Central Peninsula Agricultural Market Analysis

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SPORK Consulting | April, 2017
Executive Summary

Now is the ideal time for local food expansion in the Central Peninsula. Businesses and organizations are interested in buying more local food; growers are interested in expanding their production and there are few barriers limiting this increased growth. Currently local Central Peninsula produce is only filling a sliver of the potential market. With demand from buyers high and the potential scalability of local farms, mutually beneficial opportunities exist.

According to the American Independent Business Alliance, every dollar spent on locally grown produce generates $1.48 of economic impact, compared to the $1.14 that is generated from products grown outside of the area.\(^1\) An increase in local purchases can result in substantial economic growth for the Central Peninsula. Kenai Peninsula residents could generate an additional $1.1 million\(^2\) in the local economy by purchasing 10% of their produce from local growers. Additionally, if the 126 Central Peninsula small businesses that were identified as produce purchasers buy 15% of their produce locally, an additional $165,000\(^3\) economic impact is generated. While there is currently not enough supply from the Central Peninsula, larger grocery chains on the Central Peninsula could generate an additional $340,000\(^4\) in Alaska’s economy by purchasing 5% of their produce from Alaskan farmers. When it comes to local produce in the Central Peninsula, small increases allow for sustained growth and financial benefit to the local economy.

Farmer Interest

In 2016, farm production increased from the prior year for 70% of participating farmers through a variety of improvements, including the total area farmed, new products being grown, and infrastructure changes to allow for a longer season through the addition of high tunnels and heated facilities. There is potential for exponential agricultural growth in the Central Peninsula, with more than 95% of participants indicating the ability to scale up their production and over 80% intending to increase their production levels in 2017.

Buyer Interest

All participating Central Peninsula buyers want to buy more local produce. If quantities become available, more than three-quarters of buyers indicated they would source more than 50% of their produce locally in the future. The majority of buyers are willing to pay more for local produce and there are no pre-existing loyalty agreements that would prevent any of the organizations from working with any number of local producers.

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\(^2\) Assumptions: Price per serving fruits and veggies $0.50 (USDA, 2010); 3 servings of fruits/veggies consumed for average Alaskan (State of Alaska DHSS, 2013); 58,506 Kenai Peninsula population (US Census, 2016)

\(^3\) Based on annual average produce purchases of $25,800 per organization.

\(^4\) Based on annual produce purchases of $20 million in the Central Peninsula
Promising Growth Potential

The Central Peninsula is prime for local food growth. Businesses and organizations are seeking more local foods and have the flexibility and capacity to increase their local food purchases. Larger grocery chains and institutions are interested in purchasing local foods, but because of the requirements, the most promising sales avenues for small-scale producers are restaurants, small grocery stores, and smaller institutions.

Potential Market

Smaller, local, non-chain restaurants and institutions are the largest consumers of Central Peninsula produce. This is likely because they can work with a smaller produce quantity; they are more amenable to working with the seasonality of Central Peninsula produce and often have a more direct link with Central Peninsula growers. As small-scale farmers expand, the survey indicates that smaller local businesses have fewer barriers to market entry and are more likely to support local producers than larger businesses.

Project History

In the fall of 2016, the Kenai Soil and Water Conservation District (SWCD) contracted SPORK Consulting to conduct a market analysis based on the methodology used in the Interior Alaska 2014 Market Study, by the Alaska Cooperative Development Program. While the 2014 study was focused on the interest in forming a cooperative enterprise, the study methodology informed the direction of this study. This project was made possible by a Rural Business Development Grant from USDA Rural Development and was coordinated with a market study steering committee to ensure the needs of both farmer and purchaser insight and interests. The committee members include: Heidi Chay from Kenai Soil and Water Conservation District; Abraham England from Abundant Blessings Farm; Louise Heite from Eagle Glade Farm; Ben Shaw from Garden of Spices; Amy Seitz with the Alaska Farm Bureau and Lancashire Farms; and Megan Schaafsma with Odie’s Deli and Honeywheat Catering.

Photo Credit: Alaska Dispatch
Background

In recent years, interest in and demand for local foods in Alaska has increased substantially. This trend has been spurred by consumers’ desire for supporting local communities, diversifying our state economy, having more nutritious and flavorful dining options, and in response to recent concerns around the lack of independent food security in the State of Alaska. According to a July 2014 report by the Alaska Food Policy Council and Ken Meter with Crossroads Resource Center, of the $2 billion spent annually on food purchased in Alaska, 95% is spent on imported food.

