



LANE COUNTY

Public
Market
&
Food Hub
Market Analysis

2014

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Lane County Public Health

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The Economic Development Administration University Center at the University of Oregon is a partnership between the Community Service Center, the UO Economics Department, the Oregon Small Business Development Center Network, and UO faculty.

Community Planning Workshop (CPW) is a program of the Community Service Center at the University of Oregon.

Purpose

The City of Eugene Community Development Division, Lane County Economic Development, and Lane County Public Health believe a highly accessible year-round public market and/or food hub could directly benefit the community's health, well-being, and prosperity.

The City of Eugene and Lane County partnered with the Community Planning Workshop at the University of Oregon to complete this market analysis. Our goal is to provide the public with factual information to support a community conversation about the potential for a public market and/or food hub, and to illuminate larger strategic opportunities for collaboration and partnering of resources.

The three major components of this project were (1) a random sample household survey about current grocery spending and potential use of a public market, (2) Technical Resource Group meetings and (3) interviews with local food experts about supply and distribution.

Tremendous momentum surrounds the local food movement in Lane County. The number of small farms throughout Lane County is increasing to feed residents' appetites for fresh, local foods. Meanwhile, the region's many small-to-medium sized food and beverage manufacturers are also growing quickly and employing hundreds of people.

Investing in a year-round public market and/or food hub will support local food industry entrepreneurs, create a premier showcase of local products, and could distinguish and cement the region's reputation as a food destination.

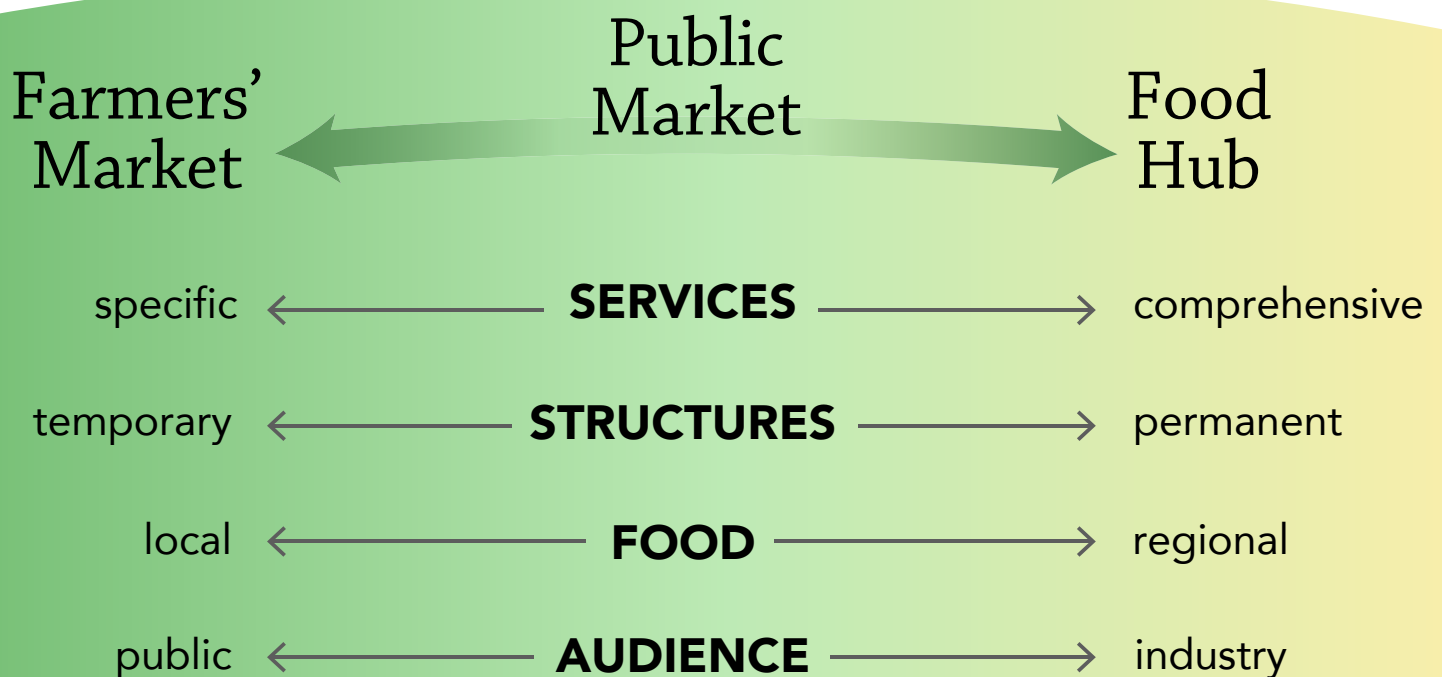
The increase in local food purchases would encourage job creation, create an additional venue for buying fresh, nutritious produce, and improve residents' understanding of healthy eating and affordable local food options.

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What are Public Markets and Food Hubs?

No two public markets or food hubs are the same, but in general, the two make up part of the continuum from farmers' market to full-service food hub. Public benefits and services increase along the spectrum with plenty of opportunity for overlapping characteristics.



What is a Public Market?

Public markets are often viewed as farmers' markets located in a permanent building, but a public market in Lane County can be more than a location for vendors to sell local produce. A public market is a permanent destination where local and regional food producers, artisans, and businesses interact directly with consumers.

A public market can also become a destination and community focal point for residents to take a cooking class, learn more about healthy eating, interact with local farmers or food artisans, and listen to live music. Residents can visit a public market to spend quality time with their friends and family. A public market's foot traffic can also provide opportunities for small retail stores, food halls, and sit-down restaurants.

What is a Food Hub?

