

Food Hub Assessment Phase
August 31, 2021

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EXECUTIVE SUMMARY:

Thanks to the Canadian Agricultural Partnership (CAP), Fireweed Food Co-op (FFC) underwent a formal evaluation of their Food Hub project after its first year in operation. This assessment process included a wide range of data collection activities including conducting market-based research, consulting Food Hub stakeholders and other food hubs, along with additional informal, relational evaluation activities. As this report will reveal, although there are some significant hurdles to overcome, the Food Hub is well-positioned to have long-term success and significant impact on Manitoba's agricultural and food service sectors, as well as the economy as a whole. However, implementing the recommendations outlined in this report will be key to realizing this vision.

BACKGROUND:

In 2020, Fireweed Food Co-op (formerly Farm Fresh Food Hub) received funding from the Canadian Agricultural Partnership (CAP) to launch a one year pilot-scale aggregation, distribution and sales centre for locally produced food in Winnipeg, also known as a Food Hub.

The goal of this project was and is to connect small-to-medium scale sustainable producers with wholesale buyers with the hopes of scaling up and strengthening Manitoba's agricultural and food service sectors, as well as the economy as a whole. However, after launching the project, it became evident that a formal assessment and evaluation of the Food Hub's impacts and activities was needed if the project was to succeed in the long-run.

In Fall 2020, FFC received additional CAP funding to conduct a comprehensive evaluation of Food Hub after its first year in operation. This report is a summary of these findings.

OBJECTIVES:

Building off the learnings from the Food Hub's pilot year, the purpose of this evaluation is to identify successes, challenges, opportunities, and next steps forward for the Food Hub with the goal of ensuring successful and ongoing operations. With a focus on consultation, this evaluation project also hopes to enhance industry cohesion and collaboration to minimize the risks common for Food Hubs in their early years of operation and ensure industry-wide benefits.

AUDIENCE:

The findings from this evaluation are primarily intended for staff, board, co-op members and other external advisors to consult when making decisions about the Food Hub. The recommendations will also be used to inform the Food Hub strategic planning efforts for the next few years. As a cooperative, FFC will ensure this report is shared with our co-op members to build a stronger understanding of how they can support and continue to participate in this project. Finally, this report will be shared with the organization's stakeholders and future stakeholders with the hopes of increasing support and clarity for all involved in the project.

METHODOLOGY:

FFC conducted a process evaluation to describe and provide early stage feedback on the Food Hub's first year of operations, asking questions such as: Are the services, activities, and policies working as intended? What challenges have been encountered? What changes are required? This type of evaluation is appropriate because the Food Hub has not been operating long enough to be able to demonstrate clear outcomes and impacts of our efforts. Undergoing this type of assessment, however, prompted FFC to begin formalizing our evaluation metrics and implement more regular data collection activities to be able to undergo an evaluation of our intended impacts and outcomes in the future.

Our multi-faceted methodological approach entailed a wide range of data collection activities, including formal interviews, informal observations, and in-depth market analysis. These activities can be categorized into six primary areas:

1. **Initial Planning & Internal Assessment:** The Project Coordinator was tasked with undertaking this evaluation (\$20.14/hour plus MERCS, Oct 2020 - August 2021) with support from the Food Hub Coordinator and Board of Directors. FFC wrote up a Terms of Reference that outlined our plan of action for this evaluation; created an application process for our stakeholder advisory committee; kept a list of observations throughout the year and analysed them for this report; and consulted with other Fireweed Food Hub staff about their own insights from this past year.
2. **Market Research** - We conducted market research (market trends, influences, regulatory climate, key customer segments, etc.) to get a better sense of the context the Food Hub is situated in; analyzed sales, customer and product data from our online ordering system, Local Food Marketplace; and refined our market research as new developments emerged.
3. **Consultation with Food Hub producers:** We held a producer engagement meeting (i.e. a focus group) following our first season to gather initial feedback and propose changes for the upcoming year; sent mid-season and end-of-season surveys to gauge their satisfaction with our services and solicit more feedback on our operations; visited and interviewed a handful of our producers on-farm to hear about their challenges and ways the Food Hub has or could be of service to them; spoke informally with producers when they dropped off their orders; and consulted with producers to organize an annual growers meeting, in response to their requests, which is set for November 2021.
4. **Consultation with other stakeholders:** We created the process for and formed the Lateral Root Network (LRN), a stakeholder advisory committee for the Food Hub consisting of food producers, industry representatives and community leaders working in food security; met four times with the LRN throughout the year to consult with them on this project and plans for the Food Hub; and interviewed several customers to learn from their experiences purchasing from the Food Hub and how we could improve.