On the Kenai Peninsula, most of the current market farms grew out of the high tunnel boom that started in 2010. According to the most recent Census of Agriculture, the Kenai Peninsula outpaced the state as a whole in the rate of farm formation between 2007 and 2012. In that period, the number of Kenai Peninsula farms selling food direct to consumers more than doubled (27 to 56). Total farms increased 30% (124 to 162) while average farm size, including pasture, woodland and other uses, decreased by 42% (309 acres to 180 acres). Growth in the local food sector has continued since 2012 as evidenced by increasing high tunnel numbers and numerous experimental efforts to develop the production and marketing infrastructure necessary to expand local food production. The typical new farm business is small in size (1-5 acres) and headed by a farmer with less than five years of experience on their current farm.

Kenai Soil and Water Conservation District

Area homesteaders founded the Kenai Soil and Water Conservation District soon after Alaska statehood in 1959. Originally known as the Kenai-Kasilof Soil Conservation District, the District is a locally controlled, state-authorized entity with responsibilities delegated by the Alaska Department of Natural Resources Commissioner under Alaska Statute 41.10. A five-member volunteer Board of Supervisors elected from among the District’s cooperators oversees District staff and establishes goals and projects to meet cooperators’ needs. District sources of funding include private, state and federal grants, donations and fees-for-services.


Incorporating lessons learned from the 1930’s Dust Bowl disaster, the initial focus of the soil and water conservation districts in Alaska was to promote environmentally responsible methods of farming to prevent soil erosion. Today, Alaska’s 12 districts carry out projects not only to promote sustainable agriculture and conserve farmland, but also to protect wetlands and watersheds, promote forest health, fight the spread of invasive plants, and engage youth in learning about resource conservation. The SWCD contracted SPORK Consulting to conduct this survey in aims of meeting their goals to strengthen the local food system.

**Project Objectives**

This market analysis aims to provide an improved understanding of both farmer and wholesale customer needs and identify the current state of relationships between buyers and local producers, as well as the potential for growth and improvement. The intent of this study is to facilitate informed decision-making by farmers regarding key areas such as crop choice, expansion, marketing options, value-added production, and input and machinery purchases. It will aid in the development of processing, storage, and transportation infrastructure and the business framework necessary to manage such enterprises.

The ultimate goal is to enable farmers to be more profitable and to provide significantly improved access to local produce to Kenai Peninsula consumers through the development of the Kenai Peninsula’s agriculture production and consumption, with subsequent increases in food security and economic development. Through this study, producers will gain the knowledge they need to grow their businesses to meet local demand and increase their overall profits. The local community will have better access to local produce and will contribute financially to strengthening and maintaining local economies by spending resources on local businesses.

**Study Methodology**

The information in this study is derived from the best available information published by the United States Department of Agriculture, the United States Census, and the State of Alaska. Survey data was collected on a volunteer basis with producer and commercial buyers who expressed an interest and willingness to participate. The surveys were broadly distributed through community list-serves, Facebook advertising tools, postcard invites, and the Kenai and Soldotna Chamber of Commerce as well as direct phone calls. A potential bias may exist in this study because of the voluntary basis of participation. Buyers and producers who are interested in expanding and incorporating locally grown produce may be more likely to participate in this survey.
Local
The term “local” in this report refers to farms and organizations located within the Central Peninsula including the communities of Kenai, Nikiski, Soldotna, Sterling, Funny River, Kasilof, Clam Gulch and one producer from Anchor Point who sells most of his produce in the Central Peninsula. Although the Alaska Grown definition of local includes produce from throughout the state of Alaska, the focus of this study is the Central Peninsula.

Agricultural Scope
The aims of this study were solely focused on produce, which includes vegetables, fruits, and herbs. There are a number of farmers on the Central Peninsula growing flowers, shellfish, and livestock who were intentionally excluded from this study.