Like traditional public markets, food hubs support the comprehensive, localized food systems within a region. Food hubs offer support services to small businesses and the food industry. They often offer wholesale activities, which serve industry more than individual consumers.

For example, in an area lacking food distributors serving local small farms, a food hub could offer distribution services. If an area is well served by existing distributors, but lacks processing infrastructure, a food hub could focus on processing facilities. Food hub services could be co-located within a growing public market, or be developed at a separate site depending on the mix of services intended, the costs associated, and the requisite siting characteristics.

STUDY METHODOLOGY

CPW conducted a random sample survey of Eugene and Springfield households about their current grocery spending and potential use of a public market. Using the household survey and Claritas Food At Home Expenditure data, we generated a range of revenue projections for a potential public market in Lane County. We also researched best practices and operational models for a public market through case study interviews with nine public markets across the country.

CPW conducted 19 interviews with key people in Lane County's local food movement and attended the 2014 Local Food Connection conference at Lane Community College to understand Lane County's supply and distribution system. We then identified supply and distribution opportunities for a potential food hub in Lane County through Technical Resource Group meetings with local food experts and case studies of existing food hubs across the country.

Features of a Public Market





Benefits to the Community

Promoting public health in Lane County by increasing residents' access to healthy, locally produced food, and providing opportunities for residents to learn about their food and healthy eating habits.

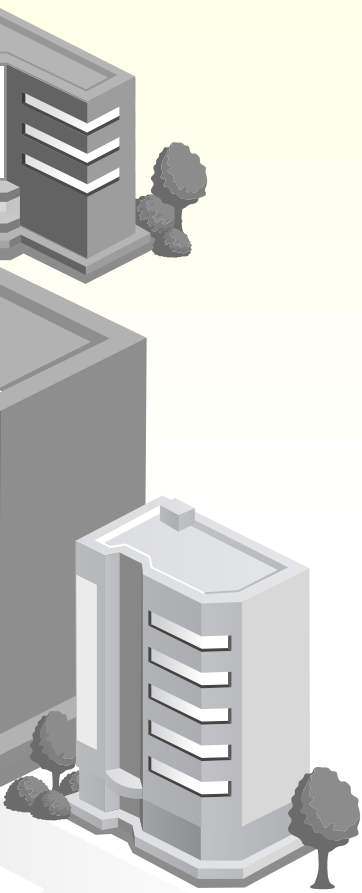
Increasing local food purchases by offering a variety of local products in one location that is open multiple days a week, year-round.

Creating local jobs in Lane County by supporting local food industry entrepreneurs and farmers.

Boosting the local economy by keeping money spent on local food in the local economy instead of "leaking" out to other places.

Creating a premier showcase of local products to potentially distinguish and cement the region's reputation as a food destination.

Providing a community gathering place for community members to spend time with family and friends, enjoy local foods and arts, attend community events and meetings, and enjoy live music and entertainment.



Survey Findings

We administered a random sample household survey in Eugene and Springfield to understand the full potential of a public market. The response rate to the survey was 20%; 298 surveys were completed.

Survey respondents report visiting multiple places in search of the products they want.

At least once a month...

30%

visit a meat market

40%

visit a fish market

70%

visit a farmers market

TAKEAWAY

Shopping at a public market fits residents' buying habits. We believe local residents will purposefully shop at a public market for the range of local and specialty food products they desire.

Monthly expenditures on food produced in Lane County

\$22

Less than 5% of residents' grocery budget is spent on food produced in Lane County¹

\$467

HOUSEHOLD GROCERY EXPENDITURES²
monthly

FRESH, LOCAL, ORGANIC

Many respondents prefer fresh fruit and vegetables picked today, locally and regionally grown foods, and organic and natural products.

15% of respondents currently seek out and pay more for fresh, local and organic items.

40%

of respondents would pay more for fresh, local, and organic food items if they were *readily available*.

TAKEAWAY

Capturing even small percentages of total grocery spending on local food could add dramatically to the local economy.

¹ Community Planning Workshop. Lane County Local Food Market Analysis. University of Oregon, 2010.

² "CBP - Food at Home - Eugene-Springfield, OR." Nielsen Solution Center. The Nielsen Company, 2013.

6000

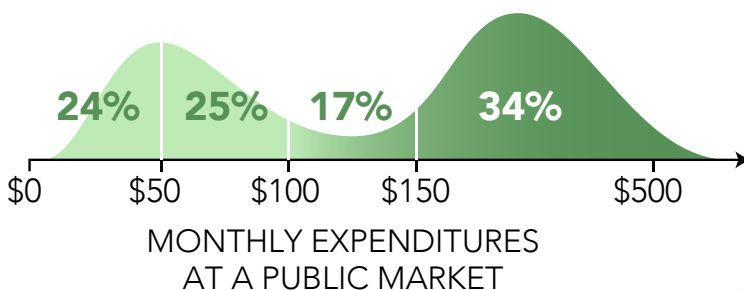
Number of households we estimate will shop at a public market in Lane County at least once a year. Based on survey results, these households consist of a variety of ages, household sizes, and incomes.

↳ of these households
67%
will shop weekly

How much will people spend at a public market?

About a quarter of their grocery budget

A public market will give people another opportunity to buy local products. We estimate households that shop at the public market will spend an average of \$110 or about a quarter of their household's monthly grocery budget at the market. A full third of people will spend more than \$150/month at a public market.



\$6-9 Million

The gross annual sales we estimate for a public market. While we recognize not all residents will shop at a public market, we believe a public market can generate between \$6-9 million¹ in gross revenue a year from fresh and prepared food and serve an important role in the local economy's health.

We based this projection on survey respondents estimated spending on fresh and prepared food monthly at a public market. Adding additional products and services at a public market could generate additional revenue.

