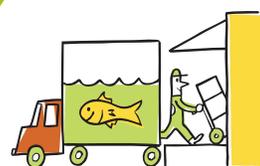


The Louisville Local Food Demand Analysis

PREPARED FOR

Seed Capital Kentucky & Louisville Metro
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Executive Summary

The Background

The Louisville Local Food Demand Analysis is a comprehensive, qualitative and quantitative analysis of demand for local food in Louisville Metro/Jefferson County, Kentucky. Seed Capital Kentucky, a non-profit with the mission to catalyze the success and resilience of regional agriculture and the regional food economy, engaged Karp Resources, a New York City-based food and agriculture consulting firm, to design, lead and manage this multi-stakeholder, multi-partner research process. The findings will be used to support efforts by Mayor Greg Fischer and others to create linkages between urban consumers and rural producers as a long-term, regional, integrated economic development strategy.

Louisvillians have built an enviably vibrant and diverse local food economy. In 2011, Louisville residents spent \$2 billion on food, approximately \$1.2 billion on food-at-home and \$800 million on food-away-from-home. There is much evidence that Louisville residents, businesses and policy makers are committed to growing local food's share of those dollars. Louisville Metro government employs a Farm to Table Coordinator charged with making critical connections between businesses, producers and consumers. Farmers' markets operate every day of the week, several food distribution companies focus specifically on locally grown foods, and more and more restaurants and retailers are sourcing and merchandising local foods.

As the Demand Analysis reveals, much work remains to be done to satisfy Louisville's appetite for local food. Consumers across the demographic spectrum want more local fresh, prepared and processed food, at lower prices, and they want to buy that food where they already shop. Commercial buyers recognize that buying and selling more local food will require additional infrastructure and support, the kind of capital improvements that may require public and private dollars, but are keen to grow their local food purchases.

Fundamental factors that will underlie the success of Louisville's local food economy's continued growth include:

- **Strategic efforts** to tactically expand local food's presence must build on proven efforts.
- Meeting demand for local food depends on increased trust and strong communication between buyers and producers.
- New physical **infrastructure** for aggregation, processing and distribution will be needed to accommodate increased supply.
- **Support**— technical, business, marketing, and consumer education— is needed to ensure that producers, commercial buyers and consumers make best use of available supply.
- **Tracking** and tracing incremental growth and the stories behind the food is essential to maintaining momentum and making the case for growth.
- Farmers have the capacity and desire to increase **supply**, but they need assurance that the demand is real. Contracts between buyers and farmers will provide the security they need to take risks and make investments.

Supporting "local farmers and the local economy will make the city a better place."

The Findings

The Demand Analysis' research methods were diverse and incorporated the following:

- A synthesis of existing data and research on the context of demand, including factors influencing and impacts resulting from food purchasing and consumption in Louisville and insights into Kentucky and Southeast Indiana's agricultural character;
- More than 35 open-ended, hour-long interviews and focus groups with consumers, producers and commercial buyers;
- A survey of 75 commercial buyers representing 107 locations based on a random and stratified selection of all Louisville commercial food buyers; and
- A survey of 421 consumers based on a demographically representative sample.

The Demand Analysis yielded the following key findings:

Un-met demand greatly outstrips current supply of local food in Louisville.

- Louisville residents currently spend \$100 million on local foods, and are interested in purchasing an additional \$158 million each year, for a total demand of \$258 million
- Commercial buyers currently spend \$214 million on local foods, and would be willing to spend an additional \$139 million, for a total of \$353 million.
- Much of the food the commercial sectors purchase will be handled, transformed and resold in a variety of outlets, leveraging that \$353 million in local food purchases to contribute an estimated \$800 million to the local economy.¹
- Meeting commercial buyers' voracious demand for local food will contribute to satisfying Louisville consumers' \$258 million demand, with abundance to share with visitors, commuters, and consumers and wholesale buyers beyond Jefferson County's borders, thus becoming a meaningful economic driver for the city and county.

Total demand for local foods in Louisville is \$258 million among consumers and \$353 million among commercial buyers.

Almost 72% of Jefferson County consumers are already buying some amount of local food.

- Demand is relatively consistent across income levels and ages, with higher income consumers (over \$75,000 household income) and older consumers (55+) slightly more likely to purchase local foods.
- Quality is the number one factor influencing purchasing decisions, followed by price.

Local food means better food, and consumers are willing to devote more of their monthly food budgets to local food— on average, twice as much as they currently spend.

- More than 95% perceive local food to be more flavorful and of generally equal or superior quality compared to foods from elsewhere.
- Consumers are willing to purchase local foods of all types, with strongest interest in local fruits and vegetables.
- On average across all income bands, if it met their expectations of quality and price, consumers currently purchasing local foods would spend more than \$200 on local foods each month, more than twice what they spend now.

"I expect local food to be better (than food from further away). And it makes me feel better, buying local."

¹ This figure takes into account the value that will be added to local food as it moves through the supply chain and is re-sold in various forms by and to manufacturers, distributors, retailers, restaurants, and institutional food service companies. It is an estimate, based on industry standard costs of goods sold (COGS), which vary by sector.

Commercial buyers of all kinds are working to keep up with consumer demand.

- More than 63% of surveyed commercial food buyers intentionally purchase local foods.
- Product consistency, followed by taste and price, are the most important factors. The restaurant sector overwhelmingly identified distribution services and sufficient volume as key factors to increasing purchases, while supermarkets prioritize price.

Over 73% of commercial buyers said that they buy local food in order to support local business and the local economy.

- Over 51% buy local to support local farmers.
- More than 78% indicated that they see investment in local food as a viable anchor for a broader economic development policy.

87% of commercial buyers who don't currently buy local said that they would if barriers were eliminated.

- Among commercial buyers who currently do not buy local foods, almost 44% have previously done so but stopped due to issues with product packaging, lack of distribution services, insufficient available supply, and inability to get local foods from their companies' approved vendors.
- Product price and lack of distribution services were the key obstacles keeping those who have never purchased local foods from doing so.
- Interviews with producers aligned with commercial buyer survey findings, indicating that the greatest supply-side need is increased ease of access to market, including aggregation, distribution, sales, marketing and crop planning infrastructure and services.

The Action: Using the Data

The actions, innovations and investments of interested parties from many sectors will be essential to growing the city's capacity to meet this extensive demand for local foods. Investments of capital, technical expertise, long-view thinking, and collaboration were all noted as key actions needed to grow the local food economy.

The Demand Analysis concludes with vignettes that were designed to answer to the question: How can I use the findings of this study to help grow Louisville's food and agriculture economy? The vignettes explore three paths toward growing Louisville's food system:

- "More Tools for More Food" looks at the need for physical infrastructure and complementary technical support;
- "Farm to Food Processor" focuses on incentive programs to increase local procurement; and
- "Increasing Healthy Food Options at Retail" directs attention to making local food part of existing and new strategies to increase access to healthy foods throughout the city.

The concept underlying these vignettes is the "3 legged stool" that stands at the foundation of a healthy society and a healthy food system, and provides insight into the importance stakeholder engagement across sectors: 1) an effective and accountable government sector, 2) a dynamic private sector, and 3) a vibrant civil society, or not for profit sector.

Louisville's people— policy makers, nonprofit leaders, producers, food businesses, private investors and consumers— can utilize this Demand Analysis' verification of and nuanced detail about the strong demand for local food to immediately develop and execute a long-term economic and community development strategy for a vibrant and dynamic local food economy in Louisville.