Study of Local Food Demand In Alberta 2016

Consumer Study Report

malatest

Prepared for: **Alberta Agriculture and Forestry**
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EXECUTIVE SUMMARY

Introduction

The demand for locally-produced food in Alberta has risen as consumers' interest in the foods they eat, and where the food was grown, has increased. Within Alberta, producers are increasingly selling local food to Albertans through market channels such as farmers' markets, u-picks, on-farm stores, roadside stands, off-site farm stores, community supported agriculture (CSA), food basket programs and grower cooperatives, as well as local restaurants that source food ingredients directly from Alberta producers.

Working with producers, food processors and entrepreneurs, Alberta Agriculture and Forestry (AF) develops opportunities for local market expansion through Explore Local. In 2004, AF developed a baseline estimate of consumer expenditures on food items sold through various direct-to-consumer market channels in Alberta.[1] The study has since been repeated in 2008 and 2012, as well as in the current year 2016. The current project was designed to assess the demand for local food available in Alberta through farmers' markets, farm retail and restaurants offering locally-sourced ingredients. A short section was included for CSA/box programs. Further, the study examined the:

- preferred methods of communications with farmers or suppliers of local food; and
- degree of consumer acceptance of local food as "food grown or made in Alberta."

Critical to the study of local food demand is the definition of what makes a food "local." For the purpose of the 2016 study, local food was defined as "food grown or made within Alberta." The market definitions used in the survey included:

- **Farmers' markets**: a place or space which is open on a regular scheduled basis, where one can buy fresh fruits and vegetables, bedding plants and flowers, herbs, honey, meat and other farm products, including processed food like jams, pies and sausages, from farmers and growers who sell at stalls or tables there.
- **Community supported agriculture or community shared agriculture and box programs**: households purchase a subscription to receive a box of freshly harvested food such as fruit and vegetables, dairy or meat products, every week.
- **Farm retail**: buying products like fresh fruit and vegetables, flowers, bedding plants and nursery stock, herbs, meat and other farm products, including wine, honey, jams, pies and sausages at a farm or ranch gate or by the Internet or mail from a farm.
- **Restaurants serving local food**: a restaurant or other type of eating establishment serving food prepared from ingredients that are grown or made in Alberta.

A 22-minute telephone survey (on average) of a random and representative sample of households across Alberta was conducted from November 1, 2016 to December 15, 2016. Respondents were any adult over the age of 18 who was a head of the household in a position to talk about past food purchases and expenditures made by their household. Regional quotas were used to ensure representative completions by region, which included the Edmonton CMA, Calgary CMA and other Alberta. In total 1,200 survey completions were obtained. By region, 400 survey completions were obtained each for the Edmonton CMA, Calgary CMA and other Alberta. The final data set was weighted prior to completing the analysis and reporting.

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[1] Alberta Agriculture and Forestry, Request for Proposals Number AF17-0317, *Study of Local Food Demand in Alberta, 2016* (PDF)

Awareness

Albertans' awareness of farmers' markets and farm retail continues to increase. From 2004 to 2016 there has been a growing number of Albertans indicating that they "know a lot" about farmers' markets; with the greatest increase, of 11%, occurring between 2012 and 2016. Overall, awareness of farm retail also grew, with more respondents reporting that they "know a lot" in 2016 (15%) as compared to any other year. Awareness of CSA/box programs appeared to remain constant, however, these findings should be interpreted with caution since the survey scale changed from 2012 to 2016. Familiarity with the farmers' market and farm retail channels is related to purchasing patterns, with purchasers being more familiar than non-purchasers.

Market Size

Among the markets explored, farmers' markets continue to be the most highly used local market channel. The majority (78%) of respondents had made at least one purchase at a farmers' market in 2016, up from 72% of respondents in 2012. However, although fewer people used the farm retail channel, overall, it saw the greatest increase in utilization across the four years. Thus, in 2016 there was a 9% increase in the percentage of respondents who had purchased from the farm retail channel as compared to 2012. The CSA/box channel (3%) and restaurants serving local foods or ingredients (1%) only made small gains in utilization from 2012.