¹ It is important to note that these figures represent a mid-range estimate of three different spending and visit frequency scenarios. For the specific breakdown of CPW's revenue projections, refer to Appendix E.

A public market can be a destination retail location.

In addition to local consumers, a public market can be a destination retail location for tourists. We estimate tourists will contribute at least 3% to total annual gross revenue at a public market.

TAKEAWAY

We believe Lane County can support a year-round public market based on our revenue projections of \$6-9 million annually. It is important to note the actual revenue of a public market will depend greatly on the market's location, the market's size, and the range of products offered. Additionally, for a public market to be successful it must provide the products and services desired by the community and tourists.

Products

A potential public market could sell a wide range of local and regional products and become a community focal point. However, to capitalize on the food movement a public market must offer the experience consumers want year-round. We asked Lane County residents from Eugene and Springfield what products and services they are interested in at a public market.

Seasonal, fresh food could generate \$4 to \$6 million annual revenues.

Respondents estimated they would spend an average of \$140 monthly on fresh food at a public market. Depending on the amount spent per visit, these monthly purchases by consumers equal \$4-6 million in annual revenues just from fresh food sales.

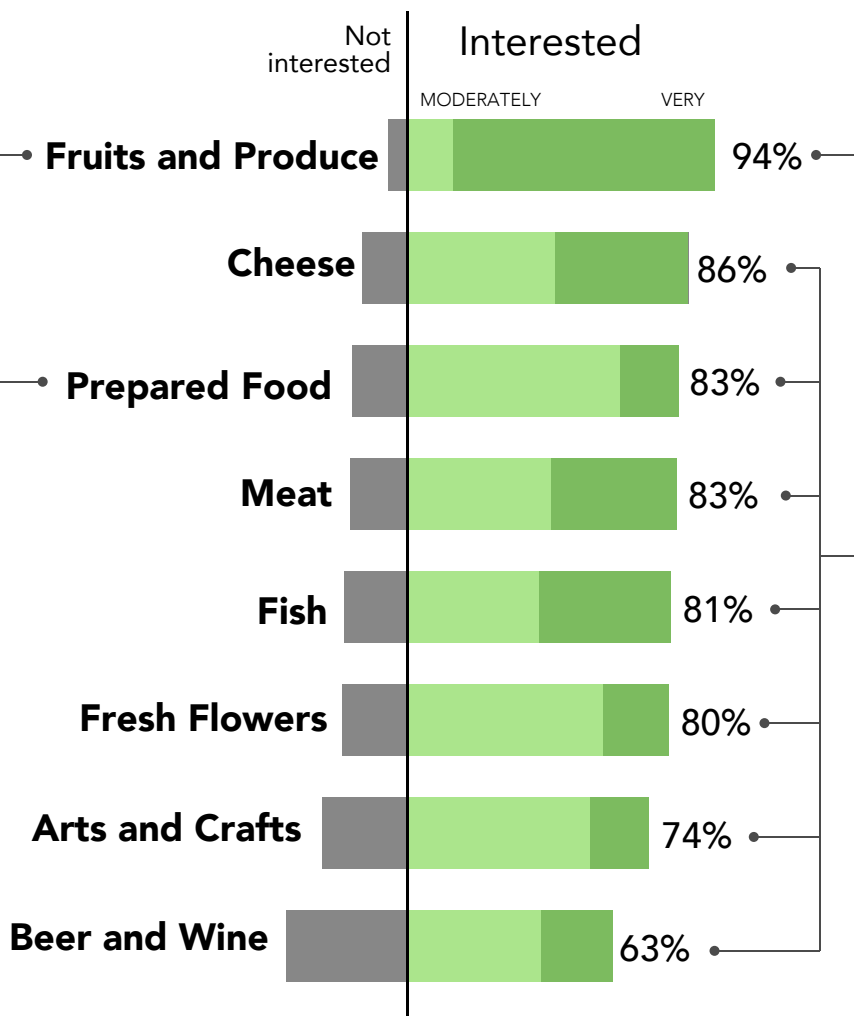
A public market should sell locally and regionally grown produce.

Over 90% of survey respondents are interested in buying fruits and produce at a public market.

Prepared food could generate an additional \$1 to \$3 million annual revenues.

Respondents estimated they would spend an average of \$40 monthly on prepared food at a public market. Depending on the amount of prepared food bought per visit, these monthly purchases by consumers equal \$1-3 million in annual revenues from prepared food sales.

What is your level of interest in the following products?



Local fruits and produce are a major business opportunity.

Lane County residents value and will pay more for local products; 58% of respondents expressed they prefer and will pay more for products grown regionally (in the Pacific Northwest).

Lane County residents want more than fresh produce.

