Lakes Region
Agricultural Collaborative

Assessment of Potential to Develop Institutional and Commercial Markets for Belknap County Farmers

November 2, 2016

Prepared by

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Produced with funding from Meredith Village Savings Bank and the Thomas W. Haas Fund of the NH Charitable Foundation

INTRODUCTION

About Lakes Region Agricultural Collaborative (LRAC)

In 2015 Winnipesaukee Woods Farm began working to get local producers in the region to collaborate more closely with one another. Since doing so, LRAC has increased the diversity of products offered, and grown the regional customer base of consumers and wholesale accounts buying local. In 2015 LRAC initiated a pilot project with Got Lunch! Laconia to provide fresh local vegetables to the program. The farmers provided over $4000 of fresh, healthy foods for families in need in the Laconia area. By working cooperatively in the region, LRAC is helping strengthen the local food system, economy, and the overall sustainability for both the producers and consumers of the Lakes Region.

About the Assessment

The LRAC Assessment of Potential to Develop Institutional and Commercial Markets for Belknap County Farmers identifies opportunities for growth in the local foods market, to facilitate the increase of local food consumption and the continued growth of local food-based businesses. The goal is to identify areas for growth in the local food marketplace, and to provide a list of specific opportunities that individual producers and buyers can follow up on that could result in immediate new or expanded sales and sourcing arrangements. The opportunities presented are garnered from survey results. As such the information is only as accurate as what was provided; however, at a minimum these efforts provide a list of pre-qualified leads for producers and buyers for follow up.

About the Consultant

Rosalie J. Wilson specializes in business planning and market development within the farm and food sector. Since 2004 Rose has consulted on more than two hundred projects helping evaluate, test, and implement successful business and marketing strategies. Rose has authored numerous studies on the regional agricultural economy and hosted marketing, financial, and business planning workshops across Vermont and New Hampshire.

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EXECUTIVE SUMMARY

Objective

The LRAC Assessment of Potential to Develop Institutional and Commercial Markets for Belknap County Farmers was undertaken to assess demand for local food in the greater Belknap County region of NH, explore issues of capacity in meeting this need, explore the potential for aggregation as a means of increasing efficiency of the local food supply chain and provide recommendations on steps that can be taken to expand the purchase and sourcing of local food.

The region's agricultural population is made up of a limited number of farms, many of which are small scale. With a growing number of wholesale and retail buyers interested in local food, are there steps LRAC can take to increase farmers' interest in growing for wholesale markets, and/or facilitate a coordinated ordering and distribution system that would work well for both producers and buyers?

Questions to be answered

What is the wholesale/retail demand for local products in the region?
What is the capacity and interest in servicing this demand in the region?
What tools could help support farmers service this demand?
Would a coordinated aggregation and distribution system facilitate the process?
Are more farms needed? Are more buyers needed?
What specific steps can be taken to further support the wholesale/retail purchase and sourcing of local food in the Lakes region?

Conclusions

The challenges facing Lakes Region farmers are the same challenges facing small farmers across the country. Increasingly, small farmers are coming together to seek mutually beneficial responses to these challenges, in recognition that they are all more likely to succeed by collaborating with one another. While the information in this report is somewhat limited by the size of the respondent groups, it provides direction for further discussion by the participating LRAC farmers and may be helpful in engaging other farmers in the process. The recommendations section provides an initial discussion of solutions to be considered, with additional ideas emerging through a collaborative group effort.

Question specific conclusions

What is the wholesale/retail demand for local products in the region?

The majority of institutional and commercial buyer respondents are sourcing local to some extent, spending at the higher end of the purchasing range, and desiring more local product. This is great news. It supports the assumption that the pre-selected buyers chosen for the study are buying local as hoped, and indicates a number of the region's buyers are a pre-qualified audience for buying local with an existing awareness of, interest in, and receptivity for buying local.

What is the capacity and interest in servicing this demand in the region?

Fifty percent of the farms responding have excess product on hand and another fifty percent also wish to grow, indicating there is some capacity to meet this growing demand. However, many farms prefer to focus on direct retail. Two thirds of farms anticipate their growth will support existing customers and sales channels, the majority of which are direct retail. Still, almost half indicate interest in seeking new restaurant and retail accounts.

