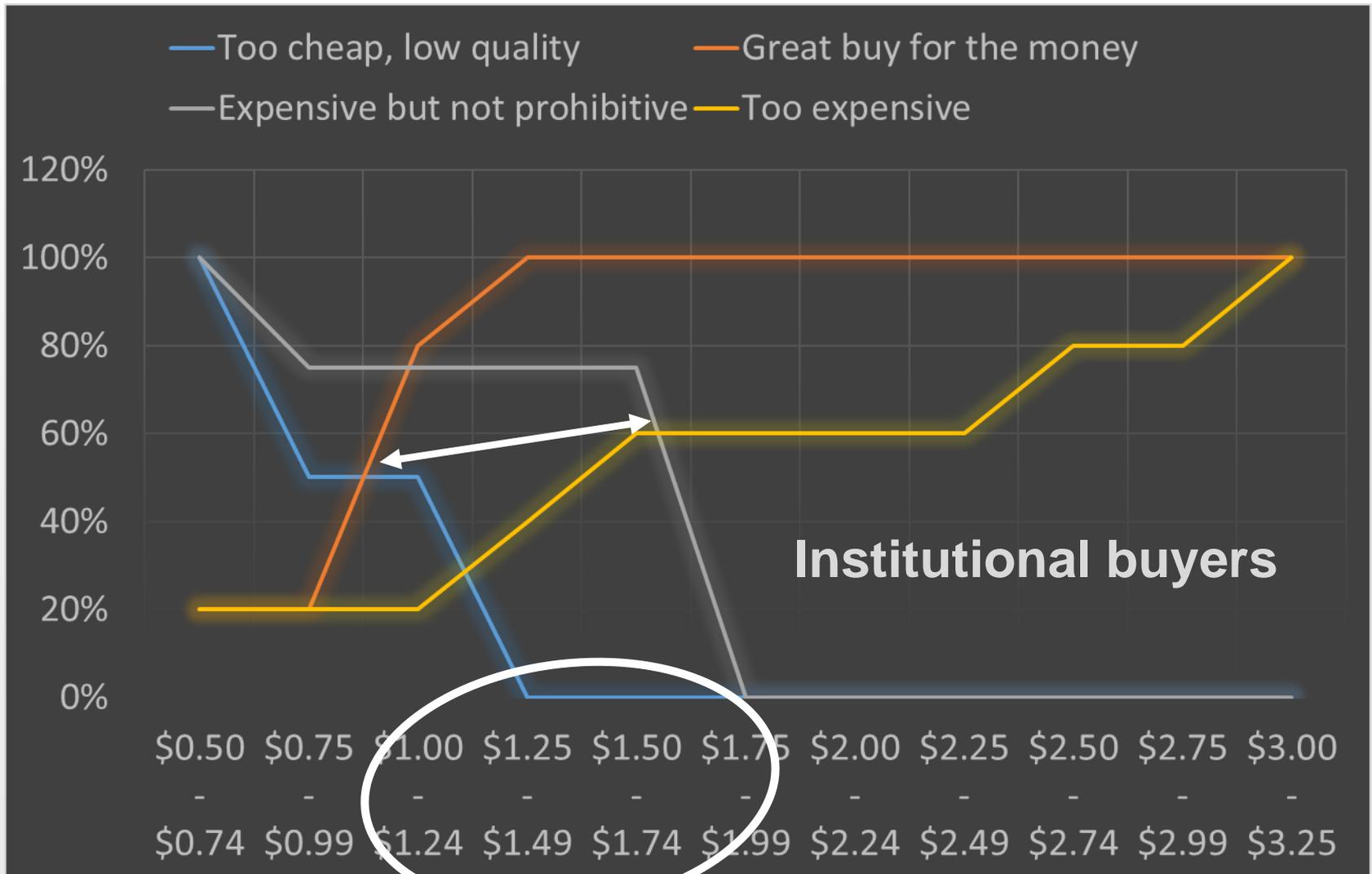
Monthly purchases, prices

| Produce | lbs | \$/lb |
|--------------|--------|--------|
| Broccoli | 11,329 | \$1.54 |
| Green beans | 11,746 | |
| Carrots | 11,529 | |
| Peas | 11,270 | \$0.89 |
| Veg medley | 6,746 | \$1.08 |
| Strawberries | 463 | \$1.78 |
| Raspberries | 446 | \$3.11 |
| Blueberries | 463 | \$2.84 |

Good Buy In, Limited Price Control



Frozen stir-fry mix pricing analysis



CSA Customer Survey

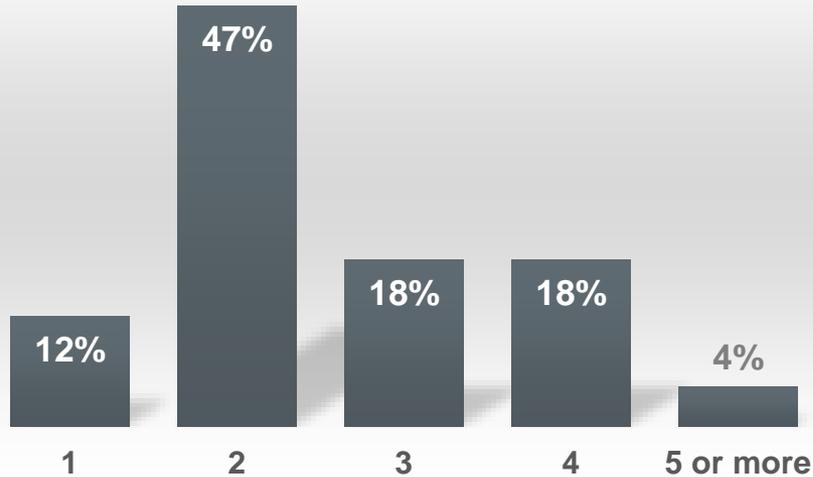
- 3 farms, email survey
- Approximately 600 subscribers/recipients
- N = 219 (36% response rate)
- 19 Questions
- Farms founded: 1992, 1994, ~2006



