San Juan County Food Hub Feasibility Study

COORDINATING SALES AND DISTRIBUTION OF FOOD GROWN IN THE SAN JUAN ISLANDS, WASHINGTON

Funded by the United States Department of Agriculture's Local Food Promotion Program

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Executive Summary

SAN JUAN COUNTY AGRICULTURE

Agriculture underlies the rural economy of San Juan County, Washington. A ferry-served archipelago in the far northwest corner of the state, the San Juan Islands hold a unique, island-based tradition of small-scale farming that originated in the homestead culture of the late 1800s. Once the breadbasket of western Washington, San Juan County is experiencing a revitalization of its agricultural heritage.[i] The number of farms and farmers, as well as farm revenue, has steadily increased over the last 35 years, in part due to a thriving tourist economy.

Despite this rise, local agricultural products account for only about two percent of the total food market.[ii] Recent interviews and research funded through a 2015 USDA Local Food Promotion Program (LFPP) grant indicate that despite unmet demand for local products, the market is hindered by gaps in farmer-customer communication, lack of infrastructure, and distribution challenges due to the county's island geography. The San Juan County Food Hub (SJC Food Hub) offers an opportunity to address these challenges and to help grow the local food system.

The goals of the SJC Food Hub are to increase food security, diversify and strengthen the local economy, and promote access to healthy, sustainably produced foods. Studies indicate that dollars spent on local food significantly impact the local economy—more than doubling their value.[iii] It follows that increasing local production and sales to 20 percent of the San Juan County food market would infuse an estimated $62 million dollars into the San Juan County economy.[iv]

SAN JUAN COUNTY FOOD HUB FEASIBILITY STUDY

In 2015 the San Juan Islands Agricultural Guild, in partnership with the Agricultural Resources Committee of San Juan County, the Northwest Agriculture Business Center, the Orcas Food Cooperative, and Washington State University Extension in San Juan County received the USDA LFPP grant to undertake a feasibility study and create a business plan for a food hub in San Juan County. As part of the feasibility study, the project team surveyed 80 San Juan County stakeholders, including 37 farms, 28 food purveyors, five value-added producers, four local distributors, four non-profit organizations, and two public institutions.

Interviews as part of the feasibility study identified three key marketing challenges that inhibit consumption and production of local food in the county:

Lack of inter-Island distribution channels: Eighty-four percent of farmers and 77 percent of food purveyors identified *distribution* as a challenge, specifically with accessing customers and producers on other islands.

Limited market transparency: Sixty-five percent of farmers reported *difficulty finding new markets* as a challenge, and 80 percent of food buyers identified *lack of knowing what local food is available* as a challenge.

Limited market coordination: Sixty-two percent of farmers reported *difficulties finding stable markets*, and 64 percent of food purveyors stated they believe there is a *lack of local food production*.

These findings illustrate that San Juan County farmers and food buyers perceive the market for local food to be smaller than its actual size. Both buyers and producers agree that San Juan County's island geography presents distribution challenges that inhibit access to the food that is produced.

SJC FOOD HUB'S POTENTIAL IMPACT

The feasibility study found that with the existing gaps in market communication and distribution between local food buyers and sellers, a food hub could address these challenges by:

- Developing inter-island and regional distribution channels
- Connecting customers with farmers and farm products throughout the county through online sales
- Identifying market gaps and facilitating producer/buyer relationships

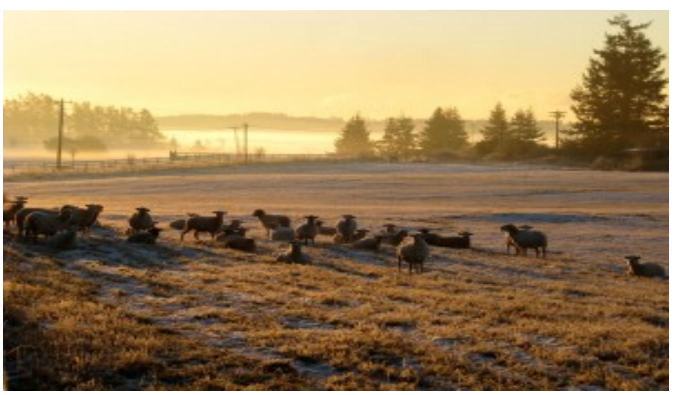
The feasibility study found that 80 percent of food purveyors in San Juan County would increase their purchasing of local food if an efficient distribution system and online platform were available through a food hub.

Agriculture defines the pastoral heritage and identity of San Juan County. A food hub would increase access for customers seeking to find and purchase local food in the islands, increase payment and record-keeping efficiency for farmers and buyers, and provide distribution channels that open markets currently closed.

Introduction

HISTORY

In 2015 the San Juan Islands Agricultural Guild, in partnership with the Agricultural Resources Committee of San Juan County, the Northwest Agriculture Business Center, the Orcas Food Cooperative, and Washington State University Extension in San Juan County, received a USDA Local Food Promotion Program (LFPP) grant to undertake a feasibility study and create a business plan for a food hub in San Juan County.



FEASIBILITY STUDY GOALS

The key objectives of this feasibility study were to:

1. Examine potential market gaps in the local food market between farmers and food purveyors

2. Identify the barriers that keep growers from entering or increasing production for wholesale markets

3. Assess the interest of farmers and food purveyors in a San Juan County food hub

4. Support local businesses that are part of the local food system

5. Construct solutions that lower barriers for food producers to access inter-island and regional markets

6. Define strategies for food hub infrastructure development

7. Present the business case for private and public investment in food hub aggregation and distribution facilities

PROJECT TEAM

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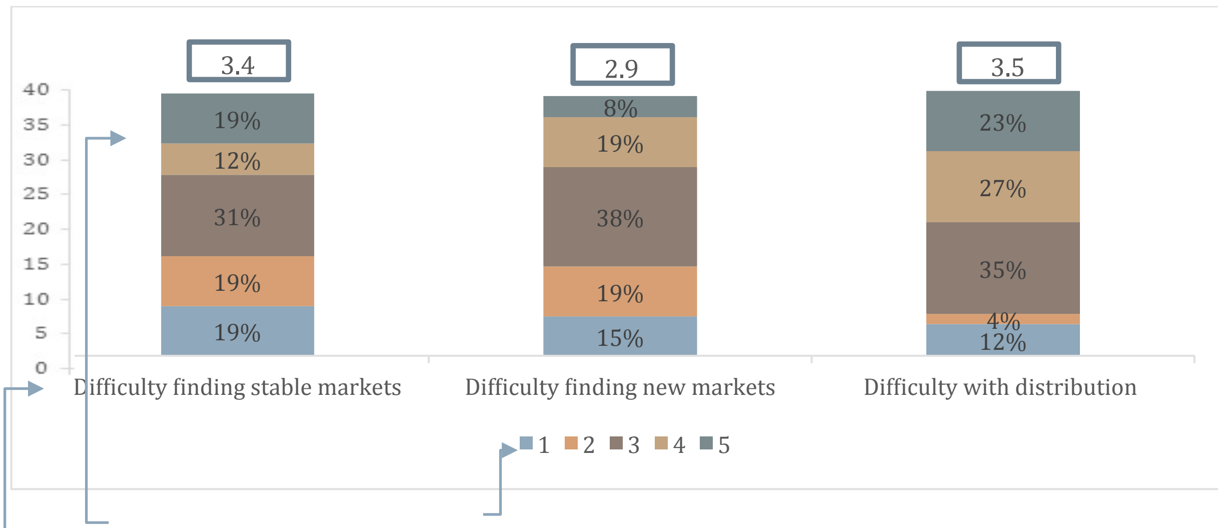
METHODOLOGY

For the purpose of this study, between December 2015 and September 2016 the project team surveyed 80 stakeholders in San Juan County, including 37 farms, 28 food purveyors, five value-added producers, four local distributors, four non-profit organizations, and two public institutions. (See Appendix B for a list of interviewees.) In addition, 54 community members participated in Food Hub Community Listening Sessions on Orcas, San Juan, and Lopez Islands, held on January 26, 27, and 28, 2016. At these meetings, the project team and participants discussed 1) national food hub models; 2) aggregated survey results from the feasibility study, especially challenges to the local food system as identified by stakeholders; 3) concepts from national and local research to address these challenges; and 4) key topics to address moving forward in the study.

FEASIBILITY STUDY DATA VISUALIZATION: STACKED COLUMN CHARTS

This feasibility study report presents visual data in a variety of ways, including through stacked column charts. These charts illustrate opinions from different stakeholder groups with ranking levels from 1-5. Each of the column's ratio of colors correlates to the percentage of the stakeholder group that ranked the question that number. For example, in the following question the far left column represents farmers' answers to ranking the challenge of *finding stable markets*:

Response from Farmers: Please rank challenges from 1-5 (5=prohibitive to sales)



The grey at the top, according to the key, represents a rating of 5, or the highest score possible. The grey portion covers 19% of the total column, indicating that 19% of farmers who answered the question ranked the difficulty of finding stable markets as 5 out of 5. The height of the column reflects the number of stakeholders that answered the question, as stakeholders were allowed to skip questions if they wished. The number of respondents per question can be seen on the vertical axis to the left. The number in the box above the column represents the average rating.