Would a coordinated aggregation and distribution system facilitate the process?

A key issue for both wholesale buyers and farmers is the high cost, both monetarily and timewise, associated with ordering, delivering and receiving local food. Less than 5% of local farms use a distributor. With the small size and scale of farms in the region and the dispersed nature of buyer and farmer locations, an effort to create an organized and aggregated local food ordering and delivery system may help connect interested parties, increasing the volume of local food being grown and sourced in the region. Both buyers and farmers express interest in solutions to simplify aggregation, ordering and delivery of local food.

What tools could help support farmers service this demand?

Farmers state they would appreciate assistance with marketing. Networking to access the local supply chain and implementing a regional campaign to promote local foods would both be of interest.

Helping farms explore the implications of servicing the wholesale market, along with providing one on one technical assistance for business planning, enterprise analysis and commercial production techniques for wholesale markets would be beneficial.

Are more farms needed? Are more buyers needed?

Once farmers have had a chance to more thoroughly explore and respond to the opportunities and feasibility of servicing the wholesale market, LRAC will have a better understanding of the number of farms and the production capacity in the region available to service the wholesale market. This should result in a more accurate assessment of the capacity to service the demand.

Recommendations

What specific steps can be taken to further support the wholesale/retail purchase and sourcing of local food in the Lakes region?

1. Technical Assistance
   Farms in the Belknap County region should be offered the opportunity to learn more about growing for wholesale, what it requires logistically and how it can be incorporated successfully into their sales and production mix.

   One on one technical assistance related to business planning, enterprise analysis, and production techniques for growing for wholesale would help farms better assess the feasibility of growing for market with respect to their unique operation.

2. Buyer-Farmer Networking
   LRAC is well positioned to facilitate networking and relationship building between the local farms and the interested buyers. A starting point could be to utilize data from this assessment to help connect buyers and growers with each other based on product interest. Matchmaking events are one strategy that could be considered for network development.

3. Local Online Ordering and Delivery Platform
   Conducting an enterprise analysis on the feasibility of launching an online ordering and delivery platform for local food should be undertaken. The capital expense required to develop the system, the logistics and operating expense of maintaining the system, the sources of income to support the system, coordination and management of the effort, and the likely use of the system by farmers and buyers- both wholesale and households should be evaluated. If the idea appears desirable and feasible, LRAC could make a plan for implementation.

4. Regional marketing campaign to communicate the benefits of buying local and the online order and delivery mechanism.
   A regional marketing campaign undertaken by LRAC to create awareness of the region's farms, the benefits of buying local, and the launch of an online ordering and delivery platform would address farmers' concerns for regional marketing support and drive demand for the new order and delivery system spurring sales and consumption of locally grown food.

DETAILED FINDINGS

RESPONSE RATE

Survey questionnaires were created for both buyer and farmer audiences. The surveys were hosted on Survey Monkey. Farmers and buyers participating in the Lakes Region Agricultural Collaborative were contacted via e-mail and invited to participate. Twenty one farmers and thirty five buyers completed surveys.

FARMER CHARACTERISTICS

Types of farms

The farms are a mix of established farms and new growers, split evenly between the two. Three quarters of the farms are commercial vegetable growers; half market value added products, eggs, and berries; one third to one quarter produce maple syrup, bedding plants, tree fruits, honey, dairy products, and protein (poultry, beef, lamb or pork); and about one fifth also grow grains. The top five commercial crops are vegetables, value added products, berries and eggs (tied), and maple syrup and bedding plants/veggie starts (tied).

Most of the value added products are jams, jellies, savory sauces and spreads. Approximately half the value added producers also sell baked goods; a third sell cut and packaged meat; one quarter sell frozen vegetables and dehydrated goods; fifteen percent offer lightly processed vegetables (sliced, diced, washed, bagged), and cider and/or juices; and less than ten percent produce fermented and lacto fermented products.

Land Tenure

All farms have fairly good land security, with 100% reporting farming on farmer-owned land. One quarter also lease land. Only one farm indicated a somewhat unstable lease arrangement, having been in existence for more than ten years.

Production Scale

One quarter farm on less than five acres, while fourteen percent farm on more than 75 acres. The majority farm on between five and seventy five acres. Forty three percent are operating with a single full time employee, ten percent have 10+ full time employees and one quarter have up to five full time employees.