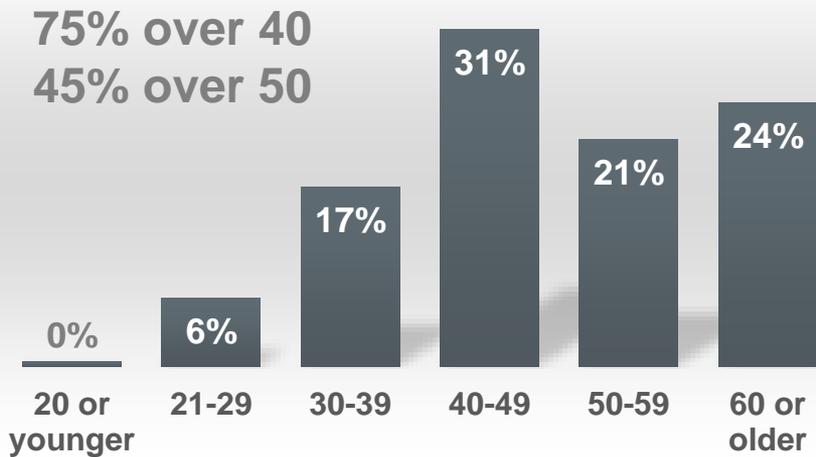
- Question: What is the market & interest for value-added, year year-round sales? Focus on frozen fruit and veg.



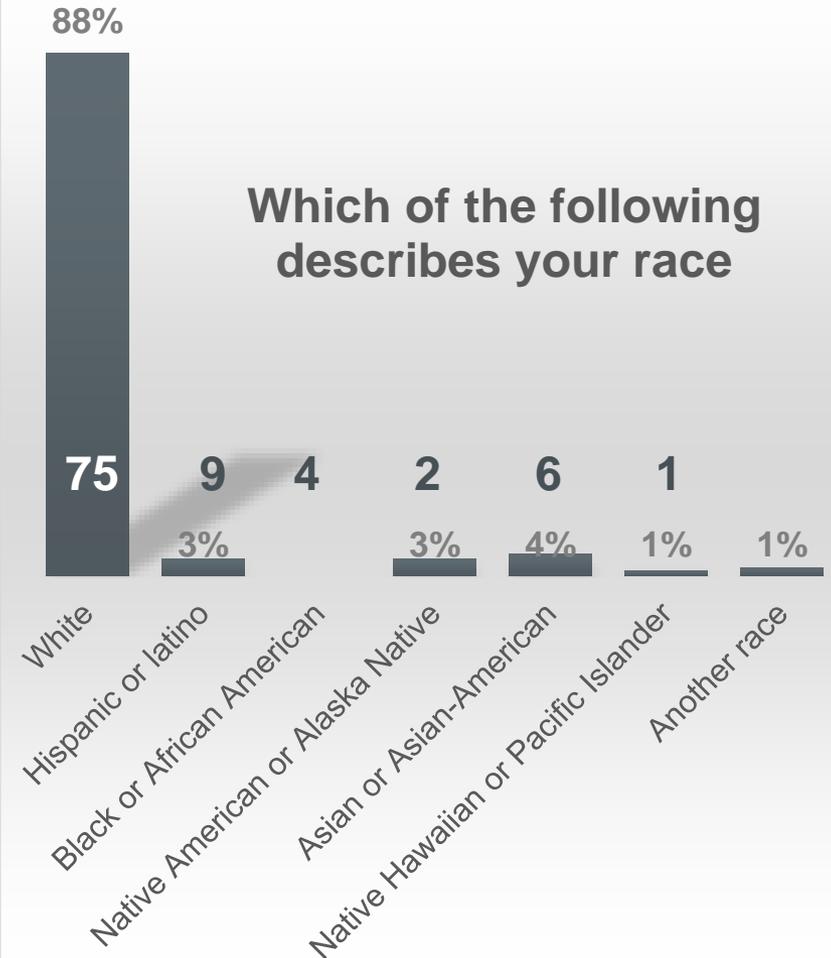
Household size



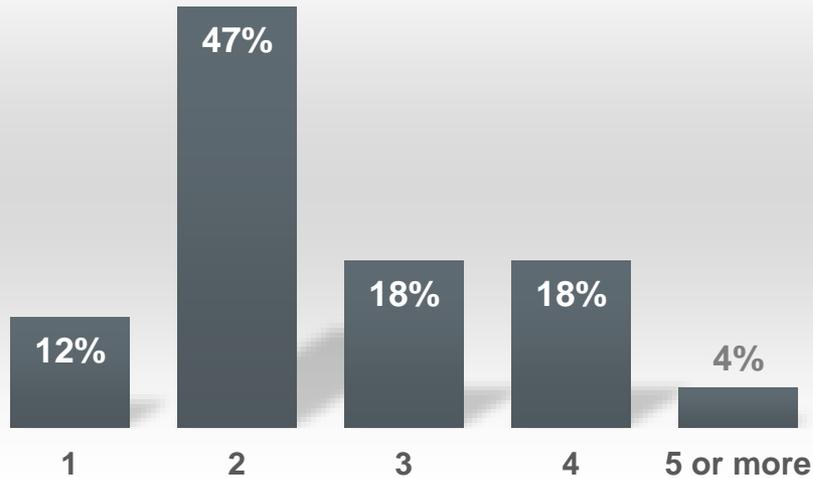
Respondent age



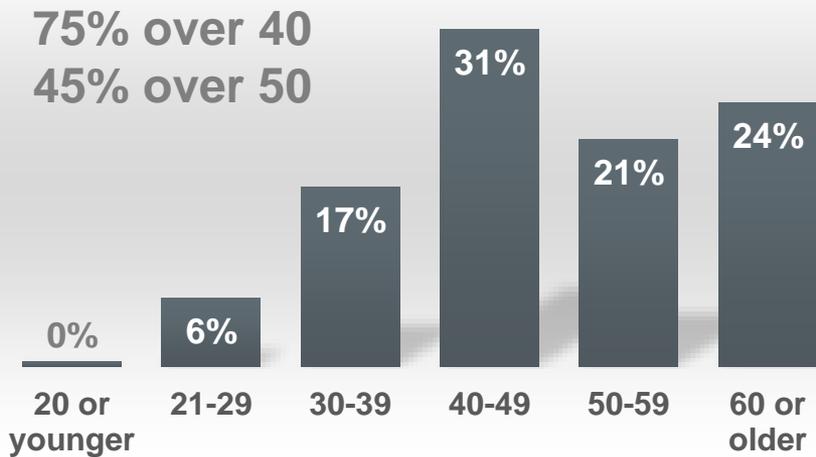
Which of the following describes your race