SAN JUAN COUNTY AGRICULTURE

San Juan County has a long tradition of successful and diverse agriculture. In the early 1900s, it was the primary producer of fruits, vegetables, milk, and butter in western Washington. In the 1950s, production declined precipitously following expansion of agriculture in eastern Washington as the result of federal irrigation programs.

In the last decade, the primary economic drivers in San Juan County have been tourism, construction, and real estate. For better and for worse, the San Juan Islands are an internationally recognized tourist destination, identified by the *New York Times* in 2011 as one of the best places in the world to visit and characterized by *Trip Advisor* as the "gourmet archipelago." Comprised of over 170 islands, the islands support a unique community and way of life. Visitors are drawn to the San Juan Islands by the rural maritime setting and rich history of homesteading and folk lifestyle, represented in the local farms, farmers markets, restaurants, and stores that showcase local foods.

The isolation of the San Juan Islands provides both its beautiful pastoral landscape and transportation challenges. Washington State Ferries provides regular transportation to and from the four largest islands: Lopez, Orcas, San Juan, and Shaw. There is also regular small plane service to and from Seattle, Anacortes, and Bellingham. Whether by sea or by air, transportation adds significantly to the cost of agricultural production. It increases the cost of fuel, fencing, soil amendments, and other agricultural inputs, as well as the cost and time required for transporting products to the other islands and regional markets. Due to ferry scheduling, for example, it can take an entire day to travel between islands less than a mile apart.

Despite such challenges, over the last several decades agriculture in San Juan County has seen a resurgence. According to the 2012 USDA Ag Census, between 2002 and 2012 the market value of agricultural production in San Juan County increased 17%, despite a reduction in acres farmed and the total acreage in farming. This increase points to the re-establishment of a local food system and a growing community awareness of the economic and environmental benefits of local food production.

Residents of the San Juan Islands have a natural interest in food security and resilience, living in a county that is almost totally dependent on Washington State Ferries for delivery of food and fuel. In 2012, the total market value of agricultural sales in San Juan County was $4,245,000 (up from $3,114,000 in 2002). Sixty-one percent, or $2,582,000 was in crop sales and 39%, or $1,663,000, was in livestock production. These numbers represent an overall increase of 17% between 2007 and 2012. During this time, the average sales per farm increased 25%.[v]

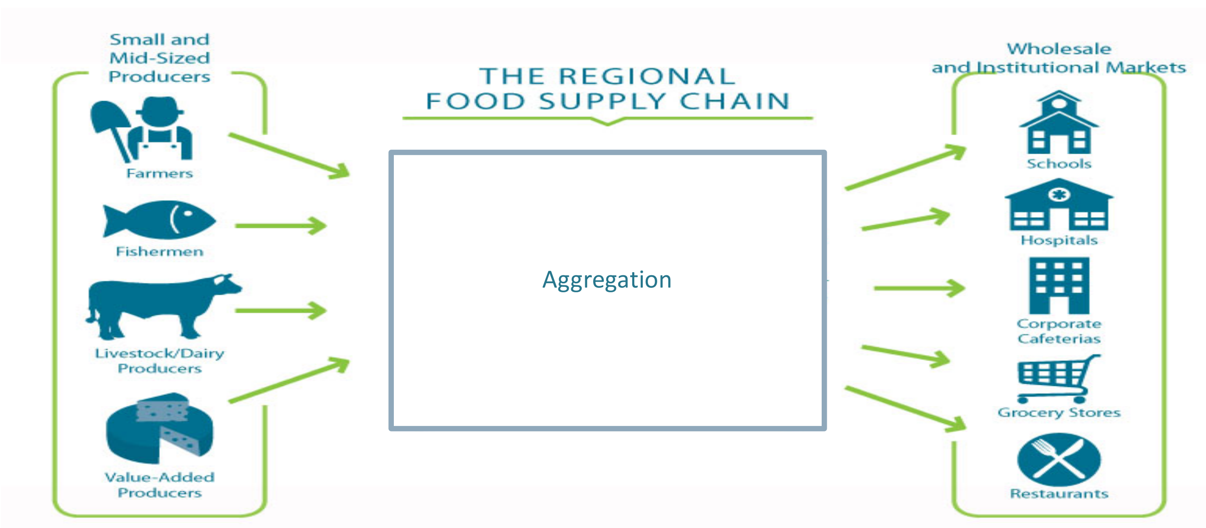
Today, productive farming is occurring on small acreage, indicating a shift to intensive production of market crops and away from the large livestock operations prevalent in the mid-

20th century. San Juan County farmers are specializing in crops such as cool-season vegetables, tree fruits, fiber, berries, lavender and other herbs, and grass-fed meats. Production of value-added products has also increased, including high-end artisan cheeses and distilled spirits.

The San Juan County economy would benefit from increased diversification. Expanding the agricultural industry supports a growing area of the modern economy rooted in the region's culture and past. The total food market in San Juan County is estimated at $157 million, of which approximately 48 percent is attributed to local residents and 52 percent to tourist spending. Sales of local food account for less than 2 percent of this market, illustrating the potential to catalyze the San Juan County local food system. [vi]

FOOD HUB MODEL

A food hub is a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products.[vii]



Food hubs capitalize on the growing national trend toward local food, which has ballooned from $4.8 billion in 2008 to $12 billion in 2012, and is projected to expand at an annual growth rate of nine percent through 2018.[viii] Seventy percent of adults say they are more likely to visit a restaurant if the restaurant offers locally produced food items.[ix]

The growth of food hubs has paralleled the rise of local agriculture nationally. Since 2007, the number of food hubs in the United States has grown by 288 percent. In 2014 food hubs grossed an estimated $500 million.[x] Ninety-eight percent of these food hubs project increased demand for products in the 2016 season.[xi]

BENEFITS OF A FOOD HUB

Social: A thriving local food system enriches the San Juan community by celebrating our history of homestead agricultural and the area's current farmers at the forefront of innovative small-scale practices.

Economic: Studies show that dollars spent on local food are recycled through a local economy 1.47 to 2.68 times, thus stimulating economic development and job creation.[xii]

Environmental: Transportation as a whole accounts for 11% of the total greenhouse gas emissions produced by agriculture in the United States.[xiii] Aggregated transportation to local and regional markets through a food hub reduces the number of vehicles distributing goods, reducing greenhouse gas emissions.

In addition to the benefits above, the food hub model offers a flexible, cooperative approach to address the complexities of marketing and distribution of local food. In the San Juan Islands, development of a food hub will expand local agricultural production and market opportunities; add jobs to the agricultural, retail, marketing, and service sector of the economy; increase local and regional food security; and diversify and strengthen the San Juan County economy.