Producer Survey
This survey focused on produce farmers based within the Central Peninsula, with the exception of one producer in Anchor Point. Producer data was gathered over the phone and digitally collected using Survey Monkey during November and December, 2016. The Alaska Grown Online Source book lists over 62 farms in the Kenai Peninsula, however only 23 of these are vegetable producers within the study region.7 Email invitations were sent to 44 known producers. 26 producers took the survey, and 23 producers completed the survey fully. See Appendix A for the Producer Survey template.

Buyer Survey
A buyer list was developed of businesses listed with the Kenai and Soldotna Chamber of Commerce, the Kenai Peninsula Tourism Marketing Council, and word-of-mouth. Buyer data was gathered over the phone and digitally collected using Survey Monkey in November and December, 2016. Postcard invitations were sent to 128 food purchasers including restaurants, seasonal lodges, bed and breakfasts, grocery retailers, distributors and institutions. 27 organizations participated in the study. See Appendix B for the Buyer Survey template.

The Kenai Peninsula

The Central Peninsula is experiencing steady growth with an estimated population of 59,000.\(^8\) Residents of the Central Peninsula access food from a diverse supply chain operating under challenging variables. According to the State of Alaska Department of Health and Social Services, 65% of all Alaskans participate in the harvesting of wild foods by gathering, hunting or fishing at least once per year.\(^9\) Furthermore, 50% of the population purchases fresh produce from farmers’ markets, farm stands, U-pick farms or Community Supported Agriculture (CSA), while 34% of the population eats produce from their own garden.

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**Table 1: Farmer Participant Distribution**

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<thead>
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<td>Kasilof</td>
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</tr>
<tr>
<td>Kenai</td>
<td>10</td>
</tr>
<tr>
<td>Soldotna</td>
<td>7</td>
</tr>
<tr>
<td>Sterling</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
</tr>
</tbody>
</table>

**Central Peninsula Producers**

Twenty-six farmers from Kasilof, Kenai, Soldotna, Sterling, and Anchor Point participated in the study. While the Anchor Point participant was outside of the original study boundary, their results were included because of their almost exclusive sale and distribution in the Central Peninsula.

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\(^8\) United States Census Bureau, Quick Facts, Kenai Peninsula Borough, Alaska, https://www.census.gov/quickfacts/table/PST045215/02122

**Farm Size**

Of the participating farms, approximately 70% had access to five acres or less of farmland.

![Figure 2. Size of Farm in Acres](image)

**Acres of Production**

All of the participating farmers are actively farming fewer than five acres while half of the participants were actively farming on less than 1 acre. This is significantly smaller than the national average of 434 acres\(^{10}\) and highlights the importance for smaller, direct to market sales in the Central Peninsula region.

![Figure 3. Number of Acres in Production](image)

**Central Peninsula Farmers**

Generally, Central Peninsula farmers have experience farming, with more than 70% having been farming for six or more years and 60% having more than 11 years of farming experience.

![Figure 4. Number of Years of Farming Experience](image)

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In contrast, the number of years farmers have been working on their current farm is lower than their total farming experience. This highlights the expansion in number of farms in the Central Peninsula region.

The majority of farmers, 65%, have been farming on their farm for less than five years while 30% have been farming their current land for less than two years. Slightly over 20% of farmers have been farming their current land for ten years or more, with the remaining having 5-9 years of experience on their farms. More than half of current farmers are working another job outside of farming, with the expressed hope that many would be able to become full time farmers in the near future.

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**Sales Avenues**

**Business to Business**

Overall, the majority (65%) of participants felt that supplying local food to local businesses was extremely important, while about a quarter of the participants were indiscriminant about where they sold their produce and did not feel it was important to sell their produce to local businesses. Just over 20% of local farmers are marketing their products outside of the Central Peninsula to other Alaska communities, including Seward and Anchorage.

**Kenai Peninsula Food Hub**

Fewer than a quarter of growers are selling through the Kenai Peninsula Food Hub, an online farmers market launched in early 2016. Only 17% of growers are choosing this route, and the reasons varied from a perceived lack of supply and variety within their own production, a lack of knowledge that the food hub was an option, and a lack of need for additional sales avenues. Some participants indicated an intent to begin using the food hub in 2017, and those that were using it found it to be “a very convenient way to sell efficiently to individuals.” Generally, growers did not see this as a viable way to reach wholesale customers. Participants reported that they most commonly sold mushrooms, greens, herbs, garlic, peppers, cucumbers, green beans, and squash through the food hub.