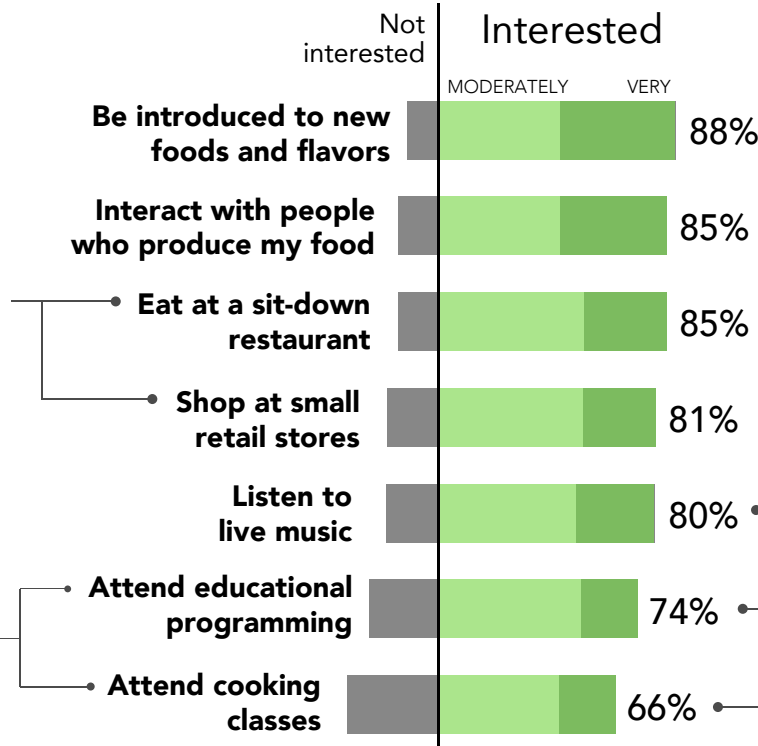
In addition to fresh produce, Lane County residents want fish, meat, cheese, prepared food, beer and wine. A public market can be a destination retail location for consumers by offering a complete range of products consumers want.

Services

What is your level of interest in the following services?

Restaurants and retail stores are revenue-generating additions.

If all the local visitors spent \$20 at a small retail store and a sit-down restaurant just once a year, this could boost gross revenue sales an additional \$200,000 annually.



A public market can be a local destination and entertainment center.

Residents want to listen to live music and spend time with their friends and family at a public market. Programmed events can make a public market a vibrant, fun place attractive to visitors from not only Lane County but also tourists from outside the region.

Residents want to be educated about their food by knowledgeable experts.

Residents want to attend cooking classes, educational programming, and be introduced to new foods and flavors. A public market could collaborate with existing local food businesses and organizations to provide these services.

Consumer education co-located at a public market could improve residents' understanding of healthy eating.

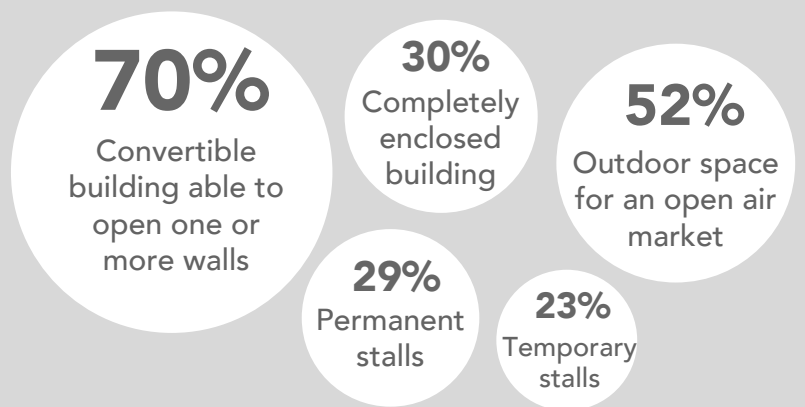
Currently, only 27 percent of adults and 22 percent of children in Lane County meet the minimum recommended daily consumption of fruits and vegetables¹. A public market or food hub could create an additional location for buying fresh produce. Consumer education through the market or hub could also improve residents' understanding of healthy eating.

¹ Lane County 2013 Community Health Report

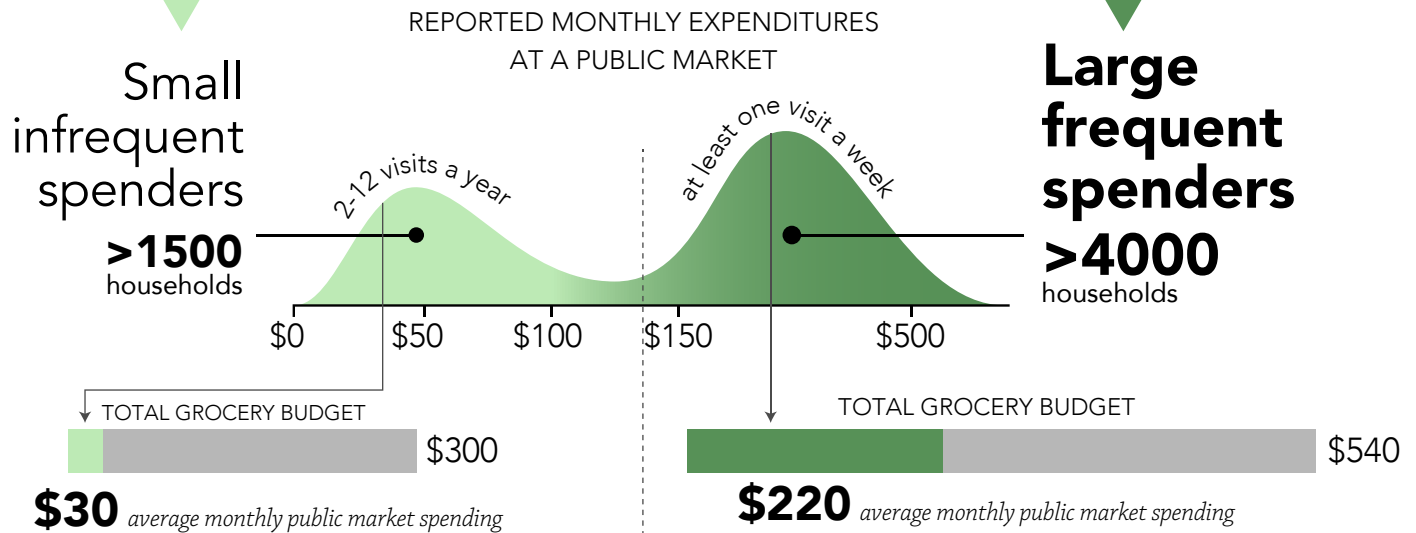
Building style of a public market is important.