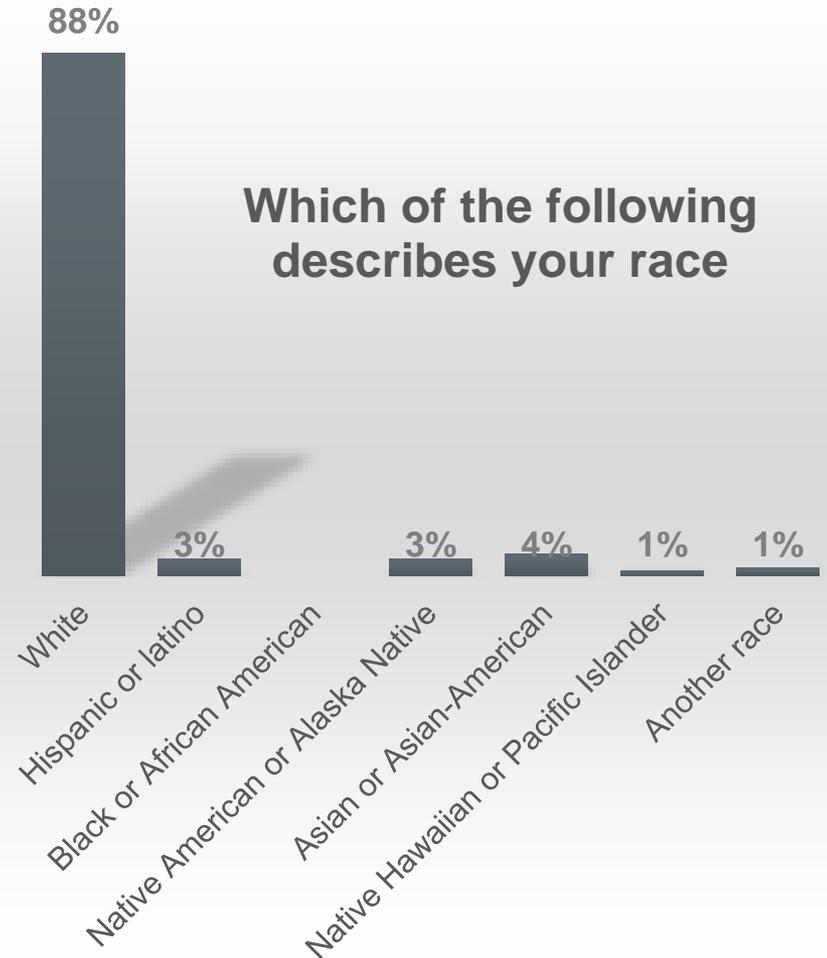
Household size



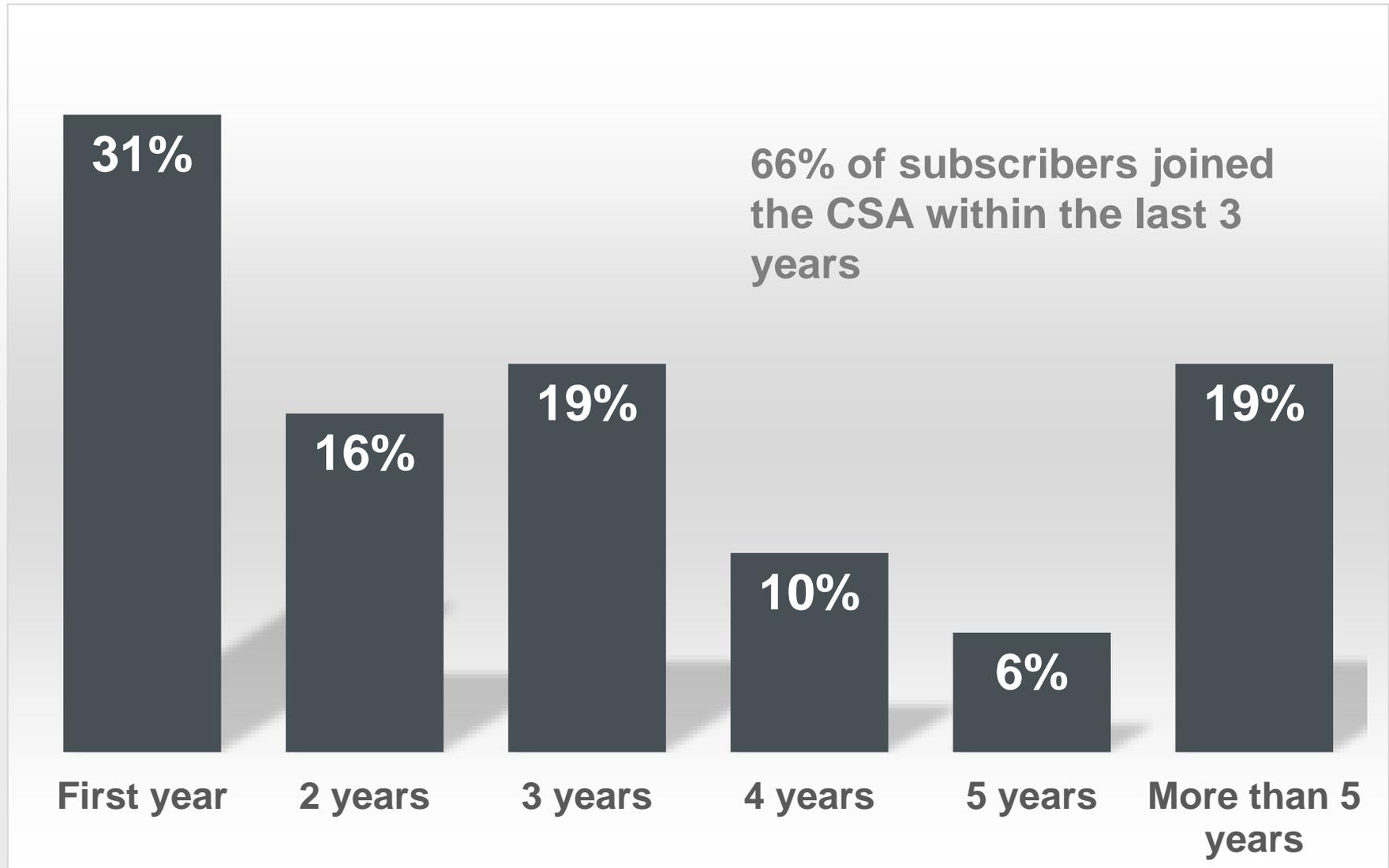