The Kenai Peninsula Food Hub reported $3,820 of produce sales in the Central Peninsula Region in 2016, with carrots, green cabbage, mixed greens, tomatoes and bunching onions amongst the highest sellers yielding the greatest revenue. White onions, Yukon Gold potatoes, tomatoes, green cabbage, salad greens, cilantro, orange carrots, spicy salad mix, and arugula were identified in the top ten most popular items by volume. Every week, the hub sold out of carrots, broccoli, cucumbers, spinach, peppers, radishes and white turnips, and frequently ran out of sugar snap

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peas, cherry tomatoes, white cauliflower, cilantro, celery, mushrooms, and salad greens. The Kenai Peninsula Food Hub continues to grow and can be a low barrier way to sell to consumers.

**Farmers’ Markets**

Slightly under half of all growers sell at one or more of the Central Peninsula farmers’ markets with the Soldotna Saturday Market and the Farmer’s Fresh Market being the most common markets and the Kenai Saturday Market being the least used market. Many of the participants indicated that they had sold at farmers’ markets in past but were now selling directly from their farms or directly to businesses. One of the greatest reasons for not participating in farmers’ markets is the time commitment, which detracts from working directly on the farm while sitting through intermittent crowds and experiencing variable sales.

![Figure 6. Farmers' Market Participation](image)

**Farmer Challenges**

The Central Peninsula is comprised of small-scale farmers, many of whom work secondary non-farming jobs. While few farmers indicated a problem selling all of their produce, they indicated that lack of quantity, lack of demand, and working with buyers are their greatest challenges. Time management was a challenge for part time farmers (balancing demands of other employment with farming) and full time farmers (managing all aspects of planting, harvesting, selling, etc.). Lack of winter storage was an additional challenge. While many people did indicate that it was an inconvenience or a challenge to work with and get produce to buyers, only one farmer indicated that delivery was an issue. These results highlight the need for better communication between growers and purchasers and an opportunity to aid farmers and purchasers in identifying the markets and time lines for product demand.
Farmer Solutions

Farmers indicated a number of solutions that could help alleviate some of the challenges that accompany farming. Farmers focused on areas that help them identify and communicate with potential purchasers. Two of the most helpful tools were a website for farmers to post their expected harvest (see Appendix C for possible platforms) and continued open houses to connect farmers and buyers. Increased coordination and pre-planning with buyers directly were indicated as some of the most helpful tools.

Farmers also indicated long-term storage options would allow them to produce and sell more in the winter. In addition to farmer delivery and a centralized distribution center, farmers indicated a need for a local distributor or alternative delivery option. During the survey period, a number of local residents and the Kenai Peninsula Food Hub discussed their mutual interest in starting a local distribution business in the Central Peninsula. Based on conversations and data from this survey, part of the distribution center need could be met by educating people about the existence, role, and availability of the Kenai Peninsula Food Hub.
**What are Farmers Doing with Their Product?**

Based on survey results, 60% of the total produce grown by surveyed farmers was sold. However, not all participating farmers were growing food for sale. Of the farmers that were trying to sell their food, 40% sold more than 90% of their crops while 20% of farmers kept 50% or more of their crops for personal use. Almost one-third of total produce grown was for personal use, animal fodder, or for bartering. With the exception of one farm who composted 80% of their crop, the majority of farmers had less than 10% waste and most indicated 0-5% surplus or unused crop.

![Figure 9. Average Farmer Produce Usage](image)

As these are small-scale farms, it seems reasonable that some of the produce would be grown for personal consumption. As these farms expand and their markets increase, we can expect to see the total percent of overall sales increase and personal use decrease as a percentage of the entire crop. While none of the farmers we surveyed are using a distributor, two of the farmers are growing for their personal restaurants with 100% of their food going directly to their business, but not necessarily being identified as “sold”.