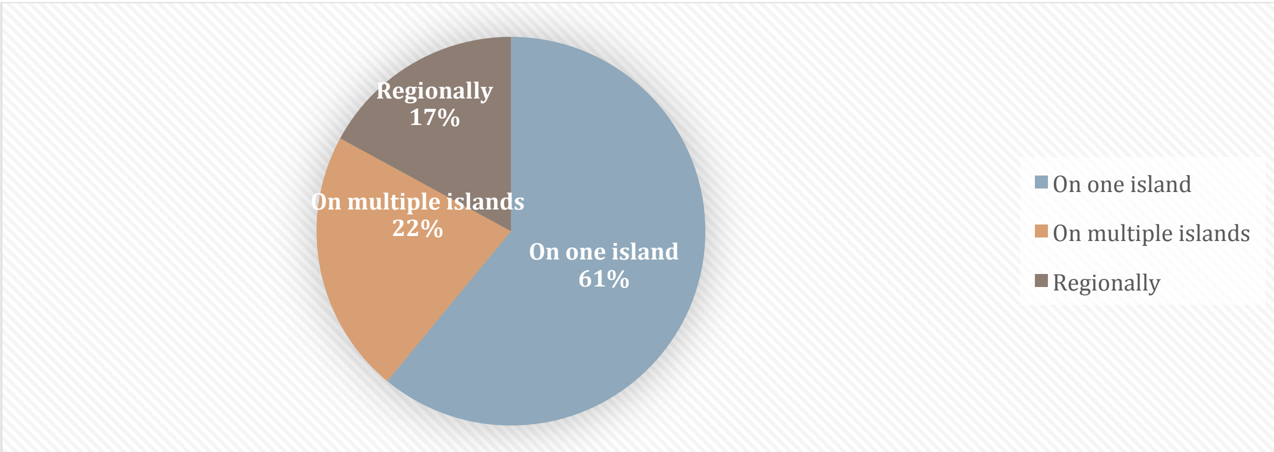
SAN JUAN COUNTY MARKET ANALYSIS

Feasibility Study: Current Sales

DISTRIBUTION AND SALES CHANNELS FOR FARMERS

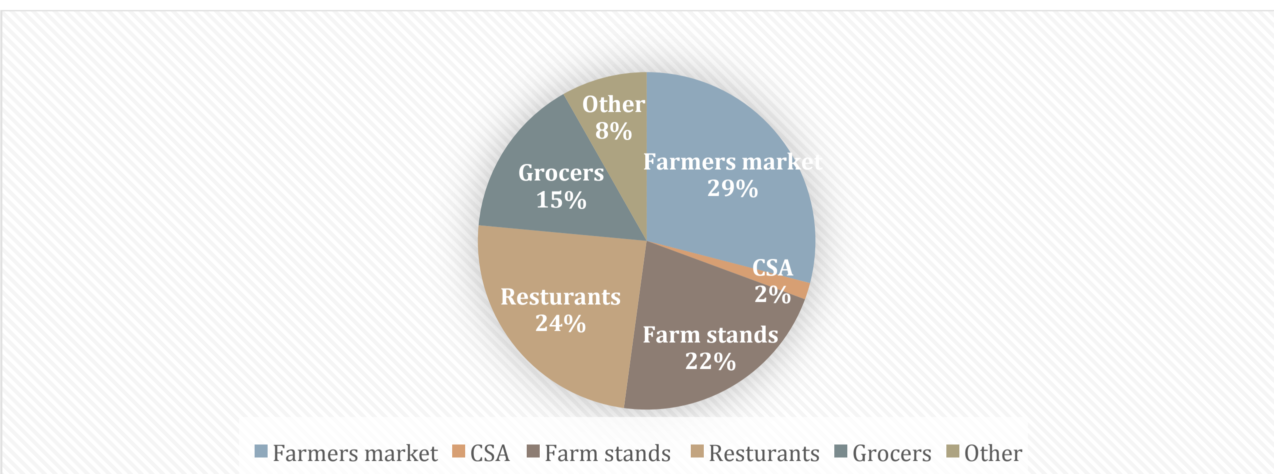
The food hub feasibility study found that while some San Juan County food producers are expanding their market share, the majority of producers are still limited to serving customers on their own islands, with only 39% selling inter-island and/or to regional markets (Figure 1).

Figure 1. Question to Farmers: What is the current scope of your distribution?



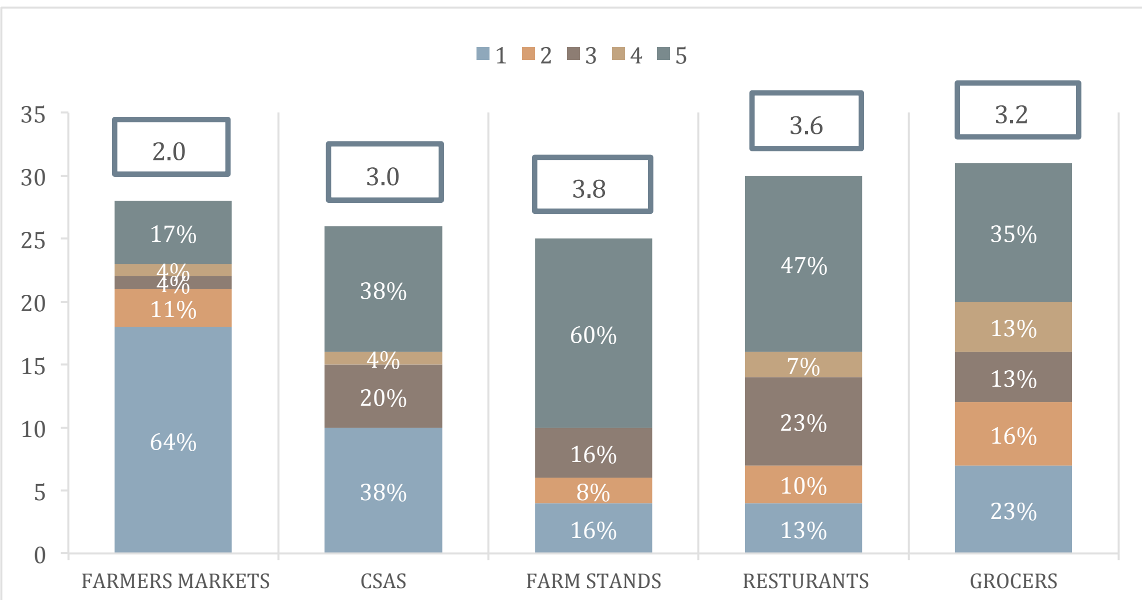
The preponderance of on-island sales reflects the major sales channels used by local farmers. According to the study, 53 percent of farm sales in San Juan County occurred through the direct market channels of farmers markets, farm stands, and CSAs (Figure 2). Wholesale accounts, such as grocers and restaurants, made up 39 percent of sales, and eight percent of sales were categorized under *other*. Direct sales from farmers markets made up the largest percentage of the market channels at 29 percent, with restaurants as the second highest market accounting for 24 percent of sales.

Figure 2. Question to Farmers: What market channels do you use to sell your product?



The food hub feasibility study found that San Juan County farmers are interested in increasing wholesale markets. When farmers were asked to rank their interest in increasing sales in each market category, farm stands received the highest level of interest, with an average score of 3.8 (Figure 3). Sales to restaurants and grocers came in second and third, with restaurants averaging a 3.6 out of 5, and grocers a 3.2. CSAs received an average of 3.0, and farmers markets, which according to the study was the most common current marketing channel, held the least interest for expansion, coming in last with an average score of 2.0.

Figure 3. Question to Farmers: What is your interest in increasing sales by these market categories (5=High Interest)?

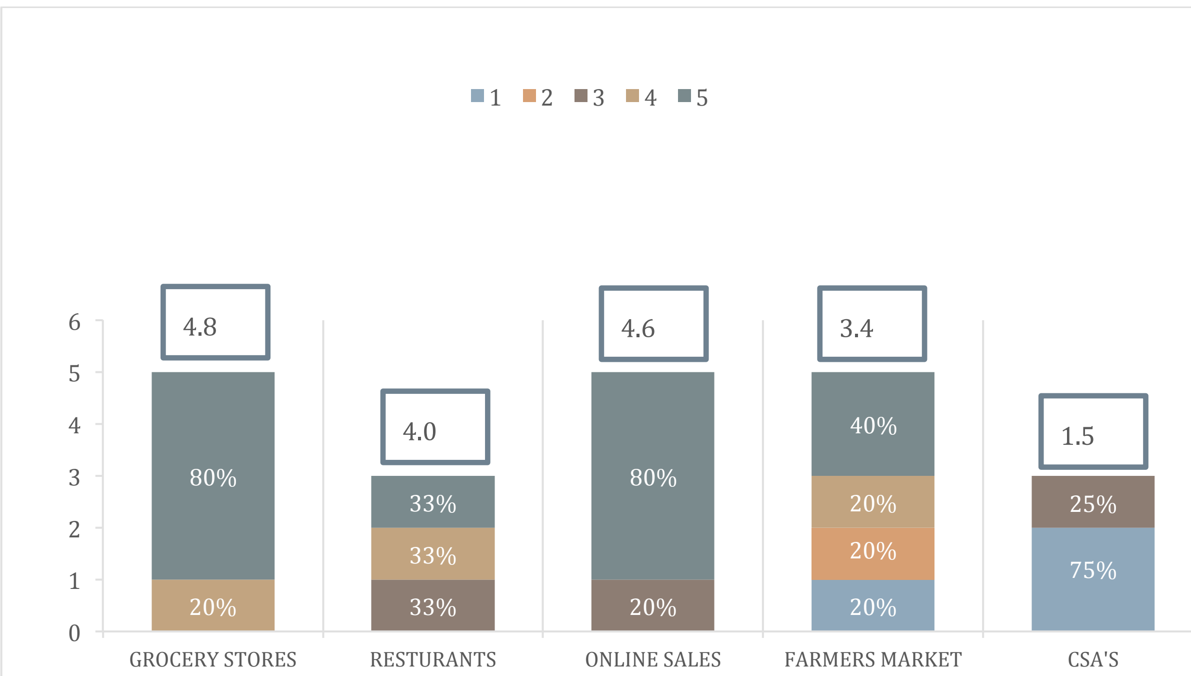


These findings indicate that farmers are looking to limit time spent on marketing by increasing sales through wholesale channels or through farm stands (the least time-intensive direct-sales channel). Farmers also see wholesale markets as offering the greatest potential for expanding their business. Market reliability is also an important factor to farmers, and restaurants and grocers provide consistent and dependable markets throughout the season. In addition, restaurants and grocers provide farmers with access to San Juan County's tourist industry. According to Dean Runyan Associates, in 2014 the San Juan County accommodations/food service industry grossed $112.1 million dollars.

FOOD SALES CHANNELS FOR VALUE-ADDED PRODUCERS

San Juan County value-added producers parallel farmers in their interest in increasing sales through a combination of wholesale and direct marketing. Grocery stores and restaurants received two of the three highest rankings, with grocery stores receiving the highest rank at 4.8 and restaurants at 4.0 (Figure 4). Online sales received the second highest ranking at 4.6, illustrating the ongoing expansion of web-based commerce. It is expected that value-added production will significantly expand as the result of increased access to local and regional markets through a food hub.

Figure 4. Response from Value-Added producers: Rate your interest in increasing sales in each market category



FOOD ACCESS CHANNELS FOR FOOD PURVEYORS

Food purveyors were asked to describe the different ways in which they access local food and the frequency of their use of each access channel. The most common channel was *the farmer contacting the purveyor* about available food, with an average of 62 percent of the time (Figure 5). Ninety percent of food purveyors reported using this channel for accessing local food. Stores reported contacting farmers 18 percent of the time to purchase local food, with

67 percent of food purveyors using this method. Food purveyors bought local food at the farmers market 14 percent of the time, with 37 percent of food purveyors reporting having accessed local food through this channel.