Respondent age



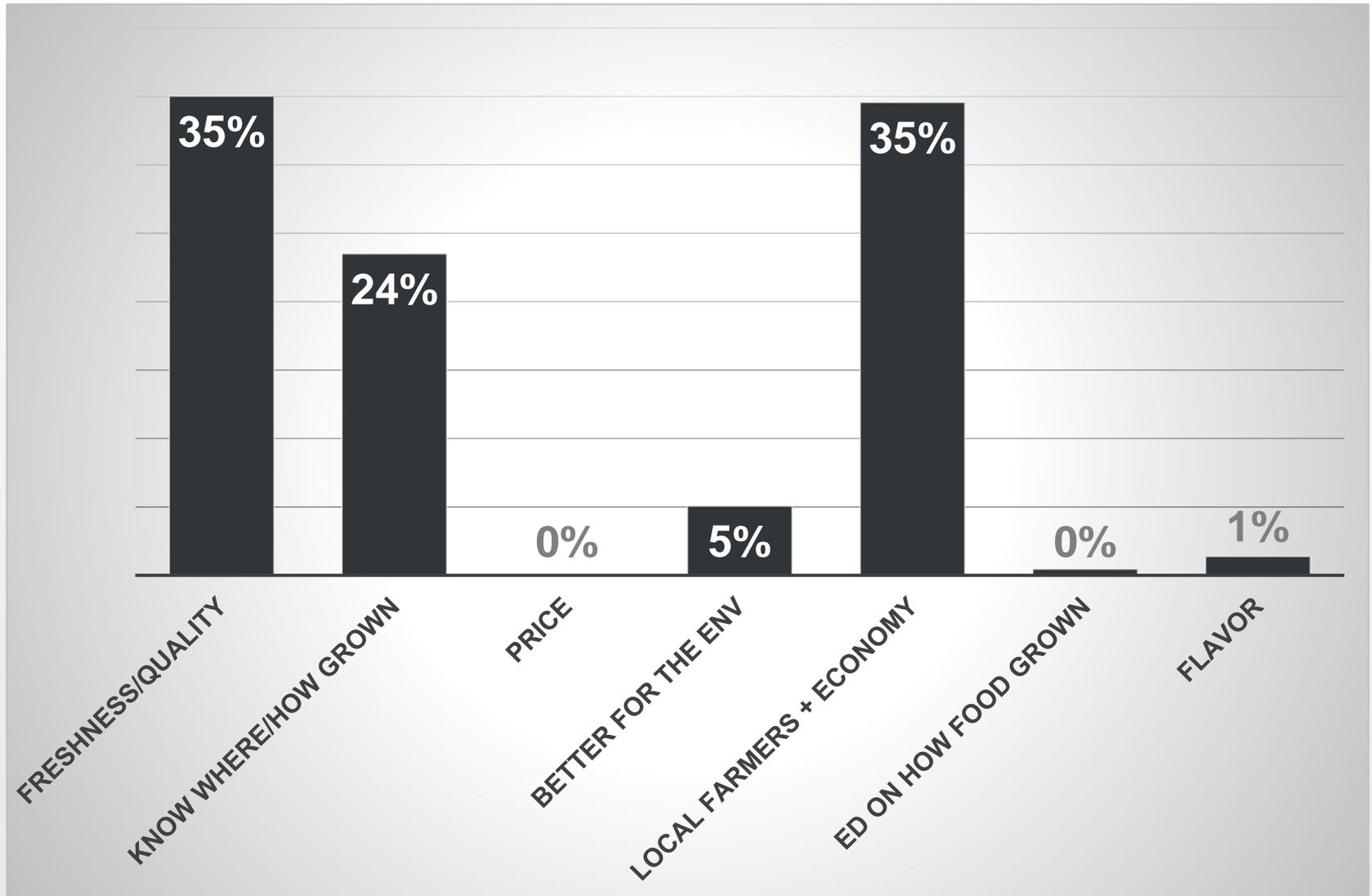
Which of the following describes your race