**Crop Cycles and Planning**

Farmers plan their crops up to 36 months in advance, though on average they plan about eight months in advance. Farmers purchase the majority of their seeds for the following season in the fall and spring with some hoop house and green house growers buying seeds and planting year round. Less than 15% of farmers take into account buyers’ schedules when planning, noting that many of them grow what they think will sell and then find a market for it once it has been harvested. Many farmers indicated concern about growing for a specific buyer without non-reimbursable payment upfront in fear they may be left with a crop that the buyer has changed their mind about and that they can no longer sell. Buyers have been hesitant to pre-purchase a crop for fear that the product may not be the quality they need nor the quantity they are expecting.
Farmer Sales

Central Peninsula farmers’ markets were the most common way that farmers sold their produce, followed by on-farm sales. While some farmers sold exclusively at markets or on their farms, most sold in a variety of places focusing their time on one avenue, but also have a secondary or tertiary option. Farmers who did not sell produce were placed in the “other” category as well as farmers who were growing explicitly for their own restaurants or businesses.

Connecting with a Farmer

The majority of farmers, 78%, preferred to be reached by phone, followed closely at 65% who preferred email. Contacting farmers through their Facebook sites, visiting them at the farm and speaking with them at farmers’ markets were all acceptable ways to contact them as well. Farmers did indicate that they check email and Facebook less reliably outside of the growing season. Farmers showed a slight preference to be contacted in the fall to work out details for the following season, but generally they could be contacted any day of the week or time of the year.
Sales Growth and Potential

The Central Peninsula farmer population is growing, as is overall production. Sales from 2016 compared to 2015 increased for more than 50% of farmers, with some farmers indicating that their sales increase every year and others reporting that their sales double every year. Over 25% of farmers were farming for commercial use for the first time in 2016 and had nothing to compare sales to, while only 2 farmers saw an overall decrease in sales on the previous year.

In 2016, farm production increased for 70% of participating farmers through a variety of improvements, including the total area farmed, new products being grown, and infrastructure changes to allow for a longer season through the addition of high tunnels and heated facilities. There is potential for exponential agricultural growth in the Central Peninsula, with more than 95% of participants indicating the ability to scale up their production and over 80% intending to increase their production levels in 2017.

More than 65% of farmers are planning to expand their production area by opening up new land to farming during the 2017 season. Farmers are also expecting to extend their growing seasons by adding additional high tunnels and introducing new crops. Some farmers are focusing on “planting more wisely” by focusing on quality over quantity while more than 25% will be focused on more intensive growing techniques to increase their overall yields. More than half of the growers indicated that they would like to see their overall production increase by 50% or more of their current production levels over the next five years.
Product Growth

Central Peninsula growers are producing a wide range of products. With the addition of high tunnels and heated green houses, the variety of produce goes far beyond the traditional limitations of Alaskan agriculture. When farmers were asked what the top five, high-volume items they were most interested in selling, the response was quite varied. Tomatoes, fruit, strawberries, cucumbers, and beets rated the most highly. The growers’ preferences for low-quantity, specialty crop items are also highly diverse, with farmers most interested in growing herbs, fruits, garlic, onions, and brussel sprouts. There is also some interest from farmers in expanding to other locally grown and value-added products outside of produce.

Photo Credit: Redoubt Reporter
Central Peninsula Buyers

Twenty-seven local buyers and five chain retailers and distributors from the Central Peninsula participated in this survey. The organizations who responded are based in Soldotna, Kenai, Cooper Landing, Sterling, Kasilof, Homer, and Ninilchik and represented a number of regional produce purchasers.

Over 70% of the businesses that participated have been in business for five or more years, while fewer than 10% had been in business for less than two years. However, the majority of representatives that answered the survey had been making purchasing decisions for their organization for five years or less.

Local Purchasing

Slightly more than one-third of organizations stated that they purchased from Central Peninsula growers, however, many indicated that they bought from local chain grocery stores and distributors. These local chain outlets do not carry Central Peninsula produce. The amount of local produce bought is likely overestimated by purchasers who are buying produce with the Alaskan Grown label assuming that the produce is coming from their surrounding communities.