5. **Consultation with other Food Hubs:** This past year, we consulted with an assortment of Food Hubs from across North America varying in size, business model, logistics, customer type, and producer criteria. These Food Hubs include: 100 KM Foods, the Common Market, Western Montana Growers Co-op (WMGC), and Red Tomato. Although our context and scale was considerably different, their breadth of experience and knowledge has been incredibly valuable and relevant to our stage of development.
6. **Dissemination of Findings:** We worked with a communications specialist to capture the interviews we conducted with our producers, customers and staff, and turn it into a video and photo series to share with the public; and in our continued efforts towards stronger equity and diversity in the agricultural sector, published two blogs written by Indigenous guest writers to share their personal experience with Manitoba's agricultural and food service sectors.

FFC also participated in additional research and evaluation activities outside the scope of this project that informed our assessment and are referenced in this report. These include our work with business consultants, Social Entrepreneurship Enclave (SEE) funded through the Investment Readiness Program (IRP) and our contribution to a University of Manitoba research project entitled, *The Feasibility and Opportunities of a Locally-sourced, Pay-what-you-can School Lunch Program in Winnipeg* funded by the Manitoba Research Alliance (forthcoming).

RESULTS & DISCUSSION:

Market Context

Current Analysis

As Manitoba's largest city with a population of approximately 825,000 (Macro Trends, 2021), Winnipeg is considered to be the centre of commerce and culture in the province, making it an obvious location for the Food Hub. Prior to the COVID-19 pandemic, the foodservice industry was expanding with more than 1,100 restaurants in Winnipeg alone, making it one of the highest number of restaurants per capita in North America (Canadian Association of Agri-Retailers, 2018). The demand for local food was also on the rise as the public became increasingly aware and concerned about where their food came from (Edge, 2013). More small sustainable farms were emerging and trying their best to respond to the increased demand, but logistical and infrastructure challenges often slowed and prevented their ability to get their product to market, including but not limited to the rural-urban divide (SARE, 2018). In short, the landscape appeared ripe and ready for a Food Hub to operate in.

The COVID-19 pandemic, however, halted some of this progress. The restaurant and foodservice industry has been among the hardest hit by the COVID-19 public health measures due to closures and reduced capacity. In fact, this past year restaurants in Manitoba lost over 70% of their business and accumulated a large amount of debt (Durrani, 2021). Even as these establishments have started to reopen, they tend to be more risk-averse, ordering smaller

quantities of product and less fresh product due to concerns over the food waste should they have to suddenly close dine-in service.

The drought this summer has also wreaked havoc on local producers as did the early frost and increased pest activity in parts of the province (Laychuk, 2021). However, based on conversations with our suppliers, it would seem that small regenerative farms, on average, were better prepared for the drought and able to maintain production as opposed to larger, more conventional operations, further highlighting the important role the Food Hub can play in the climate crisis (Hunter, 2020; Minter 2021).

As for the regulatory environment, there are some federal and provincial regulations that are difficult to navigate as a Food Hub working with small producers. For example, some of the quotas for chicken, turkey and dairy producers, interfere with the amount of product available for sale. The egg grading requirement also limits the Food Hub to working with only one egg producer in the province.

Looking forward

Despite the challenges COVID-19 poised, household consumer trends, in many ways, continue to bode well for local food and the food hub more specifically. According to the Business Development Bank of Canada (BDC), since the start of the pandemic, consumers across Canada are increasingly buying local to both support their local economy and because of a rising demand for source-identified healthy foods. The Lab's 11th edition of Canada's Food Price Report (2021) found that the COVID-19 pandemic "has sparked renewed interest in local food supply chains, food autonomy and whether there are possibilities for viable local alternatives in the food supply chain." Consequently, retailers selling local food have enjoyed a significant spike in sales, and restaurants sourcing locally should also expect to reap some reward in due time. According to the Food Hub customers we consulted with, local food is increasingly trendy as more of their diners and grocery customers want to support the local economy and sustainable farming through their food purchases. In fact, the BDC is using "extremely optimistic" to describe the recovery and future growth of Canada's food and beverage industry, attributing much of its success to "Canadians' increased appetite for locally-produced food, locally-sourced and Canadian products" since the start of the pandemic (Muhamud, 2021).

While it is true that Canadians became more price conscious during the COVID-19 pandemic, it is also true that it cost nearly three times as much to move anything around the world this past year (Edwards, 2021). Even as economies begin to open up, global food prices are predicted to continue to rise while local food prices should remain more stable, making local food more appealing to household and wholesale customers (Bundal, 2021 & CBC, 2021).