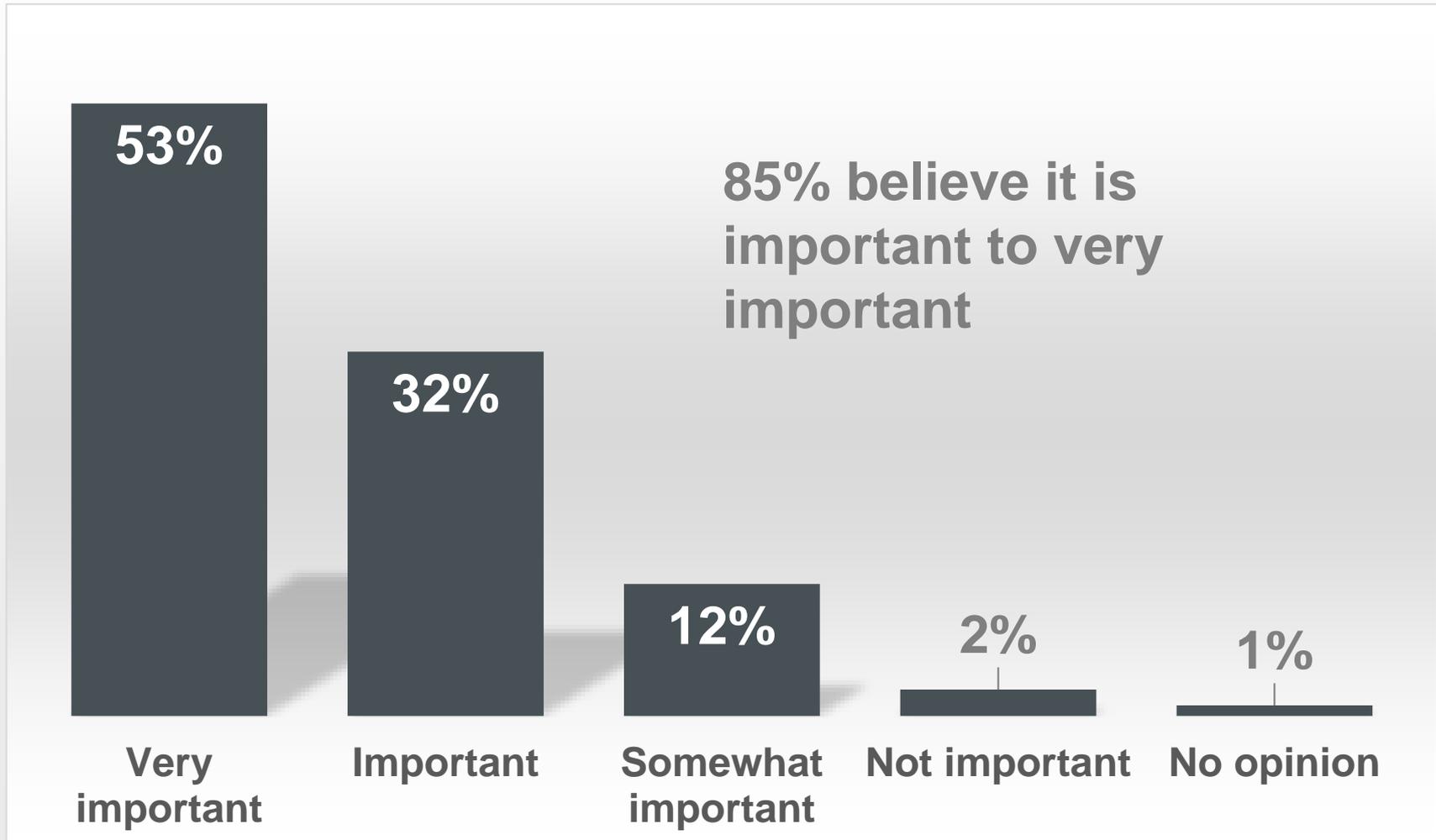
Number of years with current CSA



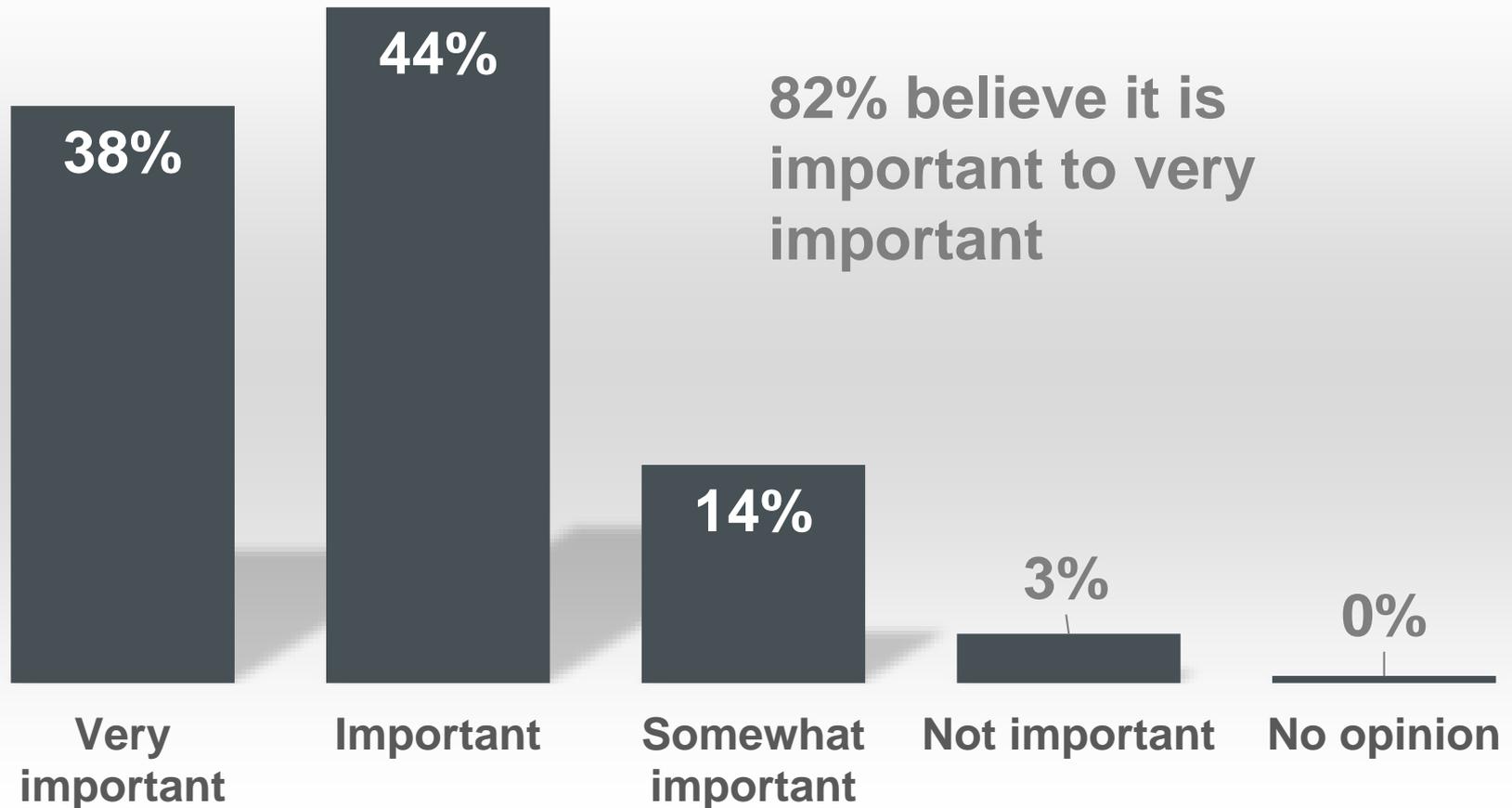
Motivation for buying local



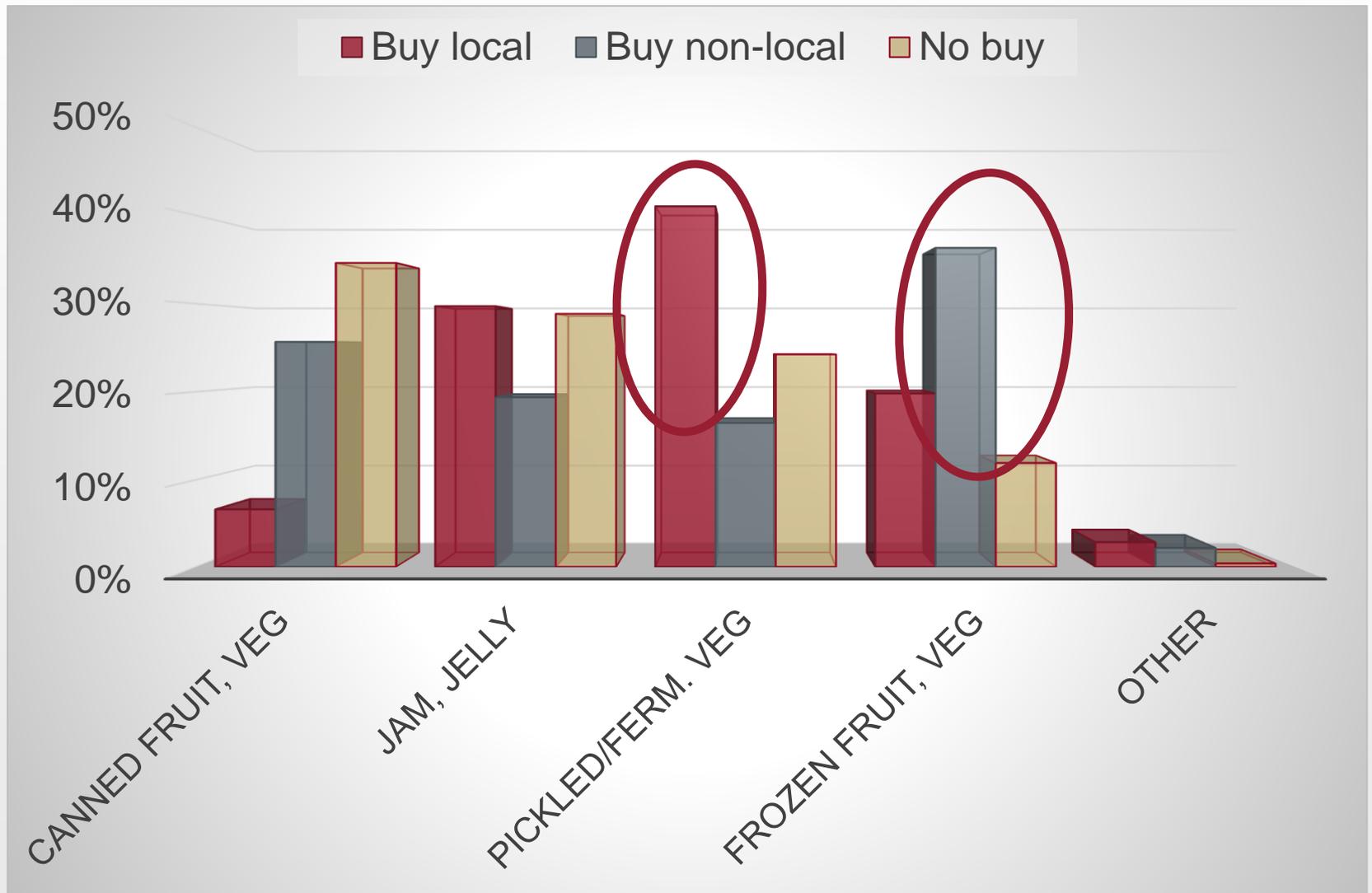
