Impacts of COVID-19 on the Shared-Use Kitchen Industry: Challenges and Opportunities

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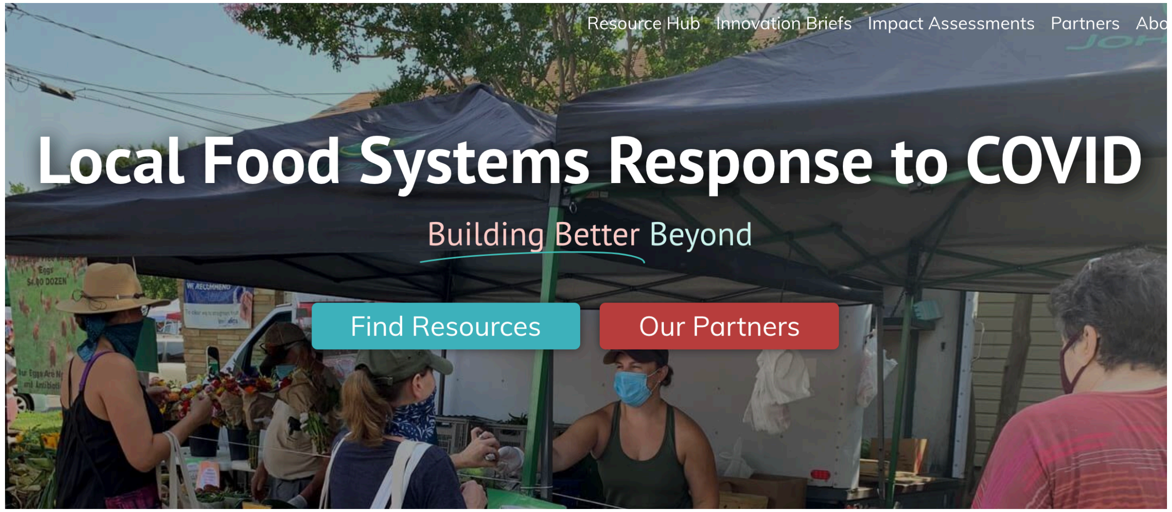
Local Food System Response to COVID-19: Building Better Beyond

- USDA AMS project in collaboration with researchers from University of Kentucky, Colorado State University, and Penn State University
- Cross-sectoral partnerships with 16 food systems communities of practice
- Understand the impacts of COVID-19 within local and regional food systems