Table 2: Buyer Participant Distribution

<table>
<thead>
<tr>
<th>Business Location</th>
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<td>Catering Company</td>
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<tr>
<td>Grocery Retailer; Independent</td>
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<tr>
<td>Grocery Retailer; Chain</td>
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<tr>
<td>Institution; Rehabilitation Center</td>
<td>2</td>
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<tr>
<td>Institution; Senior Center</td>
<td>3</td>
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<tr>
<td>Institution; Other</td>
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</tr>
<tr>
<td>Lodge</td>
<td>3</td>
</tr>
<tr>
<td>Restaurant; Casual Dining</td>
<td>2</td>
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<tr>
<td>Restaurant; Cafe</td>
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<tr>
<td>Restaurant; Fine Dining</td>
<td>3</td>
</tr>
<tr>
<td>Restaurant; Food Truck</td>
<td>2</td>
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<tr>
<td>Restaurant; Seasonal</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>
Source of Local Food Purchases

Very few businesses are purchasing from the Kenai Peninsula Food Hub, while slightly more than 40% are buying from local farmers’ markets. The most popular markets for produce buyers are the Soldotna Wednesday and Saturday market and the Farmer’s Fresh Market at the Food Bank, which is similar to usage reported by producers. Except for one organization, neither farmers nor purchasers indicated using the Kenai Saturday Market on a regular basis. With the exception of fresh greens, businesses are purchasing produce at markets based on what is available and looks fresh, rather than going to the market with specific needs in mind.

At most, 30% of Central Peninsula businesses receive local produce from distributors or large grocery retailers, and that estimate may be high. As with purchasing local food directly, many businesses may be assuming that the “Alaskan Grown” label translates to “grown in the Central Peninsula” rather than in other parts of Alaska and are likely overestimating their purchases. It is likely more accurate that approximately 30% of businesses are receiving Alaskan Grown produce from their distributors.

Local Businesses

In 2016, excluding large grocery chains and distributors, Central Peninsula businesses participating in this survey spent a total of $464,000 on produce, with an average of $25,800 a year per business. This figure fluctuates depending on the business size, with smaller businesses spending less than $1,000 a year and many of the larger businesses spending more than $100,000 a year.
The majority of this produce is imported to Alaska. Most Central Peninsula businesses are using between 5-15% Alaskan Grown produce, which is substantially higher than the state average. This result could be due to the business demographic that participated in this survey or it could be due to a higher rate of local food consumption on the Central Peninsula.

Approximately 3% of all produce comes from Central Peninsula growers. These growers supply a large quantity to a small group of restaurants and businesses. Overall, smaller, local, non-chain restaurants and institutions are using more Central Peninsula produce. This is likely because they can work with a smaller produce quantity; they are more amenable to working with the seasonality of Central Peninsula produce and often have a more direct link with Central Peninsula growers. As small-scale farmers grow and expand, the survey indicates that smaller, local businesses have fewer barriers to entry, and are more likely to support local producers than larger businesses.

Organization leadership, rather than perceived consumer wants are driving the demand for local food. Businesses rated the importance of using locally grown produce as extremely important to their companies, giving an average rating of 8.0 out of a 1 to 10 scale. This is an encouraging, business-led direction, since businesses perceived providing local food to be less important to their customers, which received an average score of 5.9 on a 1 to 10 scale of importance.

Buyer Challenges

All buyers, including those who are currently buying local produce as well as those that are not, were asked what their current barriers were to buying local and what would make the process easier for buying local produce in the future.

Buyers indicated a number of challenges to purchasing locally. Lack of year round availability and the price for local produce were listed as the greatest challenges as was lack of reliable quantity.

![Figure 17: Purchaser Challenges to Buying Locally](image)
Even with additions such as high tunnels and hoop houses, the growing season for produce in Alaska is limited. Other challenges were closely aligned with grower concerns: there is an obvious lack of understanding about where to get produce locally and the current systems that are in place for working with local growers are inconvenient. Other issues buyers are dealing with include limited variety of available produce and inconsistent supply to meet their needs.

Figure 18. Seasonal Produce Availability

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* Produce available between November and April is from storage.

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Buyer Solutions

Buyers felt a number of solutions could help alleviate some of these issues, including more affordable prices and a centralized distribution center as well as consistent quality and supply from farmers. Increased coordination and pre-planning with farmers as well as a website where farmers could list available produce a few weeks in advance was also thought to be helpful. Long-term storage options and farmer-led distribution choices were also seen as potential valuable solutions. In general, people did not see the need for a farmers’ market representative to market farmers’ produce. The demand from buyers exists, but they have a difficult time reliably connecting to a local produce supply.

![Figure 19. Buyer Interest in Potential System Improvements](image)

Produce Planning

Working with restaurants could be a good starting point for smaller growers to expand outside of on-farm sales or farmers’ markets. One benefit of working with restaurants and smaller institutions is their flexibility around menu planning and their ability to highlight premium local produce in their menus and in-store specials.