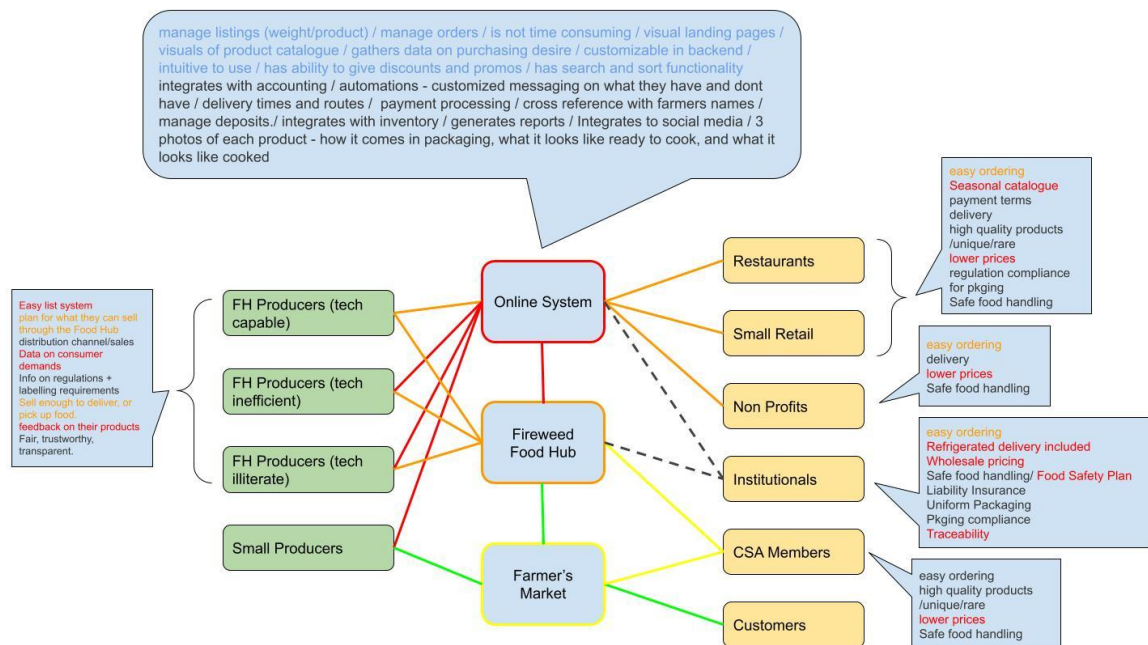
At the same time, there are several programs and policies introduced in recent years that may work in the Food Hub's favour down the line. Manitoba's Sustainability Development Procurement Act requires that the Government's purchasing decisions carefully consider "the

good's, material's or service's impact on the environment, economy, and human health and well-being" (Province of Manitoba, n.d). In 2009, the Manitoba government spent \$8 million on food for schools, hospitals and correctional facilities making it a large market worth exploring (Manitoba on the Menu, 2016). The City of Winnipeg is also working on a social procurement policy that could help open doors for the Food Hub to city procurement in the near future (Kavanagh, 2020).

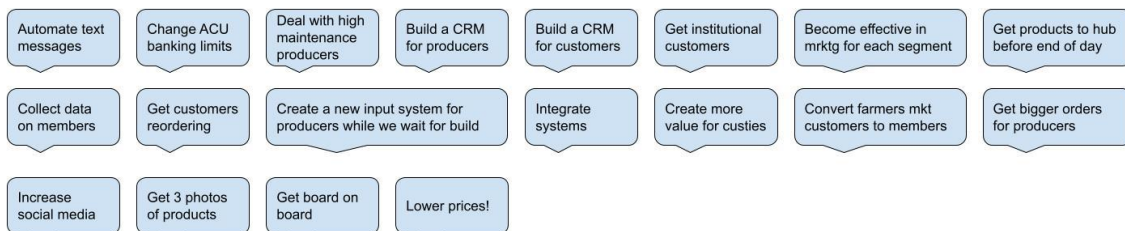
Operational Assessment (Overview)

Current Analysis

In Spring 2021, FFC worked with business consultants from the Social Entrepreneurship Enclave (SEE) to help us map out our work flow as an organization and identify current inefficiencies. Together, we created the following chart to highlight our pain points but also visualize where change could be made. Some of the recommendations that came out of this exercise have already been implemented while new challenges have since been identified, but it is a nonetheless helpful starting point for this report.



How Might We.....



