

AMAGANSETT FOOD INSTITUTE

EAST END FOOD HUB

MARKET ASSESSMENT

Kathleen Masters, Executive Director
Jessica Engle, Program Coordinator

ABOUT AMAGANSETT FOOD INSTITUTE

AFI is a 501(c)(3) non-profit whose mission is to support, promote, and advocate for the farmers, vintners, fishermen, and other food producers and providers on the East End of Long Island. AFI envisions the East End as a place where all farms and food businesses are thriving and supported by an engaged community whose members understand the benefits and uniqueness of local food.

Kathy Nyquist, Principal
Saloni Doshi, Engagement Manager
Megan Bucknum, Food Systems Specialist

ABOUT NEW VENTURE ADVISORS LLC

New Venture Advisors helps communities and entrepreneurs identify market-based food systems solutions and build them into successful enterprises. In over 40 food systems projects, NVA has led a comprehensive and collaborative process that builds from existing assets to create enterprises that expand local food production, strengthen the livelihood of small and beginning farmers, promote healthy food access and improved eating habits, and bring economic development opportunities to the region

EXECUTIVE SUMMARY

PROJECT BACKGROUND

The Amagansett Food Institute (AFI) is a non-profit organization formed in 2010 with the mission of supporting farmers and food producers on the East End of Long Island, NY. AFI pursues this mission through programs that support the sustainability of local farm and food businesses, including: a farm apprentice education program; a fully licensed commercial kitchen and food business incubator; policy and advocacy work, and the development of new markets for products.

AFI has spearheaded this East End food hub market assessment in order to develop a comprehensive understanding of the food landscape on the East End of Long Island, New York, to determine what type of food hub enterprise model would best meet the needs of producers, wholesale buyers and entities across the food value chain. The market assessment has three core components:

- **Market analysis:** Assessment of current and future potential production of local food in the region, and barriers that producers face when entering or expanding their presence in local wholesale markets.
- **Demand analysis:** Assessment of current wholesale demand for local food on the East End, on Long Island, and across the New York metropolitan area, and evaluation of the barriers that buyers face when purchasing local.
- **Infrastructure analysis:** Evaluation of existing infrastructure on the East End and across Long Island, to determine what new infrastructure investments are needed to better connect East End producers with wholesale markets.

This report documents and analyzes findings and trends related to the production, processing, distribution, and consumption of local food in and around the East End, and puts forth recommendations for strategies and services that will best support local producers in sustaining and expanding their farming operations.

STUDY FUNDING

Amagansett Food Institute (AFI) received funding for this market assessment through the USDA 2014 Local Food Promotional Program grant.

PROJECT TEAM

The core team responsible for executing the market assessment includes two members of Amagansett Food Institute and three members of New Venture Advisors. New Venture Advisors is a Chicago-based consulting firm with expertise in the assessment, design, launch and development of businesses in the local food and sustainable agriculture arena. Since 2009, New Venture Advisors has worked on more than 40 food hub ventures and food systems projects across North America.

CORE TEAM		ROLE
Jessica Engle and Kathleen Masters, Amagansett Food Institute	Jessica served as the lead project director and manager, identifying growers and buyers, disseminating surveys and convening and gathering input from stakeholders. Kathleen provided oversight and strategic guidance, and ensured that the right community leaders were engaged throughout.	Local Project Lead
Saloni Doshi	Engagement Manager, New Venture Advisors	Lead Analyst, Study Author
Megan Bucknum	Food Systems Specialist, New Venture Advisors	Project Manager, Outreach Specialist
Kathy Nyquist	Principal, New Venture Advisors	Project Oversight

The following individuals were part of the project steering committee or advisory board:

INDIVIDUAL	ROLE	ORGANIZATION
Frank Trentacoste	Advisory Board	Owner/Farmer, Bhumi Farms
Katie Baldwin	Advisory Board	Co-founder/Farmer, Amber Waves Farm
Jennifer Halsey Dupree	Advisory Board	Co-owner/Farmer, The Milk Pail
Ian Calder-Piedmont	Advisory Board	Co-owner/Farmer, Balsam Farms
Rob Carpenter	Steering Committee	Administrative Director, Long Island Farm Bureau
August Ruckdeschel	Steering Committee	Agriculture and Marine Specialist, Suffolk County Department of Economic Development and Planning
Sandra Menasha	Steering Committee	Vegetable and Potato Specialist, Cornell Cooperative Extension of Suffolk County
Bryan Futerman	Steering Committee*	Chef de Cuisine, Nick and Toni's Restaurant
Steven Judelson	Steering Committee	Owner, Amagansett Sea Salt Company
Steph Gaylor	Steering Committee	Owner/Farmer, Invincible Summer Farms
Chris Singlemann	Steering Committee*	Executive Chef, Watermill Caterers
Brian Halweil	Steering Committee	Editor, Edible East End

* Were unable to attend meetings but received communications throughout the project

PRIMARY RESEARCH

METHODOLOGY

The study consisted of qualitative research, in the form of interviews and group feedback sessions, and in-depth primary research, in the form of grower and buyer surveys.