Respondents want a building with space for permanent vendors and temporary stalls for more seasonal farmers or other small producers. Outdoor space is also very important and will allow for additional revenue when weather and season permits. Respondents want a convertible building with large operable doors and windows.

What type of building structure is most desirable?



Consumer Profiles



INTERESTED IN...

- ✓ a range of products
- ✓ produce available out of season
- ✓ prepared food
- ✓ spending time with friends and family

at least → **\$1 Million**
 total estimated annual sales

Small, infrequent spenders will help support a range of products and services.

Small, infrequent spenders will visit a public market for the atmosphere, entertainment value, and overall experience. To capture their sales, a public market must have the products and services small spenders prefer to attract them to shop at a public market.

INTERESTED IN...

- ✓ availability of local foods
- ✓ beer and wine
- ✓ interacting with and knowing the people who produce their food

at least → **\$4 Million**
 total estimated annual sales

Large, frequent spenders are extremely important to a public market.

They are key to a public market's viability by visiting often and purchasing local products for their household's groceries. They will also allow a public market to stay open multiple days a week.

BOTH CONSUMER TYPES REPORTED INTEREST IN...

FEATURES	PRODUCTS	SERVICES
Value for money Convenience to home	Fruits and produce Cheese, fish, and meat	Being introduced to new foods and flavors Eating at sit-down restaurants Shopping at small retail stores

Public Market SITE SELECTION

MUST HAVE

PREFERRED

PHYSICAL

High visibility from major roadways and surrounding areas to attract visitors and residents.

Ample auto and bicycle parking.

Loading and unloading area for vendors to bring products. Potentially additional space for restaurant pick-ups.

Multi-use space for entertainment and social events.

Ample storage space, cold and dry, for vendors.

Space for a commercial kitchen used for demonstrations and cooking classes.

Highly accessible by all modes of transportation.

Expansion capability to grow long-term.

Co-located near high employment areas, retail stores and restaurants, and other services.

Co-located office space for public market administration and additional services, such as small business support.

Public spaces indoor and outdoor for people to spend time with friends and family.

Convertible building design to allow outside vendor stalls.

LEGAL

Appropriate zoning allowing a public market.

Compliance with Americans with Disabilities (ADA) and other building codes.

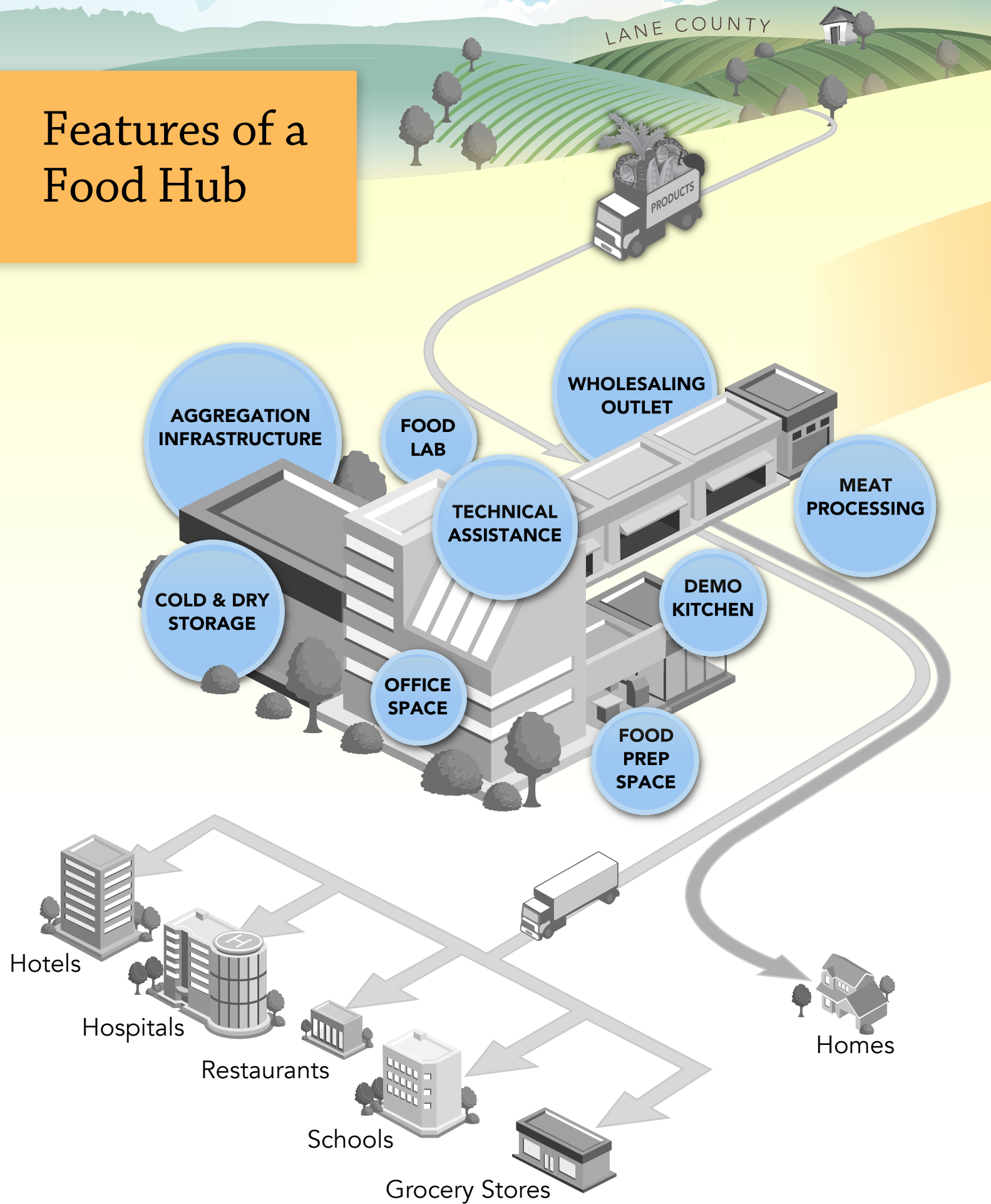
Compatible with uses located adjacent or near the public market. For example, a mixed-use area with small retail stores, restaurants, and housing.