Moving Forward

As shown, the text boxes on the left side list what our producers need from the Food Hub while the right ranks the services our customers are looking for. The colours are on a spectrum with green being the most efficient and red as the least efficient. As one can see, the farmers' market (i.e. the South Osborne Farmers' Market) is operating smoothly, while Fireweed Food Hub still needs a lot of investment to increase efficiencies, particularly on the producer side, which we will prioritize over the next year and will examine more closely later in the report.

Business Model & Logistics

Current Analysis

For our first year, the Food Hub operated using a consignment model as it was anticipated to generate the least amount of risk at this stage of operation. How it worked is that producers would list products through the Food Hub's online ordering system, setting their own prices and quantities, and customers would place orders online within a specific time frame each week. Once the ordering period closed, the producer would then receive a pick list notifying them of what they needed to deliver to the Food Hub, where it would then be checked over, repacked and delivered to customers.

Overall, this system worked fairly well, particularly for customers who liked the schedule and online ordering system, however, there were some downsides to this model that are worth mentioning. Not surprisingly, some producers felt that because of the multi-day ordering period, their product was 'held hostage' (unable to be sold to another customer) until they received their pick list. Customers also had to wait several days after their order was placed to receive their product.

As for our finances, the Food Hub has generated just over \$15k of profit to date through our service and delivery fees. To be expected at this stage of operation, this does not account for any of our operating costs which are currently being covered by grants.

Moving Forward

We hope to eventually move towards a hybrid model with some guarantee of sales for producers, or alternatively, having a quicker turnaround time between when an order is placed and when the customer receives it. These are ideas we hope to explore further. In the interim, however, we're trying to confirm product sales one week before the product is available so that producers have plenty of warning and don't feel like their sales are in limbo.

According to our financial projections, approximately three quarters of our 2020 and 2021 operating costs were dependent on grant funding, as we increased operational capacity in 2021. We hope to reduce this to about a half in 2022, and by another half the following year. These projections are well-aligned with research that demonstrates typical food hubs take three to five years on average to breakeven (Food Matters Manitoba, 2014).

Customer Segments

Current Analysis

The Food Hub sells to a diverse collection of wholesale customers, ranging from upscale restaurants to small organic grocery stores. As mentioned in our previous report, restaurants make up an increasingly large portion of our sales at 43.5 percent to date (23 restaurants in total) despite the challenges they faced this past year. This is due to a number of reasons, including that they tend to be more flexible and are willing to pay a premium for high quality products. While community organizations (6 in total) account for more sales at 45.4 percent, their sales growth relative to restaurants is slower. Retailers (6 in total) sit at about 10.2 percent of total sales while we have sold to one institution (Churchill Health Centre) to date. Among these customers, 72 percent have ordered more than once, indicating that we have a relatively high rate of customer retention.

Moving Forward

Other food hubs we spoke to agreed that restaurants were important customers in their early days because of their adaptability and willingness to pay a premium for high-quality foods. However, the same food hubs have since found retailers to be a more stable anchor customer with larger and more consistent orders, as long as the Food Hub is able to work with their narrow margins. Improving quality standards and reaching an economy of scale that allows us to lower prices will be critical to reaching this customer segment over the next year.

Institutions were considered among other food hubs to be the most difficult customer type to attract and retain. This is because they often have the most red tape, lowest profit margins, and a complex chain of commands that makes it difficult to navigate and build relationships. Despite these difficulties, food hubs agree that institutions are still worth pursuing and can lead to some large lucrative contracts. Haile Johnson, CEO of Common Market in Philadelphia, recommended we start with universities because they have student populations with values that are aligned with sustainable procurement, and because they tend to have more flexibility with their budget. He also advised us to approach policy makers in charge of procurement tenders & policy, communicating to them the value of considering benefits beyond the bottom line in their decision-making.

Sales and Customer Service

Current Analysis

On average, our sales coordinator spends 20 hours per week prospecting new customers and communicating with our current customers. However, due to limited staff capacity earlier in the year, we had even less time to concentrate on a focused sales strategy. It was also difficult to track the success of our sales efforts, in part because it is said to take on average eight

touchpoints to reach a prospective customer (Shultz, 2021). Based on our experience thus far, we average at four to five touch points until an order is placed, with emails receiving the lowest response rate compared to phone calls. Once a customer is onboarded and ordering, texting has been the preferred method of communication, particularly for chefs. Once the customer is purchasing from the Food Hub, it's a lot easier to recommend other products to expand their future orders. For example, one of our customers first started ordering because of their interest in local pastured bacon, but once they were on our system and in conversation with our sales team, they started to regularly order vegetables, edible flowers, eggs and other cuts of meat.

Industry representatives on our advisory committee recommended that we research the menus of potential customers before contacting them so that we can tailor our sales pitches and product highlights to their establishment. They also encouraged us to develop price comparisons with our suppliers and other food distributors and bring this data into meetings with potential buyers.