https://lfscovid.localfoodeconomics.com/

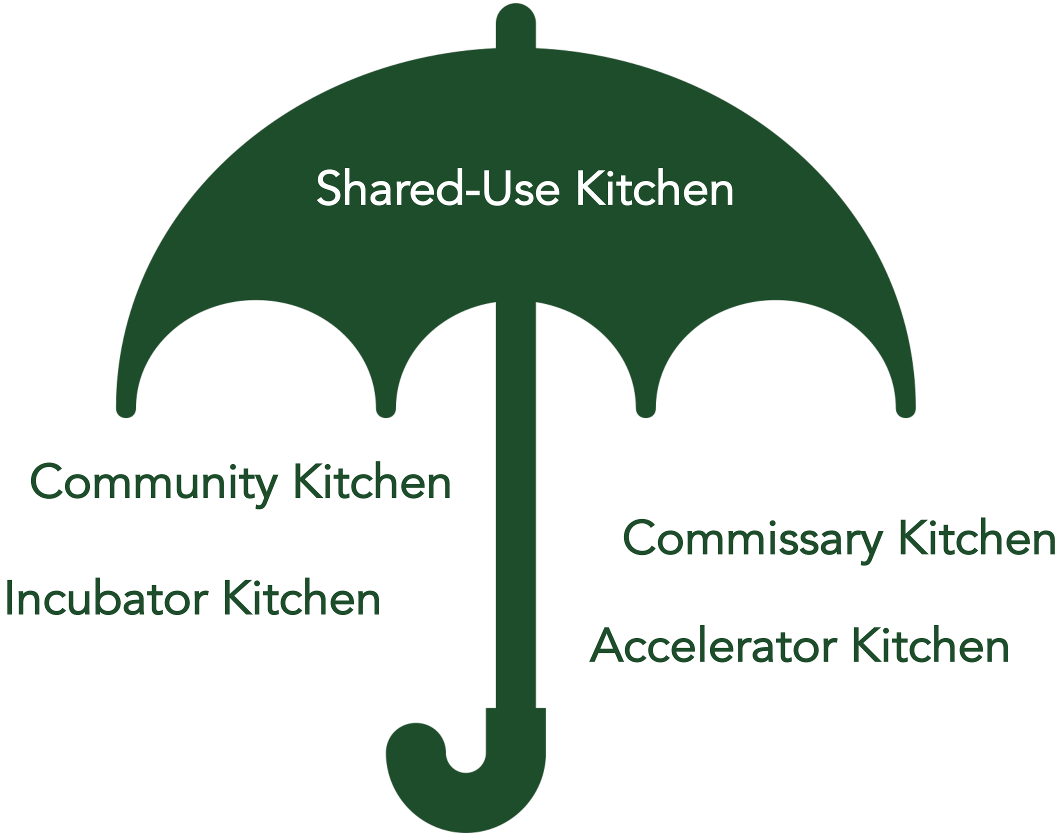
USDA Agricultural Marketing Service

Colorado State University

NE RCRD

PennState

Shared-use/commissary/community kitchen… What's the difference?

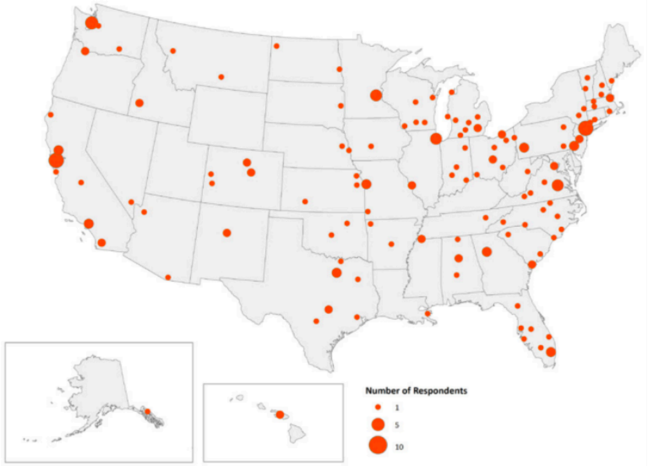


Shared-Use Kitchen Business Model:

- Co-working space for food businesses
- Food businesses rent cooking space, storage, equipment in a shared space for some monthly/daily/hourly rate
- Other amenities/offerings distinguish the subcategories (business training, distribution, community programming, etc.)

Pre-COVID-19 Sector Snapshot

- Young sector (**40% of kitchens** surveyed were est. since 2015)
- Kitchen models (commissary vs. incubator vs. community)
- Types of businesses that kitchens serve (everything from CPG to food trucks to caterers to farmers making value-add items)



180 RESPONDENTS FROM 44 STATES

Regional Kitchen Distribution

Northeast	18%
South	31%
Midwest	26%
West	26%

56% urban

21% suburban

23% rural

Data Sources & Project Deliverables

- Impact assessments
- Listening sessions
- Innovation briefs
- Resources uploaded to website
- Consumer survey (in progress)