FINANCIAL

Public/private partnerships to help cover development and operating costs.

Grants and other funding sources to help cover development and operating costs.

Features of a Food Hub





Benefits to the Community

Aggregating product distribution and wholesale opportunities for small food businesses, as well as creating opportunities for certifications, such as organic, local, or non-GMO.

Bolstering the capacity of the region to meet the growing demand for local food and help local producers keep more of these 'food dollars' in Lane County.

Leveraging the world-class food stuffs grown and produced in Lane County into a 'food tourism destination,' thereby supporting marketing of the local food and service industries.

Supporting the local production of value-added goods, such as ready-to-eat pastries and jams, charcuterie, or prepared foods, which enables local producers to extend their sales into the cooler months when it is harder to supply fresh produce.

Fostering job creation and incubating new businesses.

Increasing the amount of healthy, local food purchased by local institutions, such as schools and hospitals, as well as restaurants and hotels.

Interview Findings

We conducted 19 interviews with local food experts to understand the local food supply and distribution system. The Lane County region has existing businesses and organizations that provide distribution, aggregation, storage, commercial kitchen space, and small business support. However, local food experts are excited about the possibility of a food hub and helped identify the following areas where a food hub could help extend infrastructure and expand service capacity to benefit the community.

Improve scale and consistency

A food hub could help local producers increase the availability and convenience of local produce in Lane County. It could provide technical assistance on how to grow more uniform produce and provide aggregation infrastructure to stage products for sale to retail grocers, institutions, and better compete with larger industrial agriculture for these larger contracts .

Extend seasonality

A food hub wholesaling outlet could help the smaller farms develop season extension tools, such as greenhouses, cold storage facilities to store their crops, and processing facilities to preserve food like jams and sauces for sale during the winter months.

Create efficiencies

A food hub could either partner with existing commercial kitchens and/or provide new kitchen space to make commercial kitchen space more accessible and affordable for small producers or farmers seeking to lightly process produce for wholesale purchasers.

Increase marketing capacity

A food hub (or a public market) could help small farmers and producers in marketing and showcasing their products and increase the reputation of Lane County as a 'food destination'.

Ease regulatory burdens

A food hub could provide information and technical assistance to help small producers navigate regulations and pool resources so that small farmers and value-added processors can overcome certification hurdles. A food hub could partner with existing local business incubators, like Sprout!, to provide these services.

Reduce risks

A food hub could facilitate risk-sharing agreements between producers, distributors, and retailers to help distribute risk more evenly along local food supply chains. A food hub, selling directly to consumers and wholesale purchasers, could help farmers plan what crops they produce by analyzing local consumer market trends and providing producers with the information.

Provide genetic testing

A food hub could provide genetic testing services to local producers wanting to add value to their products. Additionally, there is a proven and growing market for the genetic testing of yeast strains in the local brewing and wine industries.

Food Hub SITE SELECTION

MUST HAVE

PREFERRED

PHYSICAL

Accessibility for large trucks and from major roadways.

Loading and unloading area for producers and distributors.

Ample space for food hub services, such as aggregation, distribution, processing, and storage.

Cold and dry storage space.

Expansion capability for the food hub to grow long-term.

Strategic location for easy access.

Space for niche storage, such as a root cellar or an area for gluten-free products.

Space for a genetic testing lab.

LEGAL

Appropriate zoning allowing food hub services.

Compliance with Americans with Disabilities (ADA) and other building codes.