Food purveyors were also asked the percentage of total food purchases that come from San Juan County farmers. Purveyors reported an average of 19 percent of total food purchases coming from local sources.[1] Purchases from individual farms require separate invoices and deliveries for each farm order they make. Eighty-one percent is purchased directly from mainland distributors, with one invoice and one delivery. This underlines the clear future benefit to food purveyors purchasing local foods through a food hub online platform.

Figure 5. Question to Food Purveyors: How do you purchase local food?

[1] It is important to note that food purveyors interviewed for the survey represent the businesses purchasing the highest quantity of local food in San Juan County. This 19 percent is not representative of food purveyors throughout the area.

Feasibility Study: Challenges

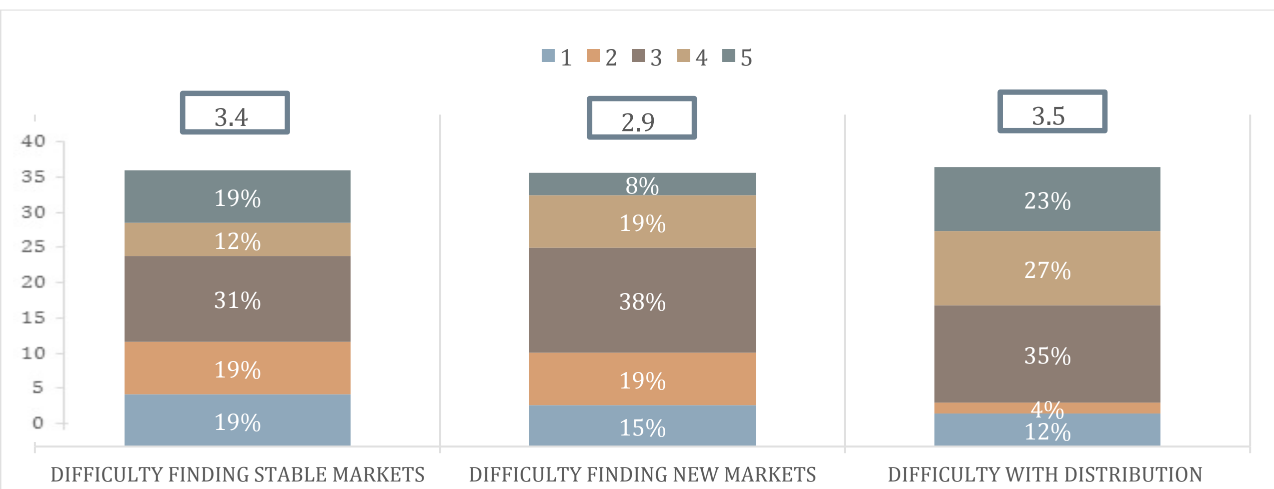
FARMER CHALLENGES

As part of the feasibility study, 38 San Juan County farmers were asked to rate their marketing challenges. *Problems with distribution* ranked as the highest challenge, with 85 percent of farmers identifying distribution channels as a need, ranking challenge between 3-5 out of 5 (Figure 6). San Juan County's maritime geography increases the cost of transportation due to the necessity of ferry travel to access customers on other islands and on the mainland. The study found 67 percent of San Juan County farmers sell only on their respective islands.

The second largest marketing challenge was *difficulty finding new markets,* with 65 percent of farmers grading it a moderate to significant challenge. *Difficulty finding stable markets* came in third at 62 percent, with 19 percent of these farmers ranking it as *prohibitive to sales*, compared to eight percent of farmers giving the same high score to *difficulty finding new markets*.

A significant portion of farmers do not access the interisland food market due to the high cost of transportation, nor do they know the potential of markets on other islands. The majority of farmers in San Juan County find it difficult to access new customers and increase revenue.

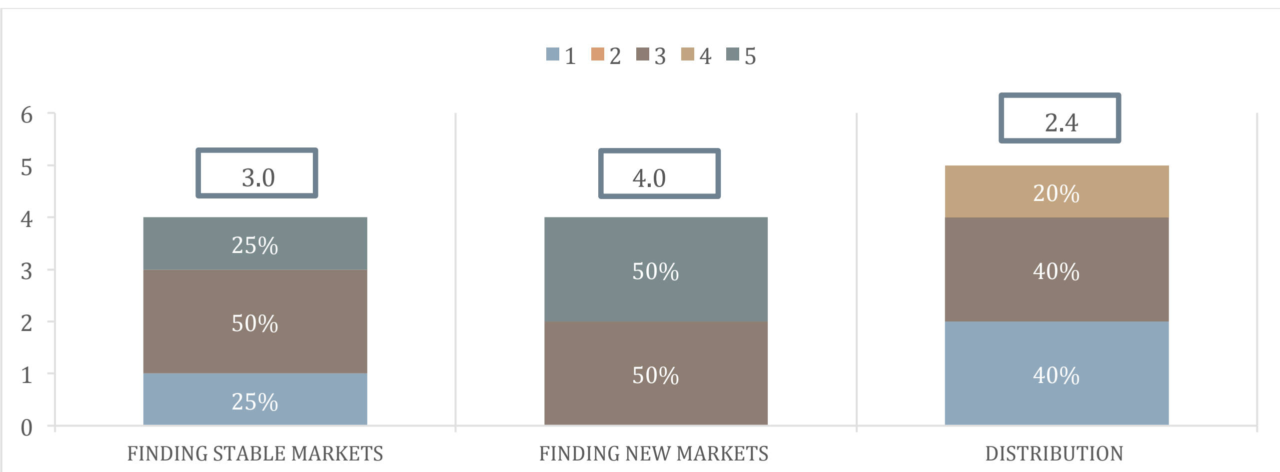
Figure 6. Response from Farmers: Rank challenges from 1-5 (5=prohibitive to sales)



VALUE-ADDED PRODUCER CHALLENGES

Challenges for value-added producers are similar to those of farmers, but with less of a critical need for distribution assistance and a greater need in finding new markets. Value-added producers expressed little interest in assistance with distribution, with an average score of 2.4, and moderate interest in accessing *stable markets* (3.0), with significant interest in accessing *new markets* (4.0) (Figure 7). These findings suggest that online commerce for value-added goods and their relative ease of transport make transportation less of an expressed need for value-added producers. That said, value-added producers indicated interested in accessing greater numbers of customers, specifically tourists.

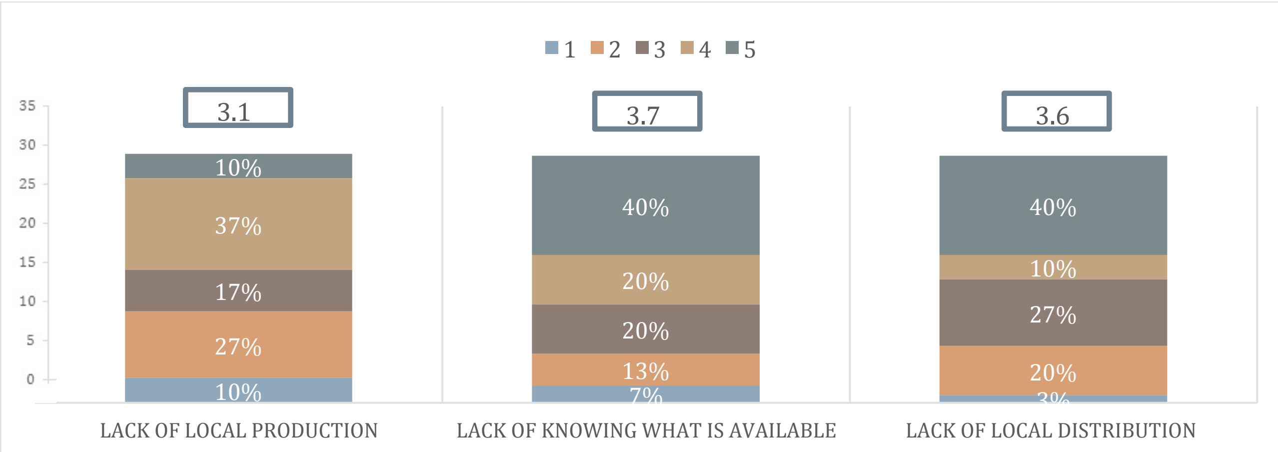
Figure 7. Response from Value-Added Food Producers: Rank challenges from 1-5 (5=prohibitive to sales)



FOOD PURVEYOR CHALLENGES

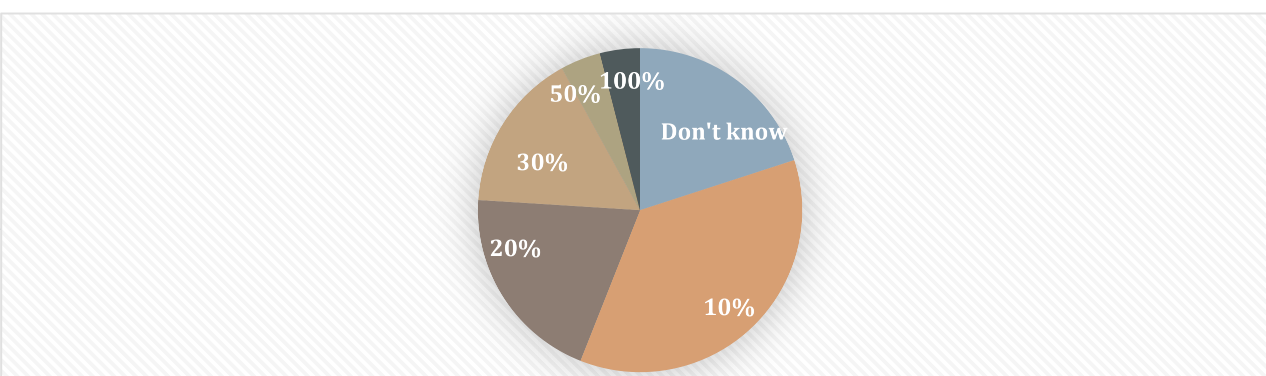
The top-rated challenges identified by San Juan County food purveyors mirror those of farmers and value-added producers. Sixty-four percent of buyers said *lack of local production* was a problem, ranking their responses between 3-5, with an average score of 3.1 (Figure 8). The majority of food purveyors also expressed a challenge in knowing what food is actually available in the county. Eighty percent of food buyers expressed this to be a challenge, with an average score of 3.7. Even if they could purchase food from other islands, 77 percent of food purveyors gave it an average score of 3.6, stating that they cannot easily access locally produced food due to lack of inter-island transport.