Partner Overview: The Food Corridor

THE KITCHEN DOOR

THE FOOD CORRIDOR

1.7k network members

500+ kitchen listings

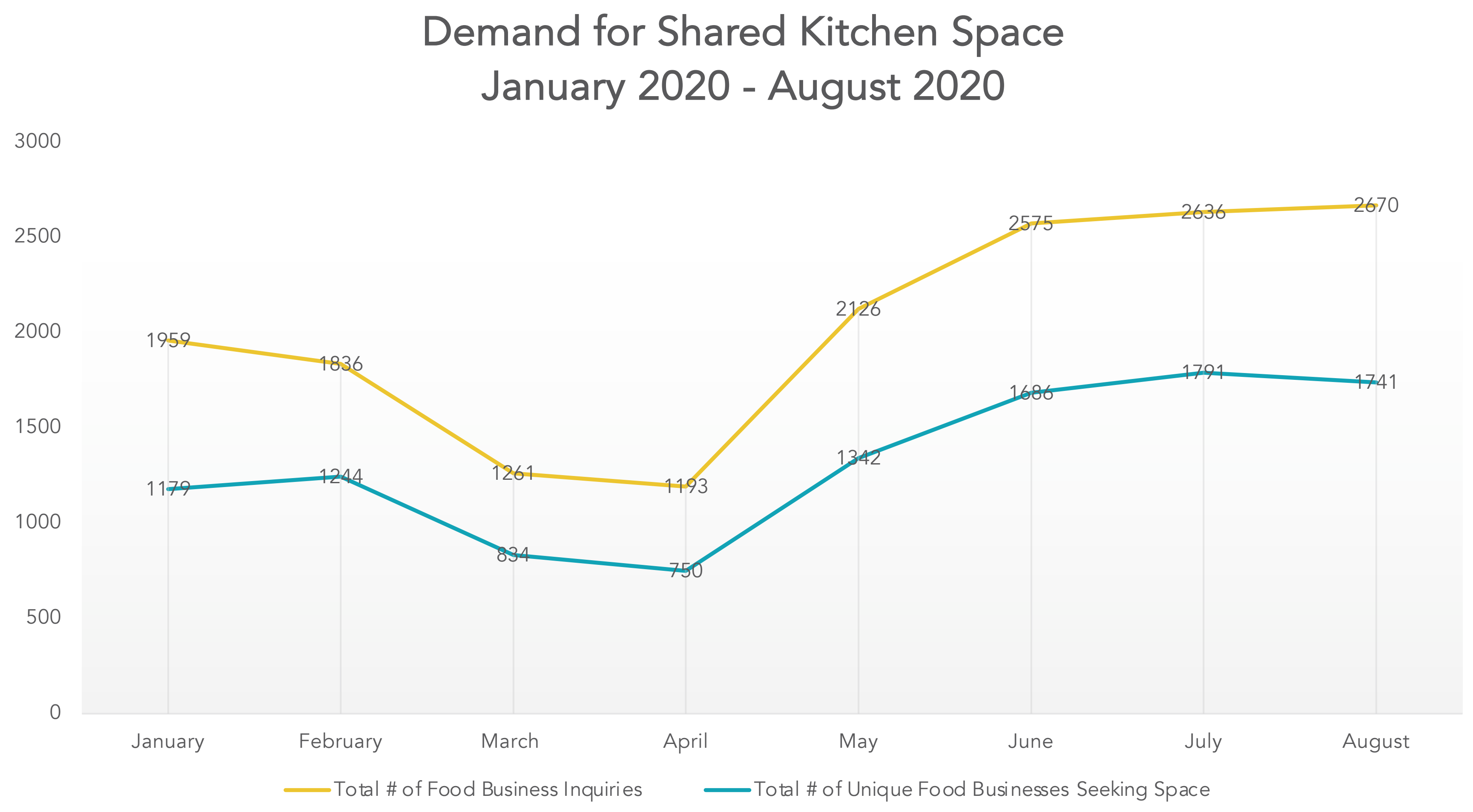
150 kitchen clients
>12,000 food businesses

Insights from Sector Impact Assessment

What do Kitchen & Food Businesses Need? (NICK Survey, April 2020)

- Assistance navigating support programs
- PPE and sanitizing supplies
- Safety protocols
- Technology for virtual cooking classes
- Ability to process SNAP/EBT without having a physical farmers market
- POS systems for online delivery and pick-up model
- Access to <u>safe</u> sales opportunities (e.g. farmers markets and festivals)
- Communicating with customers in a new way
- Access to wholesale retail markets