In 2016, an estimated 1.289 million households purchased from farmers' markets, 586,000 households purchased from farm retail, and 383,000 households purchased from Alberta restaurants serving locally-grown or made ingredients. Based on future estimated household spending, as well as households leaving the market, the projected rate of growth in the next 12 months is 3% for farmers' markets and 8% for farm retail. This translates into 1.330 million households in Alberta that will be purchasing from farmers' markets, and 631,000 households purchasing from farm retail.

Market Value

Visitation is up across the farmers' market and farm retail channels, with a higher proportion of households in 2016 reporting that they purchased from the channel 14 or more times as compared to 2012. Overall, proportion of those who purchased 14 or more times in a year has increased 9% for farmers' markets and 6% for farm retail. For Alberta restaurants serving local ingredients the proportion of households who purchased 14 or more times stayed the same at 22%. Further, households are spending more, annually, in two of the three channels: farmers' markets ($737), farm retail ($559). Annual expenditures on restaurants that serve local ingredients decreased in 2016 to $1,045.

Increased annual spending in farmers' markets and farm retail can be attributed to increased spending per visit. Farmers' markets saw an increase in average per visit spending at $70 dollars per visit; up $15 dollars per visit from 2012. Spending per visit at farm retail also increased in 2016 after a plateau in 2008/2012. On average, households spent $21 dollars more per visit in 2016 as compared to 2012. Spending at restaurants that serve local food declined in 2016. Households spent $13 dollars less, on average, at this channel in 2016 compared to 2012.

The estimated market value for the 2016 year is $924.5 million for farmers' markets and $303.7 million for farm retail. In-season, both farmers' markets and farm retail had a much higher market value than out-of-season (farmers' market in-season $690.6 million; farm retail in-season $203.0 million).

Due to the increase in the proportion of non-purchasers indicating that they plan to purchase from farmers' markets and farm retail in the future compared to previous years, it is estimated that new purchasers will make a greater contribution to the spending increase than existing purchasers in both channels. This result is expected as new purchasers have a higher proportional impact when compared to existing purchasers. For example, a new purchaser that purchases $15 from a farmers' market has a higher proportional contribution than an existing purchaser who increased their purchases from $20 to $25 in the following year.

Seasonal Use

From 2012 to 2016, the definition of season was altered in the survey. In 2012, respondents were asked questions about three seasons: fall (September to October), winter (November to April) and summer (May to August). In 2016, this was changed to in-season (June to October) and out-of-season (November to May). For the purpose of comparison, previous years' findings for out-of-season are compared to winter and findings for in-season are compared to summer. In 2016, as in 2012, the majority of the purchases for farmers' markets (56%) and farm retail (59%) occurred during in-season. Purchasing out-of-season remained the same for farmers' markets (2%) and increased 6% for farm retail. With regards to year round purchases, in 2016, 42% of households purchased from farmers' markets year round which was an increase from 34% in 2012. For farm retail, 33% of households purchased year round which was an 11% increase from 2012.

Considering season, in-season compared to out-of-season, households are making more purchasing visits (8.6 vs. 6.1) and spending more ($572 vs. $440) at farmers' markets. At farm retail, however, households are making more purchasing visits (5.2 vs. 5.0) but spending less ($413 vs. $469) in-season compared to out-of-season which is consistent with 2012 survey findings.

Market Profiles

By gender, both males and females equally reported purchasing at farmers' markets, farm retail and CSA/box programs. For restaurants serving local ingredients, however, women are 9% more likely to have purchased in 2016.