Figure 8. Response from Food Purveyors: Rank challenges from 1-5 (5=prohibitive to purchasing)



These responses indicate that a significant portion of buyers think there is not enough local food available to meet their needs, while a significant portion of farmers and food purveyors report a shortage of markets for their products. These findings illustrate a gap in both communication and transportation systems. Yet, even if this gap were closed, the current lack of inter-island distribution would make transportation cost prohibitive. Eighty percent of food purveyors communicated they would increase their purchasing of local food if these gaps were addressed through development of an efficient food hub distribution system and online sales platform (Figure 9). The following graph shows by what percentage food purveyors claim they would increase their local purchasing from San Juan County farmers through the use of a food hub.

Figure 9. Question to Food Purveyors: If the food hub coordinated sales and distribution of local food, by what percentage would you increase buying local food? (Percentages illustrate the amount buyers stated they would increase their current buying of local food, while the area of the pie chart represents the



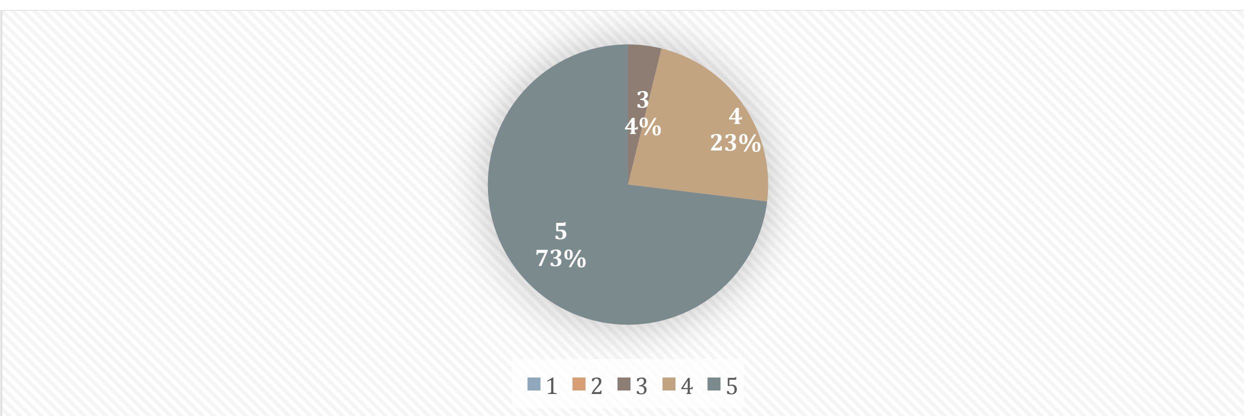
percentage of buyers who reported increasing purchasing by that percentage).

Feasibility Study: Needs

MARKET COORDINATION

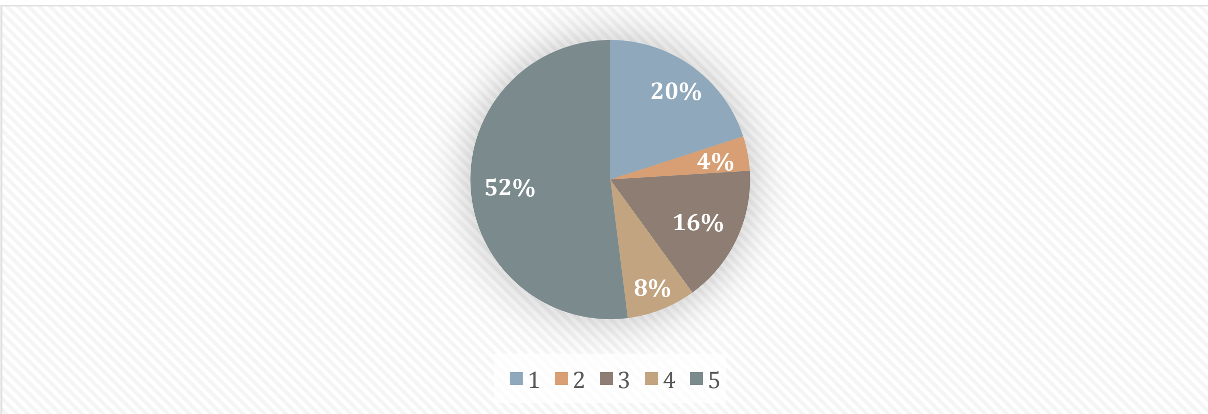
The top ranked challenge for food buyers participating in the food hub feasibility study was *not knowing what is currently available*, with 80 percent of buyers ranking that challenge between a 3-5, with 5 equaling a challenge that *prohibits sales* (Figure 8). Meanwhile, 65 percent of farmers expressed a *difficulty in finding new markets* (Figure 6). These challenges explain the significant interest of buyers in an online sales platform, such as provided by a food hub, that would allow them to view product availability and to purchase local food, with 96 percent of buyers ranking their interest as a 4 or 5 seen in the graph below (5 = highly interested) (Figure 10).

Figure 10. Response from Food Purveyors: Please rank your interest from 1-5 in one online storefront to view and purchase available local food (5=highly interested).



When food producers were asked to rank their interest in an aggregated online sales platform, 74 percent of farmers gave the online sales platform a ranking of 3-5 (Figure 11). Key reasons for this interest were the ease of inventory management and record-keeping, combined with increased efficiency in invoicing, deliveries, and payments.

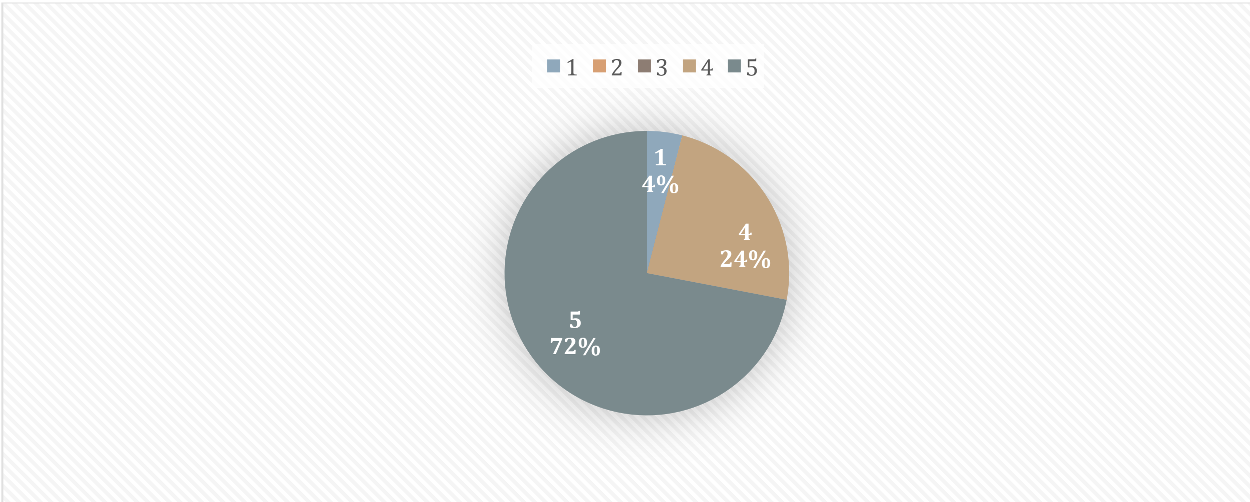
Figure 11. Question to Farmers: Please rank your interest in an online sales platform for accessing customers throughout the county (5=high interest).