Education, values propositions and transparency have also come to play a key role in our sales and marketing strategy. Of course, we can't easily compete with the prices, volumes and uniformity of products offered by large wholesale distributors. This is why we've come to learn how important it is to change customer expectations of what local sustainably-produced food is: what it should look like, what it should cost, and what the values are behind our work. For example, to avoid misunderstanding, customers need to learn what local heirloom tomatoes look like as opposed to grocery store tomatoes, commonly with one or two 'blemishes', or risk being disappointed upon delivery. Additionally, we've found it's important for our customers to understand that the drought has impacted the availability of certain products which can lead to (and already has) more compassion for the farmers, greater flexibility, and a stronger commitment to the mission of this project.

Building personal relationships with our customers is also critical for our sales, especially at this stage of our development. Despite not being able to meet face-to-face, we've managed to still build strong relationships with our customers which has increased their loyalty, flexibility, and commitment to our work. Our 16 loyal customers (more than 10 orders) are a testament to the value of relationships. As Red Tomato shared with us, personal relationships keep the business relationships going. The Roost, a local restaurant and frequent Food Hub customer, is a great example of the importance of relationships. In the words of their head chef:

"The personal service is huge! I talk to you [the Food Hub] over the phone a lot and that's great. And I think that can be totally lost in large online ordering systems which can be so hard to navigate. It's so cool having [the Food Hub] develop those relationships [with farmers] for you and helping you develop your own relationships which are so important. That's how you can really learn about the food you're cooking and feeding people!"

As for products themselves, it appears that local meat has sold the most, making up 38 percent of our total sales this past year. This is partially because the price difference between local meat from smaller, sustainably focused farmers and meat from larger, conventional farmers is much

less than it is for other products, while the quality is considered far superior than conventionally produced meat. Novelty products, such as wild edibles, artisanal cheese and unique vegetables, are also popular amongst restaurants, but there is less interest from community organizations. A couple of the food hubs we spoke with suggested that we limit our product offerings, but as long as we are working with restaurants, it's the unique varieties which seems to help draw in customers.

Here are some of the other reasons customers have cited as reasons for purchasing through the Food Hub:

- Easy-to-navigate online ordering system with appealing photographs and up-to-date information about the available products
- Much more convenient and accessible than coordinating with individual producers on their own
- Greater access to a diverse selection of high quality local products, some of which customers have never had the opportunity to cook with before
- The smaller quantities allows customers to experiment rather than having to commit to large volumes which is the not case with other wholesalers
- Excellent delivery service
- Appreciate knowing where the food comes from and that the food was grown sustainably

Moving Forward

Consumer education, communication of value beyond a single bottom line, and relationship building will continue to be a priority in our sales strategy moving forward.

Marketing

Current Analysis

In terms of marketing materials, this past year the Food Hub created a handbill, a flyer focused on arctic char, and digital graphics, all with varying success. It was not all that obvious whether sending these materials directly translated into sales, but it is more likely that they helped get our name out in the industry which may have later aided our sales efforts.

Word of mouth proved to be one of the most effective marketing strategies, specifically among the restaurant industry. Although our customers may have first seen a social media post or received a handbill, for many of them, it was word of mouth from other chefs in the industry that pushed them to make the first move. The restaurant industry in Winnipeg is quite small with chefs often having bumped shoulders with each other at some point in their careers. Based on these findings, we are planning to introduce a referral program to incentivize our customers sharing us with their networks.

Providing samples has also been a very successful marketing strategy, especially for not-commonly-used products. The samples Adagio Acres sent to our customers were a big hit

and soon turned into consistent sales from restaurant customers like, Nonsuch Brewery, Thyme Cafe and Sous Soul. The sample products have sold 4.5 times the amount of some of Adagio's other unsampled products. Once customers have a taste of the product, they are much more likely to incorporate it into their menus. In the words of one of our anchor customers, Beer Catina, *"I've never tasted a carrot so good before. It's shocking the difference in quality. A lot of chefs don't get to work with products like these. All of that's really exciting to me. It makes me want to promote sourcing local food in this manner!"*

Moving Forward

To get the most out of our marketing materials, Red Tomato encouraged us to build templates and assets that could be tailored to what each customer needs and wants, so they can elegantly convey the product information and producer values to their customers. They also recommended using QR codes on packaging and small handbills so that customers can easily find information about the producers and products without the Food Hub having to invest a lot into printed materials.