Importance of local products utilizing local ingredients



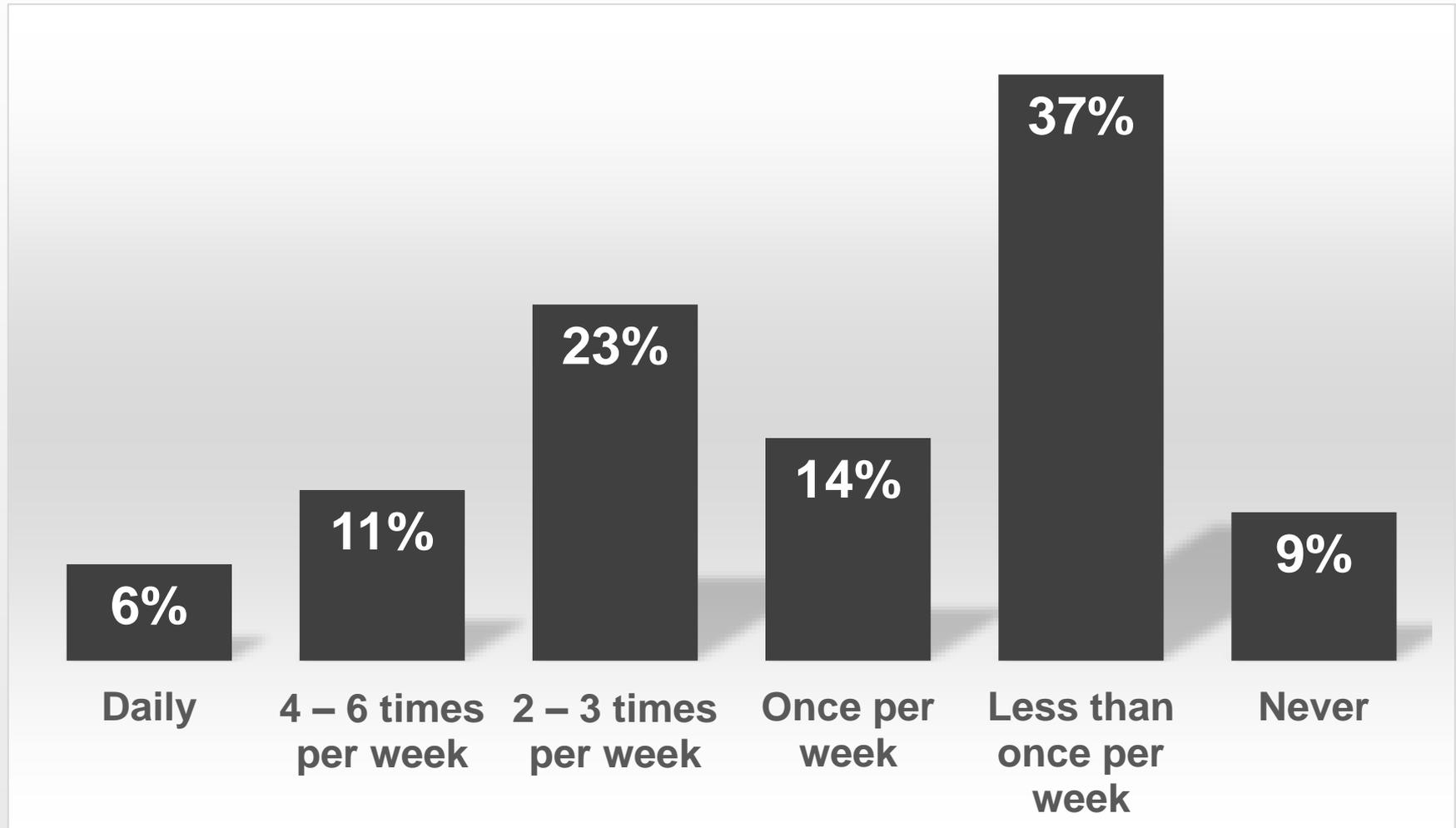
Importance of value-added product labels ID back to farmer