Increased Demand for Shared-Use Kitchen Space



Innovations: Transition to Delivery

- *"Even before COVID-19, I had been strongly encouraging ALL businesses to develop a segment of their business that is on-line ordering with a delivery or grab-n-go pick-up. Those that had an online order system set in place have been able to adapt quickly to our temporary, new normal."*

- Spike in demand for prepared meals that customers can collect with minimal contact, or order for delivery.
- Incorporated tech platforms – like delivery partners, online sales platforms, and meal prep subscription providers – into their operations
- Virtual restaurants (made in cloud kitchens or ghost kitchens)

Next Steps

- Sector innovation brief--highlight of a COVID-related sector innovation (available on project website)
- Consumer survey (market channel and delivery technology insights)
- Continue tracking sector trends-—will increased kitchen demand persist?

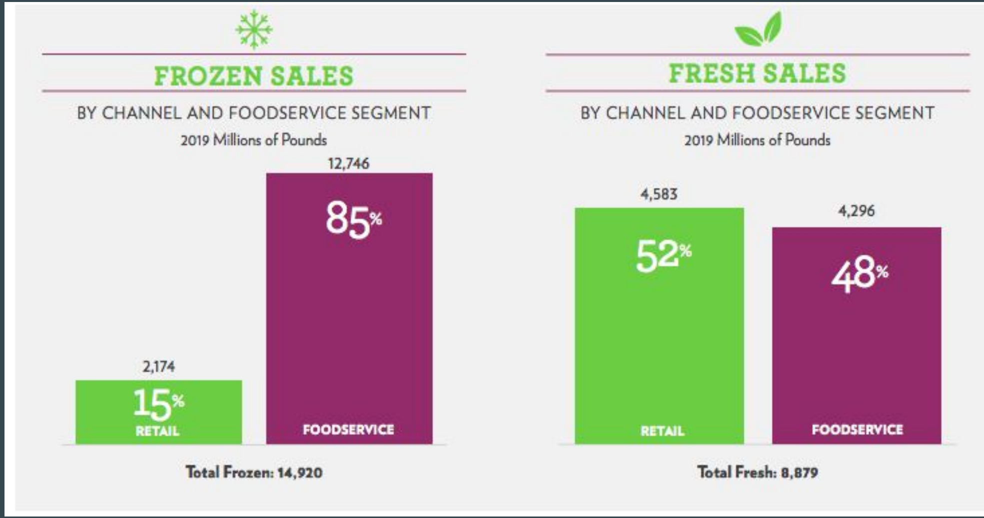
Adaptation Strategies in the Wake of COVID-19: Evidence from the Colorado Potato Supply Chain

Erin Love and Sarah Ehrlich
Colorado State University

Food Distribution Research Society Conference
October 13, 2020

Background: Colorado Potatoes

- U.S. potato sales are $4 billion, with nearly 60% going to food service
- Colorado #6 in overall potato production
- Colorado #2 in fresh potato production