Our digital presence has caused some confusion around who the Food Hub is intended for because information about the project is currently housed on the organization's general website and social media account. As a result, we've had to manage a number of household customers inquiring about how they can purchase from the Food Hub while we've inevitably lost some wholesale customers to the confusion. Nonetheless, sharing Food Hub information on our general social media accounts has also increased public support for this project and because of our large social media presence (3-4k followers), our wholesale customers are pleased when they are featured on the account. As a solution to this branding confusion, we are currently in the process of creating a separate website and social media account for the Food Hub designed specifically for wholesale customers (etc. chefs & retailers) in mind. Designing a separate brand identity for the Food Hub, we believe, will also help differentiate this project from the organization as a whole. We expect to launch our new website and brand later this fall.

Suppliers

Current Analysis

Over the past year, the Food Hub has worked with approximately thirty three small and midsize Manitoba farmers, fishers, ranchers, and artisanal food producers with all but two continuing with us into our second season. The vast majority are committed to sustainable practices with only one still using conventional chemicals in their production. To date, Food Hub producers have made over \$100k collectively, however, individual producer sales range significantly anywhere from \$400 to \$20,000. Although these numbers provide important information, they fail to capture the full picture of our suppliers' experience with the Food Hub. For this reason, we turn to qualitative data extracted from interviews, focus groups, surveys and observations to evaluate the supplier experience.

The supply side of our operations has been one of the more challenging aspects of operating a Food Hub. To begin, many of our producers are brand new to the wholesale market which has resulted in issues with inconsistent quality, insufficient labelling and packaging, and other practices not being up to wholesale standards. Consequently, our first few months in operation were particularly difficult, with products arriving that didn't match their description or were regularly under the weight ordered. In response, we've had to invest more time in our first two years to support our suppliers in becoming wholesale ready by creating resources, training videos and coaching them as they navigate the wholesale market. This is ongoing, but our efforts are beginning to pay off. Some of the resources we've created in consultation with our producers include: Food Hub quality standards, packaging and labelling guidelines, a producer manual, and supplier agreement form, among others.

We've also begun to closely examine every order that passes through our warehouse and request that producers overfill by 5 percent in case there is something wrong with a few items, all of which has helped increase our quality standards. Of course, having to check and weigh each order is time consuming and thus unsustainable in the long-term. Same goes for coaching each one of our producers. We hope that by investing in our producers now, during the early stages of our Food Hub project, we will be able to help scale up wholesale production overtime and eventually become more like Red Tomato, who only has to do random quality checks. This is in part because they've made a conscious effort to provide producers with direct feedback from buyers, which producers are most receptive to. For example, they always bring a buyer to their annual growers meeting to give producers real marketplace feedback, which they always appreciate. Western Montana Growers Co-op (WMGC) is also at a place where their producers now pack their orders using packaging ordered through the co-op at cost to keep it consistent. They only do random spot checks and aggregate orders at the warehouse, allowing them to save on time and packing expenses.

Further, our producers, as small-scale operations, are currently set up for direct marketing which means many of them are growing a little bit of everything rather than growing larger volumes of a few crops. As a result, most producers only have small quantities to sell through us, making it difficult to find larger and more consistent orders which would justify the transportation costs and time of delivering to the city. According to our producers, they want a \$200-\$300 order minimum, but will at times not list enough through us to reach their minimum. In the interim, we've helped facilitate some sharing of delivery between producers to offload some of the burden of time and fuel costs. Most Food Hubs we spoke with offer on-farm pickups which allow them to deliver to customers every day of the week and make it more convenient for their producers to participate. This would be very difficult for us given Manitoba's geography and the distance of many producers from Winnipeg. We have encouraged some product specialization which is helping, but it is not until we can provide our producers with enough strong data on the demand for their products, that producers will take the risk of producing more.

This summer's drought, heat waves and the plague of pests have also impacted producers' supply and ability to deliver on their orders. Adagio Acres, a co-op member, shared that a lot of their crops were either destroyed by the late frost in the spring or were slow to germinate and

grow because of poor moisture in the soil from the extreme heat and drought. Many of the crops, like oats, that survived were then damaged or completely destroyed by the grasshopper infestation that has thrived in the dry heat. As such, we've had to be in constant communication with them to verify their quantities and try to fill last-minute order gaps.

Despite the challenges, many producers have consistently sold well through our system. To demonstrate this, below are three case studies of three different vegetable producers, similar in size but with different relationships to the Food Hub that have a clear impact on their success.

Producer A is what we refer to as an anchor supplier. They only grow on 5 acres of land, but consistently sell large volumes of high-quality spray-free vegetables at a reasonable wholesale price. When their product isn't selling well, they adjust their prices accordingly until they start moving. They also communicate in a timely manner, and are always looking for feedback as to what they can do better or grow for next year. As a result, they have made nearly \$10k of sales through the Food Hub thus far, capturing a sizable portion of our summer sales.