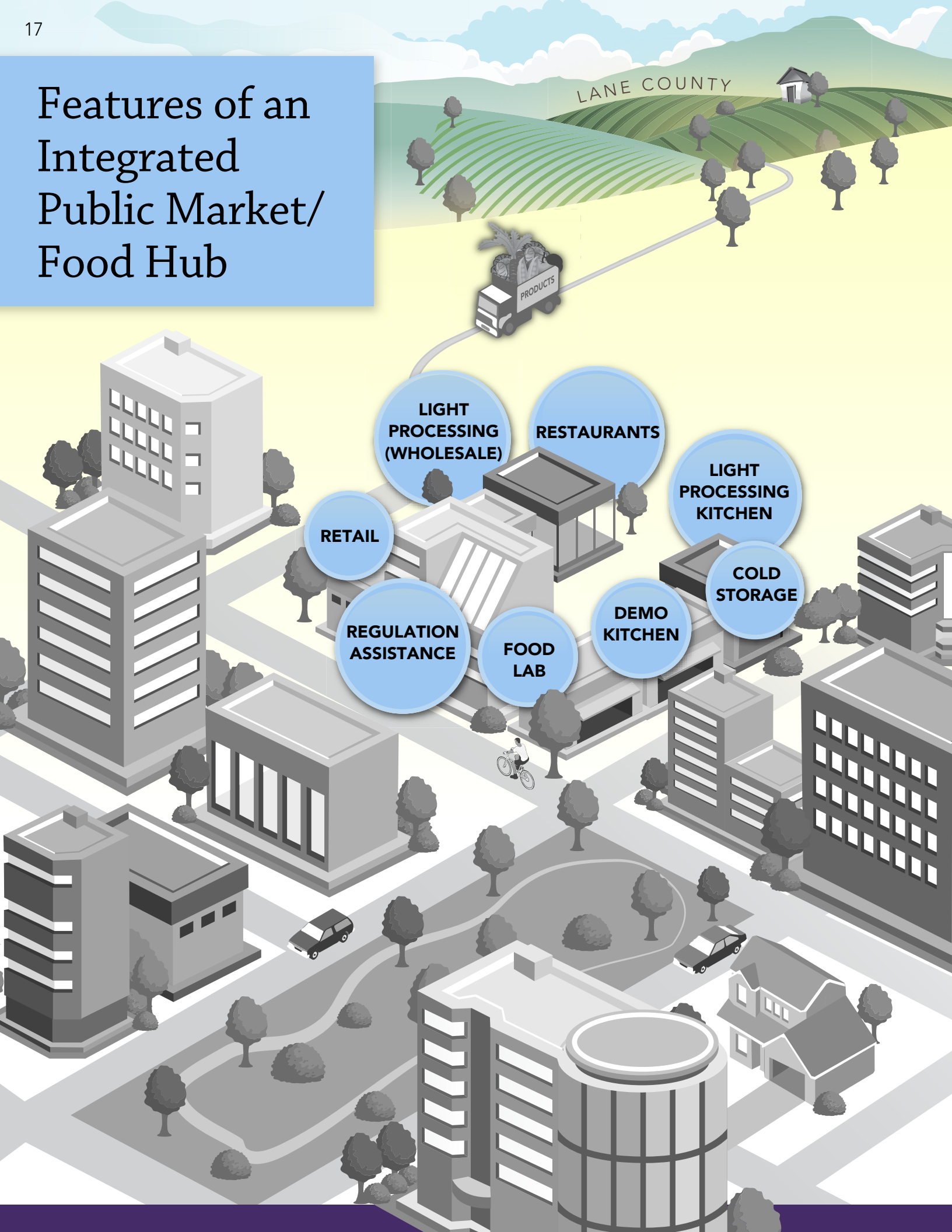
Compatible with uses located adjacent or near the food hub, for example, other manufacturing or food industry businesses.

FINANCIAL

Public/private partnerships to help cover development and operating costs.

Grants and other funding sources to help cover development and operating costs.

Features of an Integrated Public Market/ Food Hub



LANE COUNTY

PRODUCTS

LIGHT
PROCESSING
(WHOLESALE)