Sales

Combined gross sales for all farms responding approximates $1.5 million per year. Twenty two percent gross less than $5,000 per year from farm sales, seventeen percent gross between $5-$10,000, seventeen percent gross between $10-20,000, twenty two percent gross between $20-40,000, six percent gross up to $100,000 per year and seventeen percent gross over $250,000 per year. One farm indicated sales of over $500,000 per year. More than 75% of the region's farms report gross earnings of less than $100,000 per year.

Sales Channels

Fifty percent of farms are doing some wholesale, though for the majority (70%) it constitutes less than 25% of their gross income. Two fifths of farms indicated the bulk of their income (75%+) comes from retail sales in the form of farmstand sales, farmers markets, and selling direct to restaurants, retailers and institutions. Only one farm is selling through a distributor.

Capacity & Growth

Half of the farms had unsold product in 2015. One quarter had unsold product exceeding $1,000 in value. Approximately half would like to increase production in the next three years. One third would like to grow by 50%, one fifth by 25% and one third by 10%. The remainder are unsure of the scale to which they wanted to grow.

New markets

Two fifths are interested in expanding their restaurant and retail customer base. Half are interested in more direct sales (farmers market , CSA, farmstand), and two thirds would like to increase volume of sales to existing customers. Only one farm indicated interest in growing by expanding institutional customers.

For those not seeking to grow, fifty percent are content with their current scale, twenty percent are concerned prices are too low to increase production, thirty percent are limited by access to land, forty percent are limited by access to labor, and thirty percent are limited by access to capital. Ten percent feel there is not enough demand to justify expansion.

Value Added Facilities

One hundred percent of producers making value added products are doing so on the farm. Eighty six percent intend to continue producing value added products. Forty six percent anticipate their current production arrangements will continue to meet their needs, thirty one percent do not, and twenty three percent are unsure. Reasons cited for upgrades needed include a lack of necessary equipment, a facility that is too small, and a facility that does not meet food safety standards or have food safety certifications required by customers. One farm feels their location was inconvenient. Key decision making factors farmers consider when deciding whether to pursue or increase value added production are: customer demand, synergy with the farm's business model; and whether the farm has access to a kitchen facility that meets its needs. Key decision making factors farmers consider when deciding whether to use a shared-use/processing facility are: cost to access the site (fee), location, and equipment available. Even if the answers to these three questions were favorable, only twenty one percent indicate that they would be likely to pursue using a shared use facility.

Services

Farmers state that they are most in need of marketing assistance (53%), followed by labor (37%), distribution/delivery services (31%), and bookkeeping/accounting training (26%). One fifth are also interested in business planning and one sixth are interested in farm transfer/succession planning, access to financing, production skills development, and/or food safety/quality control training. Two farms are interested in land access services.

Within marketing, farmers would most like assistance in networking to access the local supply chain (58%), followed by a regional campaign to promote local foods (53%), group marketing to advertise local farms (47%) and a locally grown certification (47%).

Fifty eight percent of farms feel that a multi-farm coordinated customer ordering/transportation/delivery system would be of value to them. Forty one percent also indicated a multi-farm coordinated approach to working with institutional accounts would be of value, and one third feel a group CSA or third party aggregator would be of value in helping them achieve their goals.

BUYER CHARACTERISTICS

Types of buyers

Approximately half the buyers were restaurants, one quarter were institutions (educational/healthcare/prison), and a combination of stores, caterers and a pop-up restaurant made up the remainder.

Local Sourcing Habits

The majority of buyers (80%) are sourcing local product.

The top five local products sourced weekly are vegetables, eggs, dairy products, berries, and fruit. Local protein is sourced by up to one quarter of buyers, and local mushrooms are sourced by up to two fifths of local buyers weekly. Maple syrup is sourced by over fifty percent of buyers but with less frequency (monthly to several times per year). Honey and local flowers are sourced by one fifth to one quarter of buyers but frequency is limited to several times per year.

The top five local value added products sourced weekly are beer, wine and spirits, cheese, cider, juice and other beverages, minimally processed fresh fruit and vegetables, and yogurt and/or sour cream. Approximately one fifth of buyers source frozen fruits and vegetables, and sweet and/or savory spreads and sauces monthly. One third of buyers source local cider, juice and other beverages several times a year, and one fifth source local ice cream several times per year. Local canned goods, baked goods, lacto fermented and fermented goods, and dehydrated products are sourced by less than one quarter of buyers and the majority of these purchases were monthly or less than monthly in frequency.