Producer B is also an anchor supplier. They exhibit most of the same qualities as Producer A, but what sets them apart is their ability to store large quantities of storage vegetables which allows them to sell through the Food Hub the vast majority of the year. As a result, they have sold almost \$20k through the Food Hub in a span of eight months.

Producer C is one of our less reliable producers. They also grow on 5 acres of land, but only list small quantities at high prices. Even if they aren't selling well, they are hesitant to adjust their sizing and pricing, and are fairly inconsistent with their availability and offerings. In short, the Food Hub is likely not a priority for them because they aren't seeing the same pay off as Producer A and B. However, we've noticed that when they finally make a large sale, their priority shifts and they start listing and selling more quantities, and at slightly lower prices.

Some of our complimentary projects, like the Veggie Van and Co-op Member CSA, which allow us to purchase directly from our producers for resale, have helped us increase their sales and demonstrated how the Food Hub could better support them. In fact, several of our producers, after receiving a sizable order, immediately started putting aside products for the Food Hub. Furthermore, these projects have also helped reduce waste on farms and at our warehouse, and thus warrant consideration as a long-term strategy.

It's also worth highlighting some of the other positive impacts the Food Hub has had on our producers. Some of these impacts include:

- Additional farm revenue stream and increased total sales for producers
- Supportive feedback on growing practices and product selection to increase customer satisfaction
- Increased access to wholesale markets and customers without increased sales and marketing labour

- Simplified sales, marketing, and delivery logistics, allowing farmers to focus on food production
- Reduced food waste on farms, due to larger-volume sales to wholesale customers
- Coaching and support towards product specialization, allowing producers to play to their strengths and produce a smaller variety of superior products
- Access to a large customer base with a simple weekly ordering system, allowing producers to sell larger volumes and make trips to the city more lucrative.
- Simplified systems, open communication, and transparent sales data from Fireweed, making participation easy

Moving Forward

Other Food Hubs have managed to successfully provide crop planning support to encourage their producers to increase their production for the next season. For example, Red Tomato shared that in the winter, they call all of their customers individually to ask what they would be interested in ordering next season, how often and how much. They then take this information to their producers, along with sales data from last season, to give producers a sense of how much they should produce for next season. Common Market also supports crop planning by providing data-informed projections on the expected demand for the upcoming season. In the words of Dae Prather from WMGC, *“you need to build trust with your producers so that they feel confident that whatever they grow will in fact sell. Without that trust, you’re likely to be stuck listing their leftovers!”*

Again, it is important to underscore that producers’ limited supply is not necessarily because of their small size of operation. In fact, a recent survey on the capacity of small farms (Manitoba Research Alliance, forthcoming) revealed that nearly all producers surveyed were able to increase their production capacity anywhere from 25 percent to over 100 percent, if there was sufficient demand. The survey also found that aggregation and specialization could help further increase their production capacity in order to meet wholesale demand. Finally, it brought to light that the availability of certain products was not only dependent on weather but also a matter of whether producers had the storage capacity to extend their supply into the off-season, and a robust distribution network to ensure their product gets to market. Through consultation, Food Hub producers have also defended the capacity of their operations, saying that it is more about the production than the physical size of the farm. Elemental Earth Gardens, for example, pointed out that they are working on less than 2 acres, but are restructuring their operation to scale up production for the Food Hub.

While our producers are hesitant to sell at wholesale prices if they aren’t moving large volumes, paradoxically, they won’t sell large quantities unless they lower their prices. Many have also expressed that they simply don’t know how to price appropriately for wholesale. The Common Market assured us that prices will come down as the market provides feedback, but also encouraged us to let our producers know when their prices are too high. Red Tomato shared that they ask producers for their “dignity price,” the minimum fair price they will take and then they try to go a few dollars above that, which may be worth incorporating into our strategy.

WMGC, on the other hand, recommended that we collaboratively set a standard price for each product so that the same products aren't being listed at different prices. These suggestions align with feedback we've received from our producers who have indicated that they would like the Food Hub to be more involved in pricing by coming up with a data-informed price range for each product. In response, we've started doing wholesale pricing research and hope to have something ready to share with producers during the off-season.