ADDITIONAL COORDINATION NEEDS

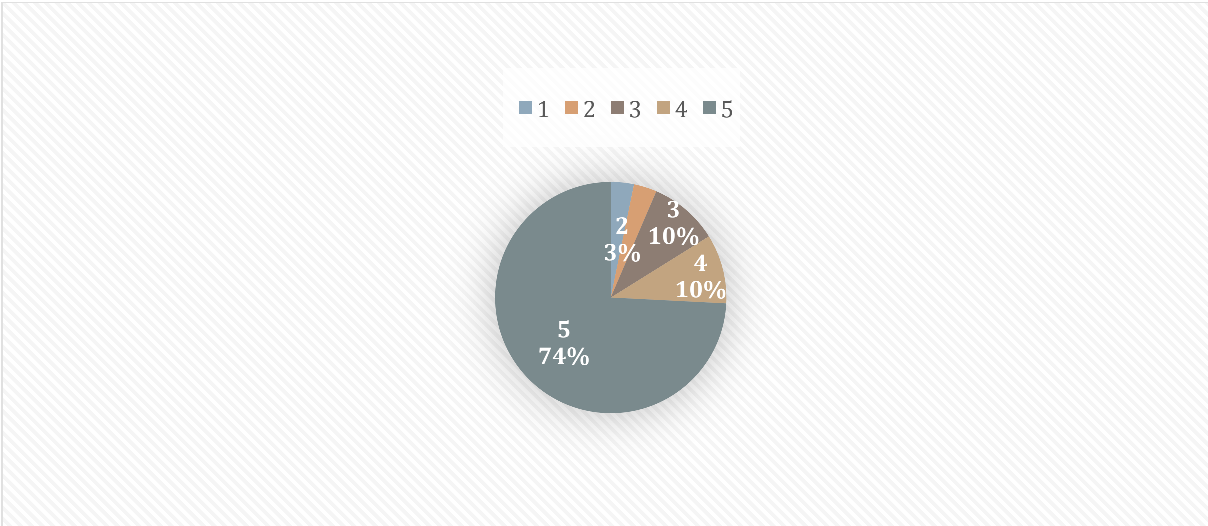
In order to explore needs and opportunities for market coordination, buyers and sellers were surveyed about their interest in food hub events connecting producers and purveyors. Seventy-two percent of purveyors gave the idea a rating of 5, and 96 percent a 4-5 (Figure 12). Value-added producers also gave the concept a high rating, with 80 percent scoring their interest as a 5 out of 5 and yielding an average score of 4.8.

Figure 12. Question to Food Purveyors: Rank your interest in the food hub holding events to connect you with San Juan County producers.



Likewise, farmers have an interest in assistance connecting with buyers seeking their specialty crops. Crop specialization can allow farmers to increase profits by maximizing sales of the products they grow most efficiently.[xiv] The following graph illustrates the findings in this area. Seventy-four percent of farmers gave the concept a 5, and 94 percent a positive rating of 3-5, with 5 indicating *highly interested* (Figure 13).

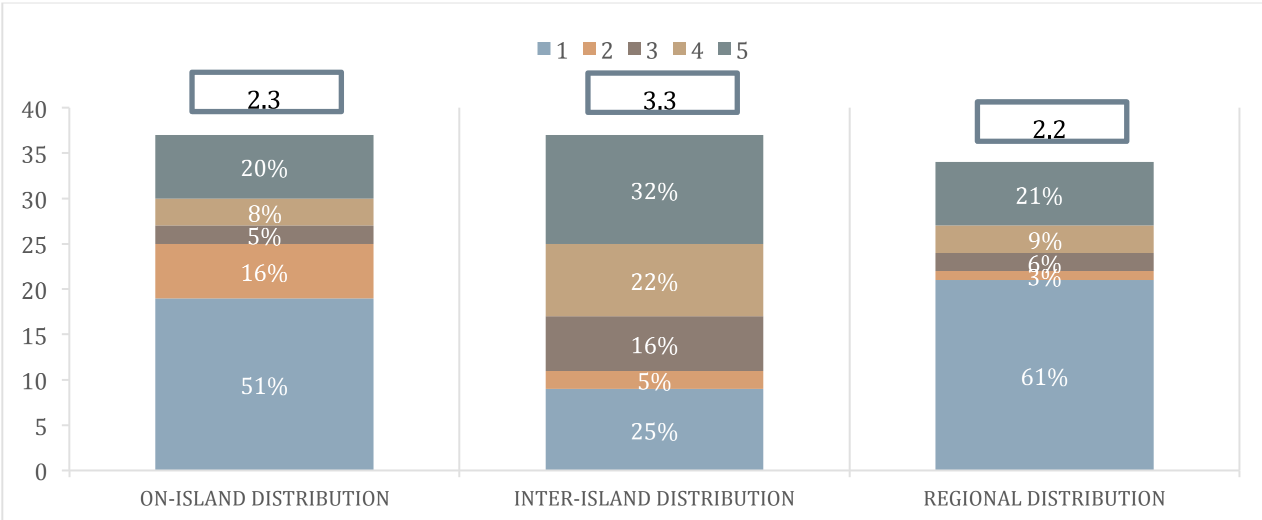
Figure 13. Question to Farmers: Rate your interest in the food hub identifying gaps not currently filled with local food and connecting you with potential customers asking for what you specialize in



DISTRIBUTION

Farmers were asked to rank their needs for distribution in the following categories: 1) On-island distribution, 2) inter-island distribution, and 3) regional distribution. On-island distribution received the smallest indication of interest (ranked 3-5) at 32 percent (Figure 14). The primary reason for the low level of interest was that San Juan County's island geography and size already concentrates commerce. Farmers need only travel a limited distance to access the majority of their on-island customers.

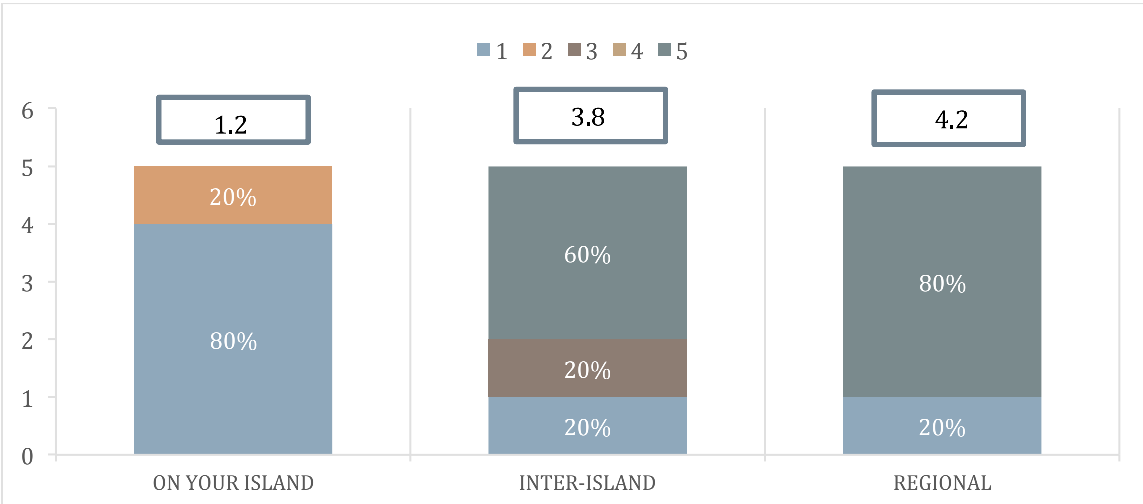
Figure 14. Question to Farmers: Rank interest in distribution channels from 1-5



Inter-island distribution, however, received more than double the level of interest as on-island distribution, at 70 percent (Figure 14). Farmers who ranked inter-island transport as a need reported that ferry costs and time spent on ferries make self-delivery among islands cost-prohibitive. These farmers recognized that a lack of inter-island distribution limits their customer opportunities. Thirty-six percent of farmers identified a need for regional distribution, with meat producers as the largest producer demographic looking to access regional markets. One hundred percent of value-added producers expressed interest in both inter-island and regional distribution.

Value-added producers had the greatest interest in accessing off-island markets. Interest in on-island distribution was lower than for farmers, from 2.3 for farmers to an average score of 1.2 for value-added producers. Interest in inter-island distribution was greater for value-added producers than for farmers, with an average score of 3.8 (Figure 15). Regional access was the highest ranked for value-added producers with an average score of 4.2. Value-added producers are clearly interested in transportation efficiency and accessing the region's economic centers, such as Bellingham and Seattle.

Figure 15. Value-Added Producers: Rank interest in distribution channels from 1-5