By life stage, all households are more likely to have visited farmers' markets than any other local food market channel; with young family purchasers (85%) and empty nesters (88%) being most common purchasers within this channel. At the farm retail channel, purchases are most commonly made by young family purchasers (66%), followed by older family purchasers (51%). CSA/box programs are again being utilized by young family purchasers (19%), but young singles and couples (15%) and empty nesters (16%) also showed interest in this channel. Empty nesters (33%) frequented restaurants serving local ingredients more often compared to all other groups.

Household income impacts purchasing patterns in all markets other than restaurants serving local ingredients, which could be the result of including fast food restaurants. Households with an income of $120,000 or more are more likely to have purchased at farmers' markets (85% compared to 78%), farm retail (55% compared to 36%/46%) and CSA/box programs (18% compared to 8%/11%). Education level does not appear to greatly impact purchasing patterns.

Purchasing varied by community size for farm retail and CSA/box programs. Market penetration for farm retail is greatest for small centres and farm/ranch purchasers; whereas households in Calgary and Edmonton are least likely to have purchased from the channel. Similarly, small centre and farm/ranch purchasers more commonly use CSA/box programs. For farmers' markets and restaurants serving locally grown ingredients, households found in Calgary, Edmonton, other large urban centers, small centers or farm/ranch areas are equally likely to have purchased.

Food Grown or Made in Alberta (Local Food)

Unprompted, the majority (92%) of Albertans have heard of the term local food and the majority (96%) consider food grown in Alberta as local food. Considering all of the channels in which a household could have purchased local food, 98.7% of the households surveyed had purchased local food at least once in the last year. Most households (76%) noted that they would spend the same on local food as last year, with the average expenditure on local food per visit at $59 for farmers' markets and $125 for farm retail. Further, households spent on average $75 in restaurants serving local food.

Food grown or made in the province and sold through farmers' markets and farm retail is valued at $753.7 million and $279.3 million respectively.

Purchasing Outlets

As in 2012, supermarkets (92%) continue to be households' most commonly used source for local food, followed by farmers' markets (80%), club stores (48%), and directly from a farm or ranch (46%). Other market channels respondents bought local food included mass merchandisers (for example a Walmart Supercentre) (43%), small grocery stores (40%), specialty stores (39%), and health, natural or organic food stores (38%).

Survey questions also asked respondents their most preferred source for local food. The most common sources included supermarkets (60%) and farmers markets (19%).

Communications with Farmers' Market Vendors and Farm Retail

To communicate with farmers' market vendors that respondents purchase from, respondents commonly communicate in person (64%), by telephone (16%), internet/website (12%), email (10%), or not at all (17%). The preferred method of communicating with these vendors to keep up-to-date with activities or events is in-person (45%), however, followed by email (13%), and through internet/websites (11%), rather than by telephone (8%).

Influences on Buying Decisions

The factors that most commonly had an "extremely strong" influence on Alberta households' decision to purchase local food are the safety of the food (47%), the fact that purchasing supported Alberta's family farms (46%), as well as, the freshness (43%), quality (41%), taste (40%), and nutritional value (36%) of the food. Overall, however, none of the factors presented to respondents were felt to be unimportant, as all were ranked six or above by at least two-thirds (69%) or more of the respondents.

Local Food Purchaser Profiles

Many factors influence households' purchasing behaviours with respect to local food. Women appear to be seeking out local food, thus, they more commonly shop at a farm retail channel out-of-season and shop at specific retailers because they carry local food. Further they are more likely, than men, to plan to go to a farmers' market in the future.

Individuals between the ages of 18 to 34 are the most likely to shop local food at farmers' markets while those aged 35 to 44 were least likely. Those aged 45 to 54 are the most likely to frequent restaurants that serve food made with local ingredients. The youngest cohorts, aged 18 to 34 and those aged 35 to 44 are more commonly shopping for local food at farm retail channels or are members of CSA/Box programs.

Households with married or common-law couples are the greatest consumers of local food through all channels. Similarly, households with incomes above $120K more frequently purchase local food through all channels except restaurants that serve food with local ingredients. In contrast, rural households are significant consumers of farm retail and will travel to purchase food from the channel.