The majority of buyers are sourcing local product directly from individual farmers. Half of the buyers are also sourcing local product from a distributor. Ultimately buyers indicated they would prefer to order and receive local product from a distributor or a coordinated group of local farmers.

The key features and benefits buyers see in buying local are: support for the local economy; the high quality of the local food; and confidence in knowing how the products are grown and processed.

Local Sourcing Scale

Approximately $200,000 per year ($6,250 per account) is being spent on local food during the peak growing season (June-Oct) by buyers reporting. Six percent of buyers spend more than $10,000 per month on local food, one third spend more than $1,000 per month, one quarter spend between $500-$999, three percent spend between $250-$499, six percent spend between $100-$249, and twelve percent spend less than $100 per month.

Approximately $167,400 per year ($5,231 per account) is being spent on local value added products by buyers reporting. Fifteen percent spend more than $1,000 per month on local value added product, one quarter spend between $500-$999, one fifth spend between $250-$499, six percent spend between $100-$249, and one fifth spend less than $100 per month.

Growth

Sixty percent of buyers want to source more local product. Key factors that would support this growth are: competitive pricing, consistency of availability, easier ordering, invoicing and payment systems, and consistency of product quality/meeting quality standards. Almost all buyers (86%) would like to buy more local vegetables and herbs. Over half want more local poultry, eggs, berries, mushrooms, cheese, beef, beans and grains, and apples, pears and stone fruit. One third would like more maple syrup, milk, turkey and pork. Twenty five percent or less are interested in more honey, yogurt and sour cream, ice cream, beer, wine and spirits, lamb, and flowers. Less than ten percent are interested in flowers, duck, goat and rabbit. One quarter to one third of buyers are also interested in increasing the volume of minimally processed fruits and vegetables, processed meats, baked goods, and fermented and lacto fermented products they source locally. One fifth are also interested in increasing their purchases of local juice, cider and other beverages and frozen fruits or vegetables. Less than fifteen percent are interested in increasing their purchasing volume of sweet and savory sauces and spreads, canned fruits and vegetables, and dehydrated products.

Needs
Three quarters of buyers indicated they would be best served ordering local products through regional distributors. Half would also be best served ordering directly from a farm or group of farmers. Almost all (84%) indicated they would be best served receiving deliveries from a distributor and over two thirds indicated they would also be best served receiving deliveries directly from a farmer.

Up to sixty percent of buyers would be willing to travel to purchase locally produced products. Half of these would be willing to travel up to 30 minutes, while half would only be willing to travel 15 minutes.

APPENDICES

Appendix A - *Contact Lists*

FARMS					
Farm	**First Name**	**Last Name**	**Phone number**	**Email**	**Town**
Beans and Greens	Andrew	Howe	(603) 387-5859	beansandgreensfarm@msn.com	Gilford
Bear Mtn Farm	Dilys	Morris	(603) 744-3047	dilysmm@gmail.com	Bristol
Fernwood Farm, LLC	Paula L	Gilman	(603) 393-5761	fernwoodfarmllc@metrocast.net	Gilmanton
KREBS Farm	Ralph	Rathjen	(603) 524-9449	ralphrathjen@yahoo.com	Sanborton
Lindon Garlic Farm LLC	Donald	Womack	(603) 520-3342	womack@megatran.com	Gilmanton
Moulton Farm	Kyle	Lacasse	(603) 677-6215	kplacass@gmail.com	Meredith
Mountain View Produce	Rob and Heidi	Horman	(781) 291-1938	boxcarginny@gmail.com	Sanborton
NH Seedling Company at McCrillis Hill Farm	Cora	Caswell	(603) 832-8102	causekind@gmail.com	Center Harbor
Picnic Rock Farms, LLC	Ward	Bird	(603) 520-0624	info@picnicrockfarms.com	Meredith
Red Fox Farm	Daryl	Hoitt	(603) 267-1271	darylhoitt@gmail.com	Gilmanton
Red Manse Farm	Earl	Tuson	(603) 435-9943	earl@redmansefarm.com	Loudon
Shepherd's Hut Market	Joyce and Jeffrey	Keyser	(603) 393-4696	jekeyser@metrocast.net	Belmont, Gilford, Sanborton
Slowly but Shirley	Shirley	Malek	(603) 267-8960	Tmalek@msn.com	Gilmanton
Smith Farm Stand	Nathan	Smith	(603) 524-7673		Gilford
Smith Orchard	Rob	Richter	(603) 524-1674	wmcr@metrocast.net	Belmont
Song Away Farm	Steve	Doyon	(603) 731-0405	songawayfarm@gmail.com	Loudon
Stage Road Farmstand	Stephen	Bell	(603) 520-8166	grumpyfarmer10@ yahoo.com	Gilmanton
Stone Labyrinth Farm	Glenn	Crawford	(603) 998-7133	stonelabyrinthfarm@gmail.com	Belmont
Twillingate Farm	Janice	Mistler	(603) 267-1115	jmistler@metrocast.net	Gilmanton
White Oak Pond Farm	Peter	Brown	(857) 636-0822		Holderness
Winnipesaukee Woods Farm	Aaron	Lichtenberg		woodlandsfarmer@gmail.com	Gilford