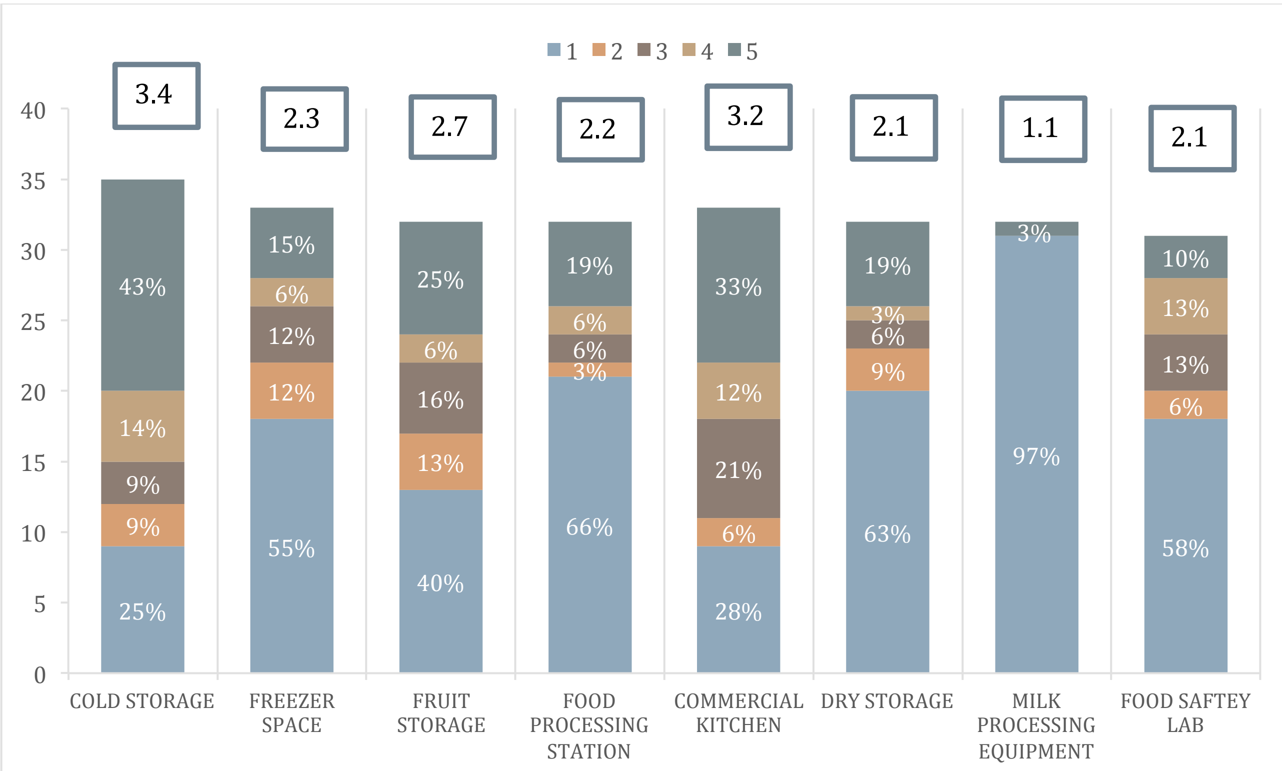
INFRASTRUCTURE NEEDS FARMERS

Farmers were also asked to rank their interest in different types of infrastructure to address current challenges. Cold storage ranked as the top expressed need, receiving an average score of 3.4 (Figure 16). Cold storage was found to be popular with produce farmers, who can extend the shelf life and freshness of their product through quick access to cold storage soon after harvest.

Affordable access to commercial kitchen space ranked as the second highest need, receiving an average score of 3.2 and indicating interest among farmers in value-added production, despite the response of 14 of the larger-acreage farm who indicated they did not have time throughout the growing season to produce value-added goods. Eighty percent of value-added producers stated their largest infrastructure need to be a commercial kitchen.

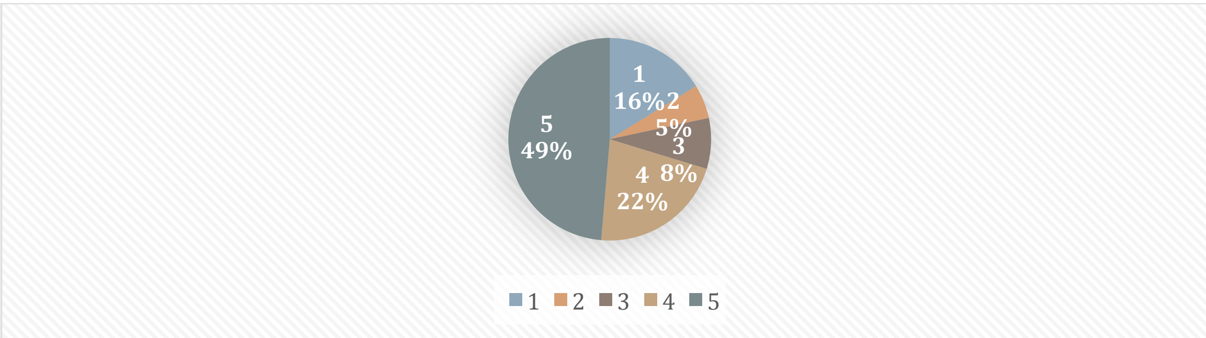
Fruit storage was the third highest ranked need with an average score of 2.7. While San Juan County is known for historic orchard production and heirloom varieties of apples, pears, and plums, the sales window for fruit can be less than two months without cool storage. For orchardists, fruit storage could triple this sales window, providing San Juan County with local fruit for six months of the year and increasing the opportunity to reinvigorate local fruit production.

Figure 16. Question to Farmers: Rank interest in infrastructure (5=high level of interest)



When farmers were asked to rank their interest in cool and cold storage as part of aggregating products for collective distribution, the average score increased to 3.5, with nearly half (49 percent) of the producers ranking the concept 5 out of 5. Seventy-nine percent of farmers surveyed ranked the concept between 3-5, indicating that the majority of farmers hold a positive view of collective cool/cold storage as part of a larger food hub model.

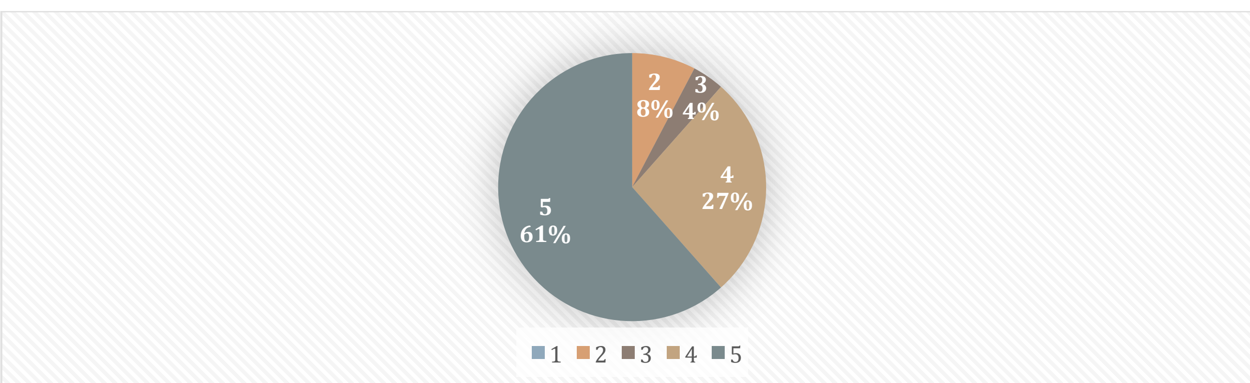
Figure 17. Question to Farmers: Rank interest in collective cool/cold storage for aggregating and distributing farm products to customers (5=high level of interest)



INFRASTRUCTURE NEEDS FOOD PURVEYORS

Cold storage ranked as the top infrastructure need for food purveyors, with 43 percent of purveyors stating that they would utilize cool or cold storage for fresh produce, meat, and fruit. When buyers were asked to rank aggregated cold storage for distribution of local food products, 92 percent gave the concept a positive score, with 61 percent giving the highest score possible (Figure 18).

Figure 18. Question to Food Purveyors: What is your interest in a collective cool/cold storage facility on your island where local farm products can be stored, aggregated, and distributed to you?



BLEMISHED FOOD

Farmers reported that 6.8 percent of the food they produce cannot be sold due to blemishes. At the same time, 79 percent of food purveyors expressed interest in purchasing blemished food at a reduced price. Some buyers reported that they would purchase more local food if the price were closer to prices offered by mainland distributors and that buying blemished food could provide access to local food at a discounted rate. During the feasibility study interviews, a local restaurant expressed the economic benefits of purchasing blemished food:

> As a restaurant and juice bar, I am glad to use ag products that are blemished, too big, slightly damaged, etc. I would buy more products locally if island-grown prices could be brought a little closer to mainland prices, and buying seconds may be the way to do this.

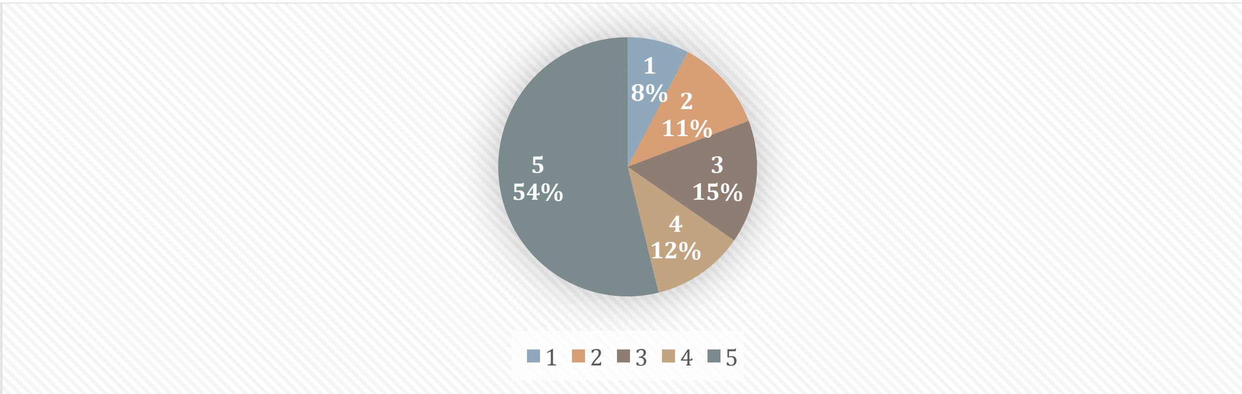
The sale of blemished food is more relevant to market farmers producing vegetables and fruit. Cropland farming in San Juan County produced $1,494,240 according to the 2012 Agricultural Census.[xv] Using this sales figure and the 6.8 percent figure on blemished products, finding a market for blemished market crops, even at a 30 percent price reduction, could infuse an additional $71,125 into the San Juan agricultural market annually.