RESTAURANTS

LIGHT
PROCESSING
KITCHEN

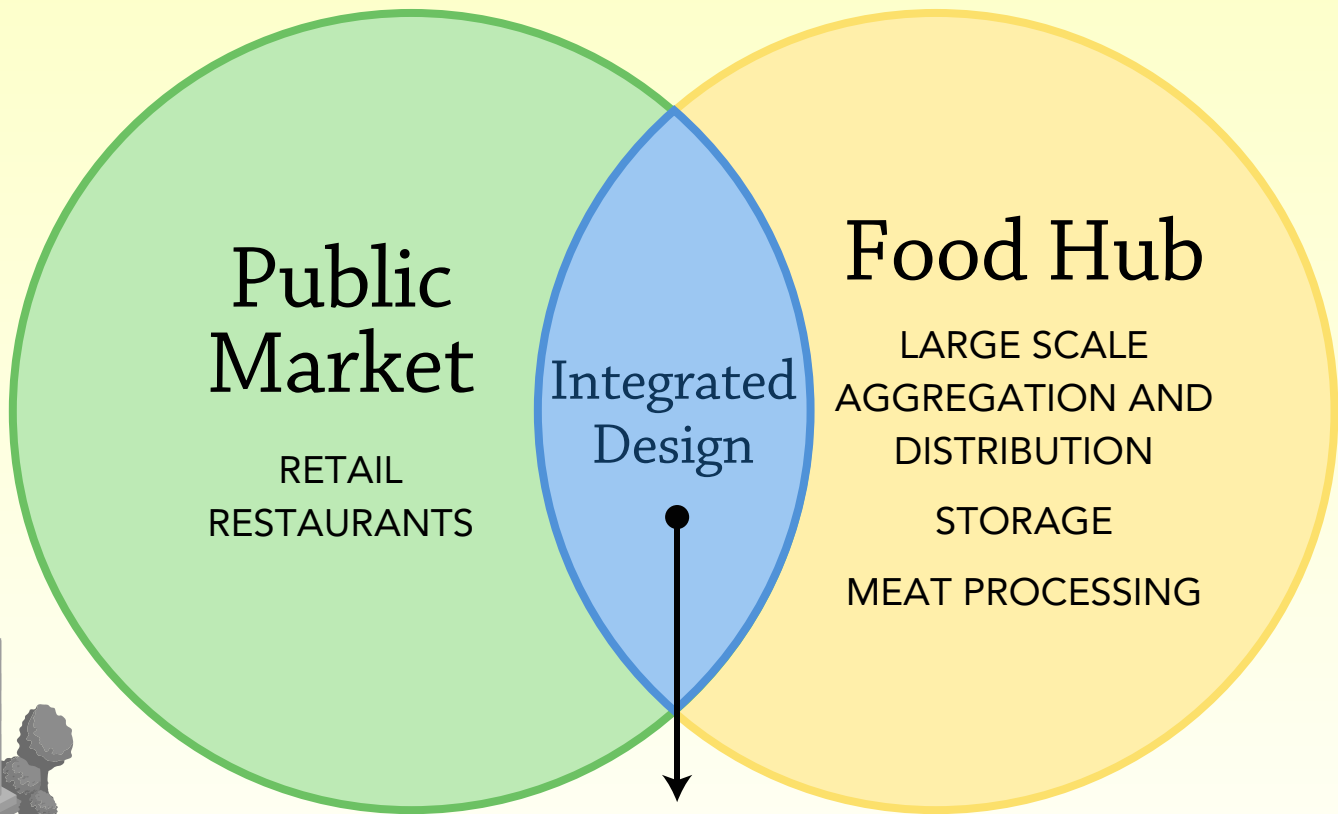
RETAIL

REGULATION
ASSISTANCE

FOOD
LAB

DEMO
KITCHEN

COLD
STORAGE



**PUBLIC
FACING**

**INDUSTRY
FACING**

FOOD LAB
WHOLESALE
OFFICE SPACE
DEMO KITCHEN
SURPLUS COLD STORAGE
REGULATION ASSISTANCE
LIGHT PROCESSING KITCHEN
CANNING, DRYING, PRESERVING

While there are distinct differences between a public market and a food hub, they can also offer similar services or elements. The creation of services at a public market and/or a food hub depends upon the future operators, champions, and stakeholders who emerge from the community to develop the concept.

Summary

Lane County is uniquely located in the fertile Willamette Valley, an area with a rich agricultural heritage and leaders in both the organic and natural foods movements. The region is experiencing recent growth in a diverse array of food and beverage products. Considering how best to leverage these characteristics to develop a regional destination like a public market or food hub is important to Lane County's economic development and its marketable community identity as a food destination.

This market analysis demonstrates that a public market or food hub in Lane County could help to grow and bolster the local food movement. Consumer market data and surveys suggest Lane County could support a public market in the scale of \$6 to \$9 million in gross annual sales. This operation could then act as a driver of economic development and work to improve the health of Lane County residents.

A public market and food hub can strengthen the local food economy.

The activity and energy generated by a public market could promote the expansion of small food-related businesses and capture the economic benefits of localized food spending and the expenditures of culinary tourists. If a food hub also included aggregation, storage, and distribution services, the operation could create an opportunity to strengthen the local supply and distribution chain.

Lane County residents will visit a public market.

An estimated 6,000 households will visit a public market at least once a year. Two thirds of these households will visit at least once a week and one third will visit at least once a year. These households consists of a variety of ages, household sizes, and incomes. In fact, income is not the determinate factor in considering shopping at a public market.

A public market can generate an estimated \$6-\$9 million in annual gross revenue.

Households that shop at a public market will spend an estimated \$110 per month on fresh and prepared food. Whether located inside or near the public market, small retail stores and sit-down restaurants will be additional revenue generators.

A public market has the unique opportunity to offer more than local produce.

Survey respondents indicated also wanting to purchase meat, fish, cheese, beer and wine, as well as shop at small retail stores and eat at sit-down restaurants. This suggests a potential public market presents a unique opportunity to offer these products and services in one location.

Location matters.

A public market can serve a variety of public-facing functions in Lane County: destination retail, entertainment and event venue, and educational space. The market needs to be convenient to residents from work and home and be highly visible to attract tourists. The foot traffic generated by a public market can potentially be catalytic for adjacent stores or development.

A food hub is more industry facing and may be better situated in an area that can accommodate traffic associated with large scale distribution and aggregation.

A public market and food hub could be co-located, or could be on separate sites.

At this time, it is unclear if the community is best served by a co-located public market and food hub or two separate sites. While this analysis suggests public support for a more robust market, additional financial analysis is warranted to better understand the feasibility of investment in a local food hub. The creation of services at a public market and/or a food hub depends upon the future operators, champions, and stakeholders who emerge from the community to develop the concept.

A food hub can provide many benefits to small and medium sized producers.

A food hub might contain a variety of elements such as space for storage, meat processing, wholesale distribution, demonstration kitchen, food preparation area, and technical assistance. By having access to these spaces, farmers and other producers can improve product consistency, expand distribution, increase their marketing and technical knowledge, and grow their businesses.

A public market and/or food hub can help improve public health in Lane County.

A public market and/or food hub has the potential to help address some of Lane County's public health concerns by increasing access to healthy food and offering consumer education about eating and preparing healthy meals.

A public/private partnership is recommended for financial viability.

To fulfill ideal community expectations of a year round public market comprised of independent and local vendors, public assistance of some kind is more than likely to become necessary. A feasibility study of a proposal is still needed to confirm this finding. There are many examples of local jurisdictions engaged in public-private partnerships to both create and sustain public markets and food hubs.

Next Steps

Task Force

Create a task force to continue work on a potential public market and/or food hub. To best align community interests, the task force should include but not be limited to:

Representatives from:

Eugene, Springfield, other cities
Lane County
Lane County Farmers' Market
Sprout!
Lane Community College
Farmers
Producers
Retailers
Distributors

Inventory

Conduct an inventory of community food system assets to maximize strengths and not duplicate efforts.

Feasibility Study

Conduct a feasibility study for a public market and/or food hub.

Siting

Determine public market and food hub sites and location.

Appendices

In addition to this report, CPW created a set of appendices listed below. The appendices explain the report content in more detail. To view the appendices, please visit the City of Eugene and/or Lane County website.

City of Eugene Community Development:

www.eugene-or.gov > Departments > Planning and Development > Community Development

Lane County Community and Economic Development:

www.lanecounty.org > Departments > County Administration > Community & Economic Development

Appendix A: Project Purpose and Methods

Appendix B: Project Context

Appendix C: Defining Public Markets and Food Hubs

Appendix D: Household Demand Survey

Appendix E: Revenue Projections

Appendix F: Supply and Distribution

Appendix G: Case Studies

Appendix H: Site Selection Criteria



COMMUNITY
PLANNING
WORKSHOP