KICKOFF MEETING was held on February 5th, 2015. 3 producers, 1 food systems stakeholder and the core team were in attendance.

GROWER AND BUYER SURVEYS were active from March 5th – May 12th, 2015. 39 growers and 19 buyers responded to the survey, via Survey Monkey.

INTERVIEWS WITH 13 GROWERS, BUYERS AND FOOD SYSTEMS LEADERS, as identified by the client team, were conducted by phone in February and again in May.

GROWER/BUYER EVENT was held on March 14, 2015, with 10 growers, buyers and food systems stakeholders in attendance.

RESEARCH SYNTHESIS

Overall, supply of vegetable production is fairly robust, but identified demand is limited. Identifying more demand, particularly on Long Island, will likely be required before major investments are made in a food hub.

SUPPLY	DEMAND
<ul style="list-style-type: none"> • 15 interested growers (13 from survey, 2 from interviews). Note that one is actually a potato packer working with local growers. • ~700 acres of fruit and vegetable production, and 130 potential expansion acres • Minimal protein production – 250 hogs, 40 lambs, 30 chickens, 5 beef cattle • 1 GAP certified grower, 5 with on-farm food safety plans • Top crops include: Potatoes, tomatoes, cabbage, sweet potatoes, sweet corn, beans, greens 	<ul style="list-style-type: none"> • 9 interested buyers • ~\$1.9 million per year on fresh, whole produce, of which 38% is local • ~\$2.8 million per year on processed produce, of which 16% is local • ~\$6.7 million per year on proteins (meat, poultry, dairy, eggs), of which 17% is local • Desire to purchase all product categories (beyond fresh produce), especially eggs

The following additional insights emerged from the research:

- While grower interest is moderate, their focus is predominantly on finding markets for surplus, seconds and product available after tourist season is over.
- Season extension investments have been very limited thus far, but could serve as a unique growth opportunity for producers in the region if demand and profit potential warranted the investment.
- Growers with robust wholesale business are very concerned about a food hub adding competition to the market.
- Many producers have a strong interest in working with a food hub that enables them to access buyers in New York City. However, over the course of the project, these same producers became more open to focusing more on Suffolk and Nassau counties, given the transportation challenges of reaching the city.
- Infrastructure for post-harvest handling, cold storage and distribution is fairly limited among East End producers. However, several buyers, producers and infrastructure providers that could provide these services emerged through surveys and interviews.
- Additionally, several technology companies were also identified as potential partners that can help connect growers, buyers and logistics providers, creating a virtual food hub that would require significantly lower investment than a physical facility.
- Individual farm brands and name recognition appears strong, and there is openness to the development of an umbrella “East End” brand and marketing campaign that can be used by growers in the region and still allows individual farm brands to shine through.
- Land and labor challenges were identified early on in the study as likely constraints to be addressed. It is important to note, however, that survey analysis identified over 100 potential expansion acreage that growers currently have access to, suggesting that many are still able to secure new land.

RECOMMENDATIONS

The following recommendations for an East End food hub's business model emerged through this study.

- *Goal of the hub:* Focus on growers' immediate requests of finding markets for surplus, seconds and early and late fall harvest.
- *Basic model:* Food hub provides various services to support growers and facilitate sales and distribution to wholesale buyers, but does not have a central physical facility.
- *Sales strategy:* Focus resources on generating sales, by hiring a salesperson and potentially exploring a partnership with Baldor's pre-sale program.
- *Priority buyers:* Focus on Long Island retailers, restaurants, food processors and institutions, with an opportunistic approach to New York City buyers.
- *Aggregation and distribution:* Develop sub hubs (which might be either coolers or excess cooler capacity at specific grower sites in locations central to clusters of growers) to support aggregation. Facilitate pick-up and delivery services to buyers through in-house distribution (using a leased vehicle), share distribution leveraging growers that have refrigerated delivery vehicles, and outsource distribution through third party logistics providers.
- *Branding and marketing:* Establish a strong East End brand and a strategic branded product line. Consider working alongside the Long Island Wine Council and leveraging the "Grown on Long Island" brand.
- *Supply services:* Establish partnerships with organizations such as Cornell Cooperative Extension to provide growers with technical assistance training.
- *Entity type:* Structure the entity as a nonprofit, generating some revenue through transactions.