BUYERS				
Business	Contact	Phone	E-mail	Best time to call
Annie's Cafe	Annie	(603) 520-5892		
Auto Serv Cafe, Tilton	Jordan	(603) 286-3141	JordanD@AutoServ.com	
Belknap County Home/Corrections	Matthew Logue	(603) 527-5480	mlogue@belknapcounty.org	Monday-Friday 7 am- 4 pm Saturday 9 am-5 pm
Burrito Me	Reuben Bassett	(603) 556-7798		
Common Man Restaurants and Catering	Malik Hammond	(603) 968-9330	malik@thecman.com	
Curt's Caterers	Steven Cote	(603) 293-2730	steviec423@yahoo.com	
Hermit Woods Winery	Bob Manley	(603) 393-6971	bob@hermitwoods.com	8 - 10 am
Huot Technical Center	Jack Aldrich	(603) 528-8693	jaldrich@laconiaschools.org	
Johnson's Marketplace (& Restaurant)	Tom	(603) 859-7100	marketplace07@live.com	
Kitchen Cravings	Bill and Sally Bickford	(603) 528-0001		
Laconia School District	Tim Goosens		tgoossens@laconiaschools.org	
Lakes Region Nutrition Center, Meredith		(603) 279-4165		
Lakeside Deli, Meredith	Jeff Brown		chefjabrown@gmail.com	
Lavinia's	Chef Brendan			2pm Tues-Saturday
Laconia Local Eatery	Kevin Halligan	(603) 527-8007	chefhalligan88@gmail.com	3pm
LR Community College Culinary Arts	Patrick Hall	(603) 708-1192 Office; (603)393-5132 Cell; (603)708-1189 Shaker Table	phall@ccsnh.edu	contact any time
LRGH Food Service	Jason Carter	(603) 527-2814; (702) 205-5604 Cell	jwcarter@lrgh.org	
Meredith Bay Colony Club	Brad Southwick	(603) 279-1500	bsouthwick@meredithbaycolonyclub.org	
New Hampton School	Neil Shartar	(603) 677-3467	nshartar@newhampton.org	
Sunflower Natural Foods	Ryan	(603) 524-6334	info@sunflowernh.com	
Tavern 27	Leslie Judice	(603) 528-3057	bigbernerpaws@yahoo.com	03:00:00 PM
Taylor Community	Amanda Piccardi	(603) 524-5600		
T-Bones	Jason Rathbun	(603) 528-7800	(603)296-5313 (cell)	
Union Diner	Rose	(603) 524-6744	uniondiner@hotmail.com	
Laconia Village Bakery	Jared Champagne	(603) 527-1414		after 1pm

Water Street Cafe	Jen and Ted Roy	(603) 524-4144	info@water-street-cafe.com	9-10am
Wayfarer Coffee Roasters	Karen Bassett	(603) 527-8313; (603) 572-7060 Cell	karen@WayfarerRoasters.com	Tuesdays
Wolfeboro Community Food Coop		(603) 366-6738		
Wolfe's Tavern, Wolfeboro				