Source: Colorado Potato Administrative Committee; Potatoes USA

Background: COVID-19 Agricultural Impacts

The New York Times

Dumped Milk, Smashed Eggs, Plowed Vegetables: Food Waste of the Pandemic

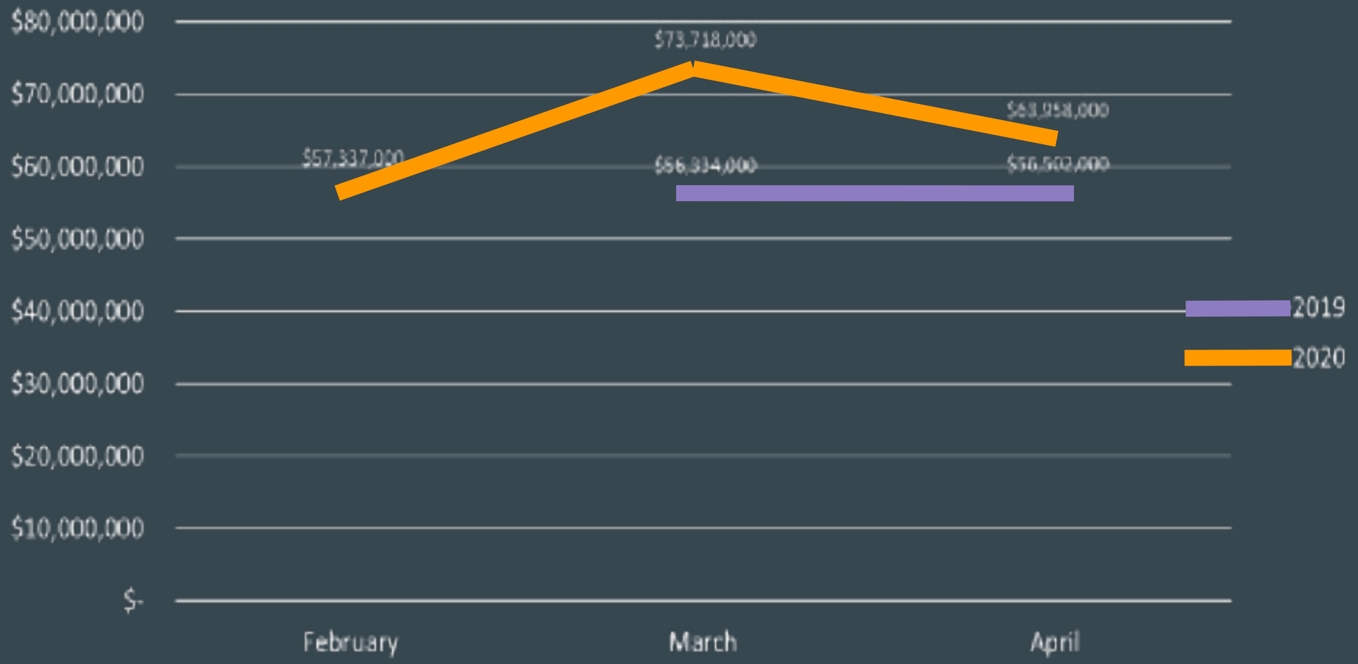
With restaurants, hotels and schools closed, many of the nation's largest farms are destroying millions of pounds of fresh goods that they can no longer sell.

Small Farms in N.Y. Are Experiencing a Surprising Boom. Here's Why.

When the restaurants closed, factory farms lost their customers. Local produce is suddenly in demand.