Feasibility Study: Marketing

MARKETING OF LOCAL FOOD

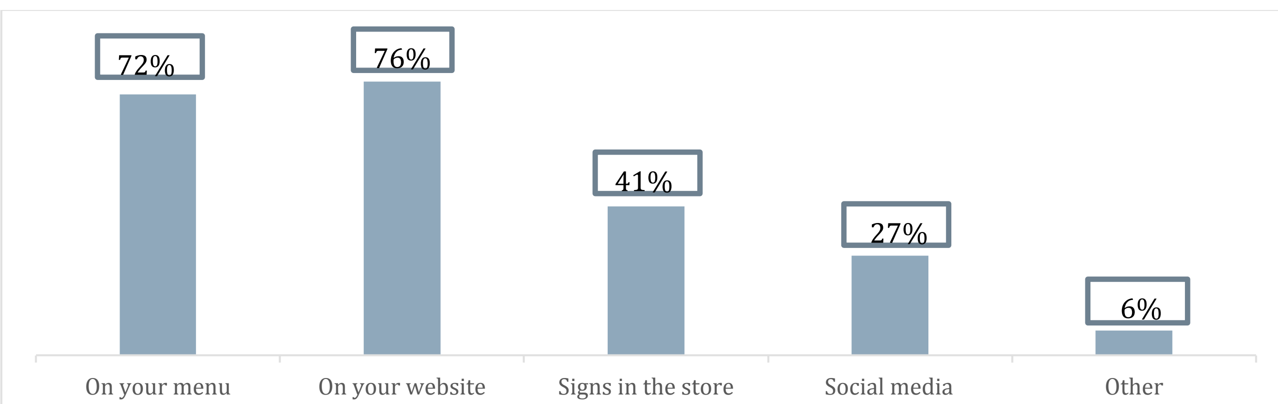
San Juan County food purveyors often publicize their use of local food as a means to increase sales. Eighty-one percent of food buyers participating in the food hub feasibility study stated that the marketing of local food was important to their business model, with 54 percent identifying it as *essential to sales* (Figure 19).

Figure 19. Question to Food Purveyors: How would you rank your use of local food in marketing?



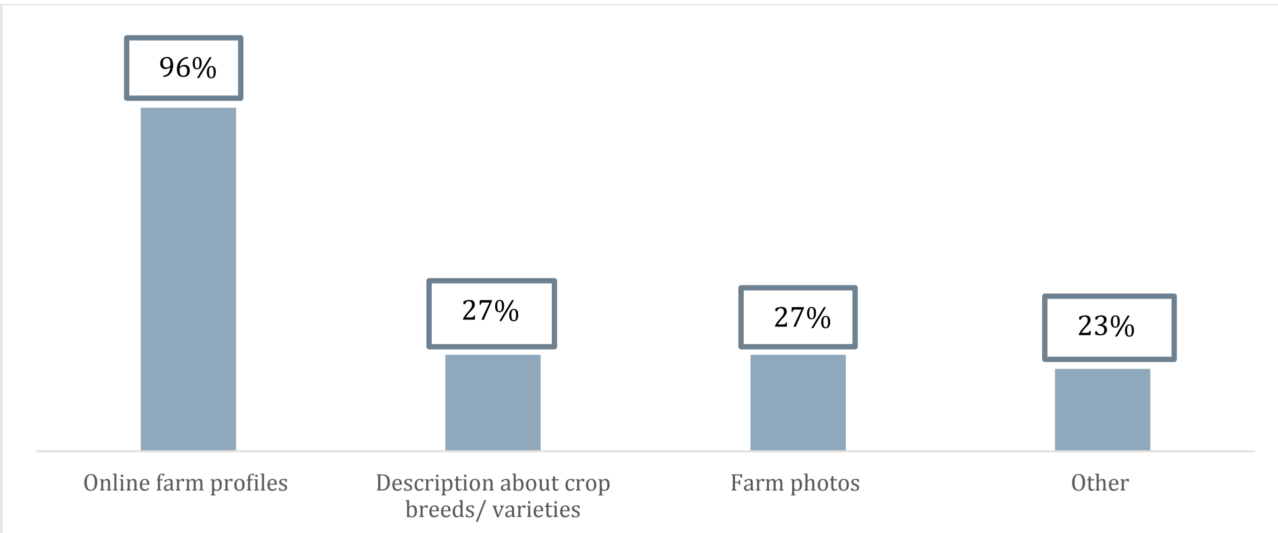
Food purveyors use a variety of methods to market their use of local food to their customers. Seventy-six percent of food purveyors reported that they highlight their use of local food on their websites, with restaurants reporting that a website presence is pivotal to the customer's decision on where to eat. Seventy-two percent of restaurants use local farm information on their menus, and 41 percent of food purveyors include signs or pictures in their stores that portray local farms producing the food they serve (Figure 20).

Figure 20. Question to Food Purveyors: How do you market local food?



When food buyers were asked what marketing materials would assist in sales, 96 percent said they would use online farm profiles integrated with their website, social media accounts, and potentially URLs or QR codes as part of their menus (Figure 21). Descriptions of crop breeds and varieties and farm photos received the same amount of interest, with 27 percent of food purveyors expressing interest in both.

Figure 21. Question to Food Purveyors: **What marketing materials would assist in sales of local food?**



CONCLUSION

The findings from this feasibility study illustrate that there is significant potential to increase opportunities for San Juan County farmers and value-added producers to fill the unmet market for local food. A food hub model that provides product transparency and access between food buyers and sellers could expand the local food market in San Juan County. As the result of this feasibility study, the project team recommends the implementation of a SJC Food Hub to facilitate sales and distribution of local food in San Juan County. If you would like to learn more about the SJC Food Hub please read the *SJC Food Hub Business Plan,* which can be accessed at www.sjiagguild.com and look for the San Juan County Food Hub link.

[i] SJC ARC Strategic Action Plan pg. 14

[ii] Data based on:
http://www.agcensus.usda.gov/Publications/2012/Online_Resources/County_Profiles/Washington/cp53055.pdf

http://www.deanrunyan.com/index.php?fuseaction=Main.TravelstatsDetail&page=Washington

http://www.agcensus.usda.gov/Publications/2012/Online_Resources/County_Profiles/Washington/cp53055.pdf

http://www.deanrunyan.com/WATravelImpacts/WATravelImpacts.html#

[iii] Sustainable Seattle Ecology "Why Local Linkages Matter Findings from the Local Food Economy Study" 2008, Dr. Viki Sonntag

[iv] SJC Economic Data http://www.ofm.wa.gov/databook/pdf/53055.pdf USDA Economic Research Service (ERS) http://www.ers.usda.gov/data-products/food-expenditures.aspx#26636; the figure for local spending in San Juan County is based on the monthly spending on food ($380) comes from *Table 13 - Per Capita Food Expenditures* the ERS food expenditures webpage (link above) multiplied by the population, for a total of $75 million. Dean Runyan estimates that tourists spend $82 million annually in San Juan County: The San Juan County Dean Runyan report:
http://www.deanrunyan.com/index.php?fuseaction=Main.TravelstatsDetail&page=Washington

[v] https://www.agcensus.usda.gov/Publications/2012/Online_Resources/County_Profiles/Washington/cp53055.pdf

[vi] SJC Economic Data http://www.ofm.wa.gov/databook/pdf/53055.pdf USDA Economic Research Service (ERS) http://www.ers.usda.gov/data-products/food-expenditures.aspx#26636; the figure for local spending in San Juan County is based on the monthly spending on food ($380) comes from *Table 13 - Per Capita Food Expenditures* the ERS food expenditures webpage (link above) multiplied by the population, for a total of $75 million. Dean Runyan estimates that tourists spends $82 million annually in San Juan County: The San Juan County Dean Runyan report:
http://www.deanrunyan.com/index.php?fuseaction=Main.TravelstatsDetail&page=Washington

[vii] http://blogs.usda.gov/2010/12/14/getting-to-scale-with-regional-food-hubs/

[viii] http://www.ngfn.org/resources/ngfn-cluster-calls/food-hub-survey-2015/2015%20Food%20Hub%20Survey%20slides.pdf

[ix] http://www.ngfn.org/resources/ngfn-cluster-calls/food-hub-survey-2015/2015%20Food%20Hub%20Survey%20slides.pdf

[x] http://www.ngfn.org/resources/ngfn-cluster-calls/food-hub-survey-2015/2015%20Food%20Hub%20Survey%20slides.pdf

[xi] http://www.ngfn.org/resources/ngfn-cluster-calls/food-hub-survey-2015/2015%20Food%20Hub%20Survey%20slides.pdf

[xii] Sustainable Seattle Ecology "Why Local Linkages Matter Findings from the Local Food Economy Study" 2008, Dr. Viki Sonntag

[xiii] http://pubs.acs.org/doi/abs/10.1021/es702969f

[xiv] http://www.chelseagreen.com/two-percent-solutions-for-the-planet

[xv]http://www.agcensus.usda.gov/Publications/2012/Online_Resources/County_Profiles/Washington/cp53055.pdf