![Figure 20. Buyer Ability to Scale up Local Food Purchases](image)

On the Central Peninsula, two-thirds of produce buyers plan their purchases on a weekly basis, while one-third plan their purchases daily. Very few buyers indicated that they plan their purchases on a monthly or yearly schedule. However, buyers indicated that they could communicate with farmers about their needs for the following growing season during the winter and spring. Additionally, more than 80% of buyers indicated that they could adjust their purchases throughout the year to carry more local, seasonal produce.
Buyers equally valued freshness and durability in their purchases and were more likely to buy locally if they knew that the produce was harvested in the last 48 hours. When choosing a vendor, buyers favored reliability over all else, but also valued produce selection and a relationship with their farmers.

For the farmer trying to connect with a buyer, direct communication from the farmer was overwhelmingly the first choice from buyers. Buyers prefer to be contacted on the phone, through email, or by stopping at their business. Listing their items on an online platform was also a popular choice. None of the buyers indicated that they would visit a farmers’ website or that any of the farmers should wait for a buyer to approach them. Spring is the best time to approach a buyer, with the rest of the year being acceptable. Weekday contact is preferable to weekends. More than two-thirds of buyers have the ability to scale-up their local purchases immediately.

All of the buyers surveyed want to buy more local produce: if quantities were available more than three-quarters of the buyers indicated that they would like to see more than 50% of their produce supplied locally in the future. The majority of buyers are willing to pay more for local produce. Nearly half of the buyers are willing to pay a premium of 15% or more for local produce and there are no pre-existing loyalty agreements that would prevent any of the organizations from working directly with local producers.

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**Buyer Produce Preference**

Buyers are looking for a range of produce. The most in-demand, high quantity items are lettuce, tomatoes, onions, carrots, and potatoes. The most in-demand low-volume, specialty items are onions, herbs, mushrooms, cucumbers, and radishes. (see Figure 22. Farmer and Buyer Produce Preference)

While this study focused on Central Peninsula produce, buyers indicated interest in purchasing other types of locally grown products. Buyers are especially interested in beef, chicken and eggs. The majority of the buyers are interested in or are currently buying value-added products, which are products that have been enhanced, through some form of processing.
*All items with two or more respondents are listed.
**Chain Grocery Retailers and Distributors**

The larger chain grocery stores and distributors including Sysco, Fred Meyer, Safeway, and Three Bears are selling well over a combined $20 million in produce annually. At most, 2% of their produce is Alaskan Grown and none of their produce is coming from the Central Peninsula. The produce they are carrying are potatoes and carrots from VanderWeele Farm in Palmer and tomatoes and cucumbers from Bell’s Nursery in Anchorage.

Larger chains are looking for more specialty items that don’t ship well from the lower-48, including berries, herbs, mushrooms and tomatoes. They are also interested in larger quantities of 3lb bag yellow potatoes, 5lb bag red potatoes, 5lb bag Yukon Gold potatoes, 10lb bag Yukon Gold potatoes, 5lb bag carrots and 2lb bag carrots, as well as broccoli, head lettuce, green lettuce, red leaf, romaine, green cabbage, red cabbage, cucumbers and hot house tomatoes.

When working with a distributor, generally the more a large company buys the less they pay. When calculating prices, there is usually a 15-25% mark-up in the final retail price: this market information can be used by local farmers to competitively price their produce to buyers from all sizes of organizations. All of the stores and distributors would like to carry more Central Peninsula and Alaskan Grown produce, but understand that there are barriers to entry for growers. Growers need to go through the stores’ main offices and depending on the business, farmers will need to carry at least $1 million dollars of liability insurance and many require some form of an audit. Farmers who are interested in selling to large chain retailers or distributors should contact the stores’ main office directly to learn what the specific requirements are for each organization. In Alaska, USDA GAP audits can be conducted through the Division of Agriculture Palmer office by Doug Warner. 13

**Conclusion**

Now is the ideal time for local food expansion in the Central Peninsula. Businesses and organizations are interested in buying more local food; growers are interested in expanding their production and there are few barriers limiting this increased growth. Currently local Central Peninsula produce is only filling a sliver of the potential market. With demand from buyers high and the potential scalability of local farms, mutually beneficial opportunities exist.

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