CONCLUSION:

By undergoing this evaluation project, Fireweed Food Co-op has gained a stronger understanding of the successes, challenges, gaps and opportunities of the Food Hub after our first year and a half. As the report has found, the Food Hub's strengths lie in our ability to adapt and find collaboratively-oriented solutions; our strong relationships with customers and producers; well-planned logistics and services; and in the clear value we bring to both our customers and suppliers, among other strengths. We see our main challenges as working with small-scale producers new to the wholesale market; clarifying our brand identity and marketing strategy; getting into large retailers and institutions; low profit margins, and as a result, limited staff capacity. Although these are significant hurdles to overcome, according to the other food hubs we consulted with, these challenges are also very common for our first year. Their recommendations have provided helpful information regarding how to tackle these challenges and continue to grow at this stage in our development. As the market research reveals, we've also come to identify a number of market gaps and opportunities for the Food Hub, especially as the demand for local food continues to grow. Furthermore, the United Nations Sustainable Development Goals recognizes supporting smallholder farmers' ability to increase food production as critical to addressing the COVID-19 pandemic's effects on the food and agricultural sector, and ensuring the food supply chain is kept alive (United Nations, n.d)

Through this extensive year-long review of the Food Hub and its processes, it has become clear that our internal operations and external market conditions are favourable, in many ways, for the Food Hub to have long-term success and industry-wide impact. Future growth for Fireweed Food Hub will be based on strong organizational capacity (ongoing funding support, committed staff and volunteers and continued adaptability), positive and fruitful relationships with producers, and increased sales through the application of proven strategies shared by other food hubs. As an organization, we look forward to growing alongside our suppliers and customers, and enhancing the landscape for local food production in Manitoba.

RECOMMENDATIONS:

Based on our findings from this evaluation, we created a list of internal and external recommendations, some easier to implement than others, but all priorities for the next two to three years:

- Have a dedicated full-time, year-round staff person for each of the following areas: sales & marketing, supplier coordination, office and finance, project management
- Retain a dedicated group of anchor suppliers (mix of small and medium-sized) to invest in, who can help carry the Food Hub forward

- Continue exploring ways to improve and invest in communications with producers
- Increase the Food Hub's cold and dry storage capacity to reduce producers' trips into the City (of Winnipeg) and ensure supply is available for products year-round
- Support small producers to extend their growing season and increase storage capacity
- Refine supplier eligibility criteria to ensure that new producers are all on the same page and will have the supply to sell consistently through the Food Hub
- Start a referral program to incentivize customers to share about the Food Hub with their networks
- Host an annual producers' meeting in the off-season to share important information, consult on upcoming changes, as well as build a shared vision and commitment for the Food Hub
- Develop an appropriate price range for Food Hub products based on market research and through consultation with producers.
- Educate and coach producers on pricing within the aforementioned range
- Continue to encourage specialization among producers as a way to help them scale up production of specific products
- Explore the feasibility of a non-asset based Food Hub model using local grower infrastructure and third-party logistics and distribution
- Research prospect customers and their menus thoroughly, and develop a tailored sales pitch before contacting them
- Increase education efforts with the goal of selling to institutions, as per the recommendation of our advisory committee. In their words, *"talk about the nutritional value of food and offer value through workshops!"*
- Interview customers after the busy season to get a sense of their purchasing intentions for the next year -- doing so will help provide producers with the necessary data to scale up their production for the Food Hub
- Continue to build value for customers by creating table-service resources and brand assets
- Create a new Food Hub Instagram account to feature customers and producers
- Explore narrowing down our product listings so that we can build up knowledge and consistency around certain products
- Balance a simplified catalogue with a need for niche products as a way to attract restaurant customers
- Share resources with and continue to build up community and industry partners to help strengthen the sector as a whole (*a recommendation of the food hub advisory committee*)
- Implement regular data collection activities and conduct an outcome evaluation in a few years' time to track the impact of the Food Hub on the industry, environment and economy at large

KNOWLEDGE TRANSFER:

In addition to the publications and conferences listed in our last report, the following list describes the spaces where findings from this specific project were discussed:

- Regular co-op newsletters (100+ members)
- The Lateral Root Network, The Food Hub Advisory Committee (12 members)
 - General meeting (March 26 2021)
 - Producer meeting (May 21 2021)
 - Food Industry meeting (May 28 2021)
 - Food Security meeting (August 20 2021)
- New Food Hub website (launch date expected October 2021)
- Food Hub video series (launched date expected October 2021)
- *Growing on Stolen Land* by Indigenous guest blogger, Aimee McGillis
- *Seeding Resiliency: Dakota Farming in Canada* by Indigenous guest blogger, Hañwakañ Blaikie Whitecloud
- *The Feasibility and Opportunities of a Locally-sourced, Pay-what-you-can School Lunch Program in Winnipeg*, a feasibility study funded by the Manitoba Research Alliance (forthcoming)

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