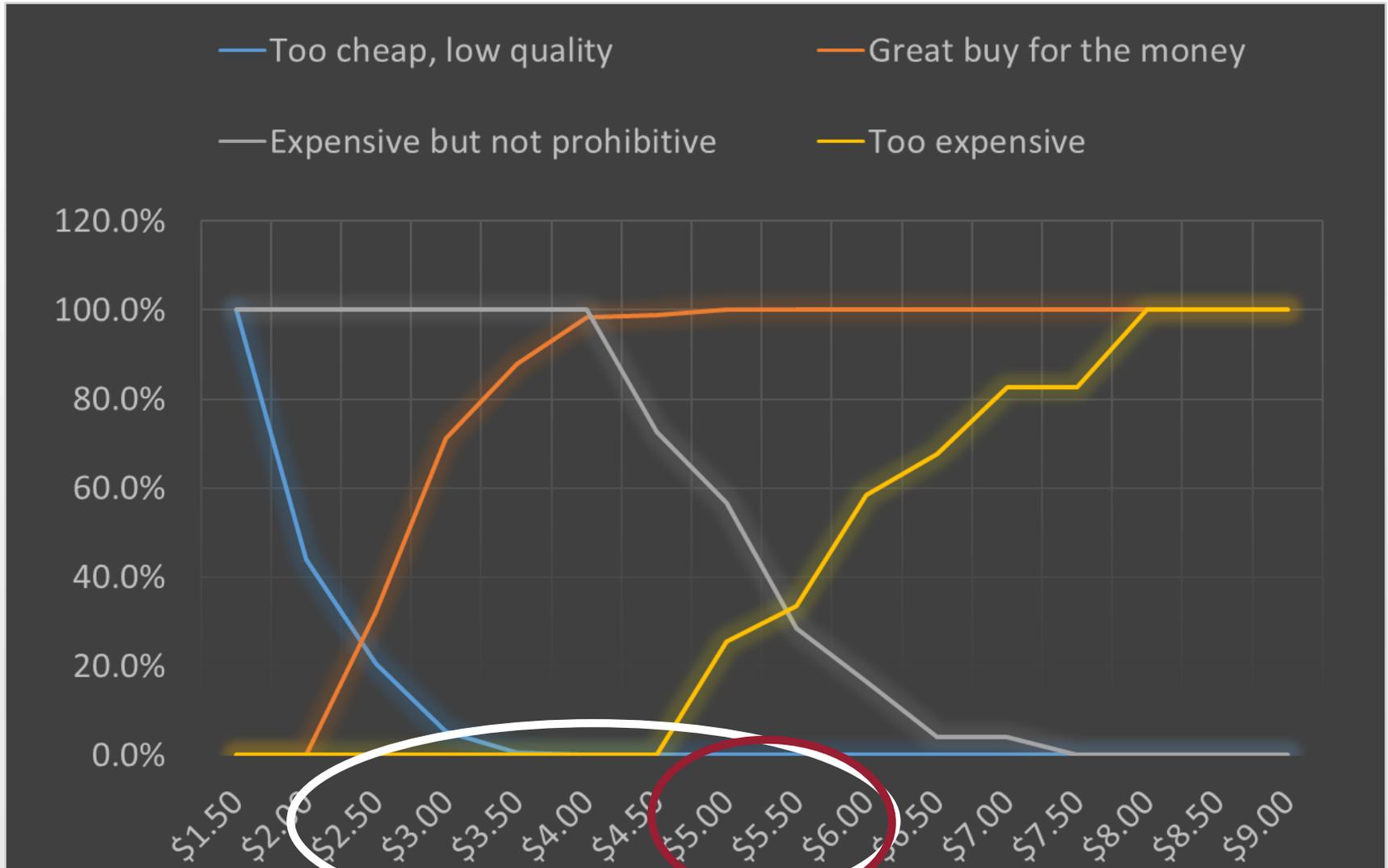
Processed products purchased



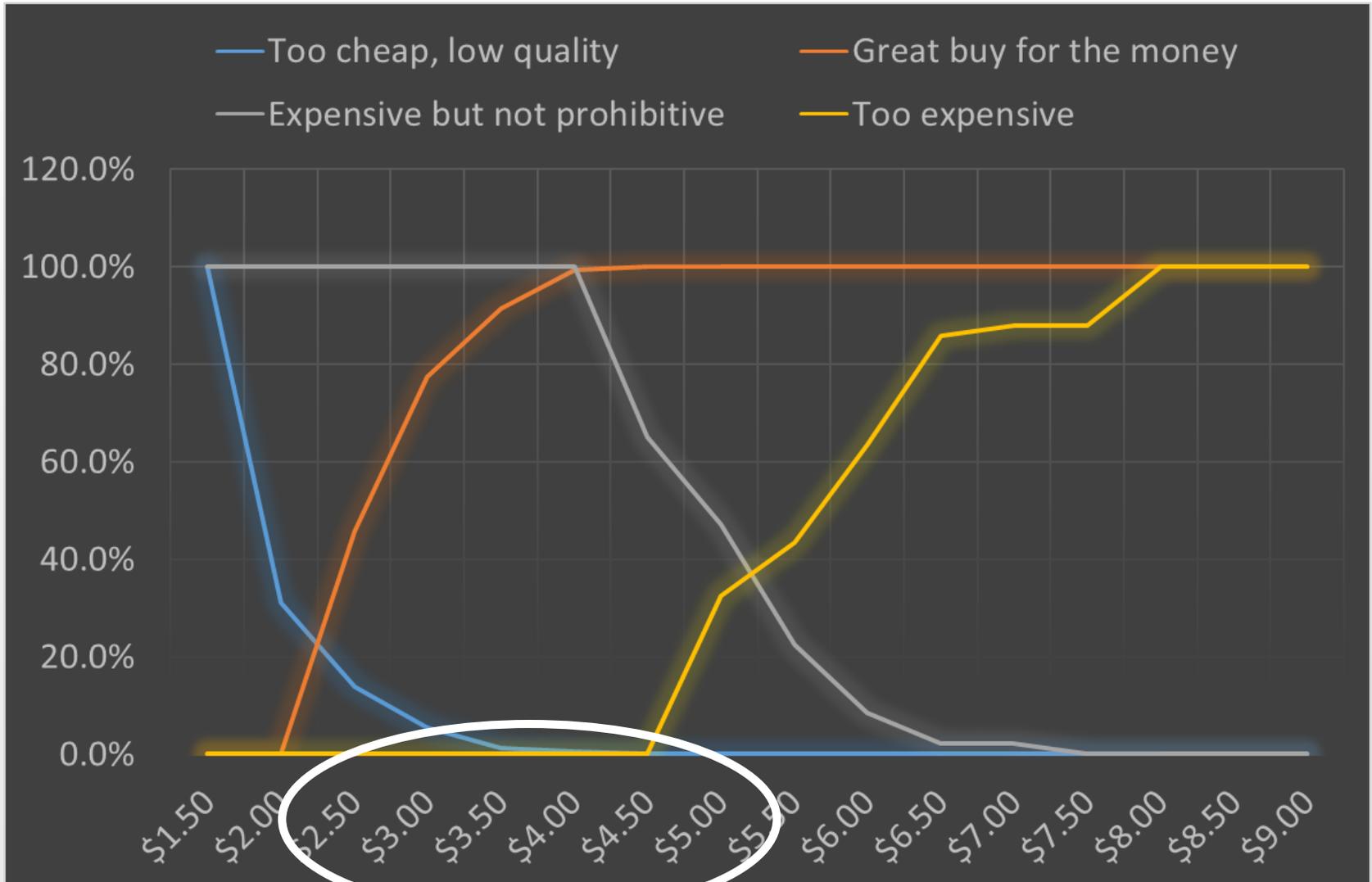
Frequency of frozen fruit or vegetable purchases



Frozen stir-fry mix pricing analysis



Frozen blueberries pricing analysis



Case Study: Franklin Co Community Development Corp

- Grant funding equipment
- Subsidizing facility
- Rental user growth
- Farmer users
- Rates and charges
- Anchor tenants
- Private for-profit businesses, and non-profit enterprise
- Storage, storage
- Staff



Some of the value-added products made at the Western Massachusetts Food Processing Center, Greenfield, MA



Broccoli floretter



Blixer



Bottle labeling machine

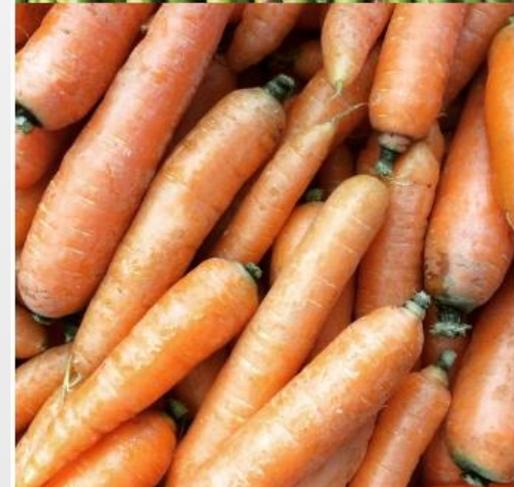
Steam jacket kettles



Dicer

Case Study: Linc Foods

- **Value of a committed partner/account**
- Pricing: farmers, and **brokering**
- **Commitment model**
- Operating margin, set
- Product line & customers – value of aggregation
- Top three markets
- Stability, reliability



Case Study: Skagit County



***Puget Sound Food Hub
Distribution Center, Mt Vernon***



***From the Farm Food Processing
Kitchen, Port of Skagit***

- **Public investment**
 - Identity - Skagit
- **Coordinated infrastructure development**
- **Regional distribution**
 - **More spokes, same wheel**
- **Crop supply & market demand**

Conclusions & Recommendations

| | |
|--|-----------|
| Are other facilities successfully doing local food processing? | Yes & yes |
| Is there local market interest? | Yes |
| Would local markets pay more? | Yes, but |
| Are local production and demand balanced? | No |
| Would market segmentation be necessary | Yes |

- Seek local funding for agriculture economic development
- Economic data needed to support business planning for any facility
- Try to integrate into existing distribution/processing networks
- Processing crop production budgets (if \$\$\$ looks good) can help new and existing farmers build these options into prod/bus plans

Questions?



Farm couple processing specialty dried Basque pepper powder at Cloud Mountain Farm Processing Kitchen