Source: New York Times

Estimated Total Monthly Sales for Grocery Stores



Source: U.S. Census Bureau, 2020

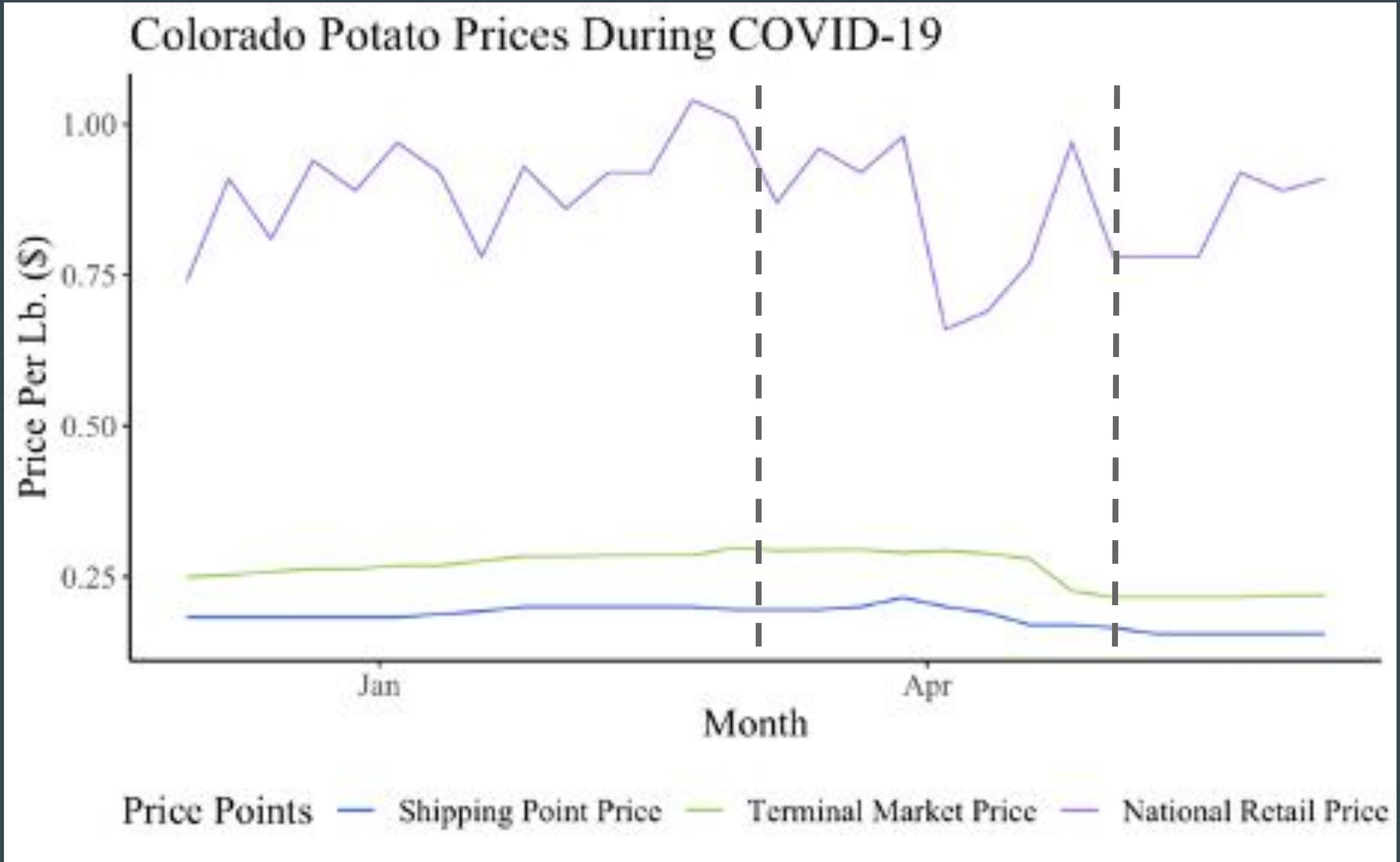
National potato sales in 2020 compared to 2019

Top 10 in weekly sales	Dollar sales increase over comparable week in 2019 for week ending...								Sales week ending
	3/1	March (3/8-3/29)	April (4/5-4/26)	May (5/3-5/31)	June (6/7-6/28)	July (7/5-7/26)	8/16	8/23	8/23
Fresh veg.	+1.7%	+25.8%	+21.5%	+21.7%	+16.1%	+16.1%	+13.5%	+13.8%	$633M
Lettuce	+3.3%	+13.1%	+11.0%	+13.8%	+11.6%	+8.4%	+10.5%	+11.2%	$167M
Tomatoes	+10.0%	+28.0%	+23.6%	+25.0%	+23.7%	+19.6%	+17.1%	+16.3%	$70M
Potatoes	+0.7%	+64.4%	+50.2%	+37.7%	+21.7%	+19.7%	+15.3%	+16.1%	$61M
Peppers	-2.0%	+21.9%	+26.8%	+28.2%	+25.3%	+22.5%	+18.4%	+18.2%	$45M
Onions	-0.7%	+42.0%	+32.4%	+21.7%	+13.5%	+13.6%	+10.1%	+9.6%	$44M
Mushrooms	+3.1%	+22.6%	+30.3%	+33.7%	+27.8%	+26.2%	+21.0%	+21.9%	$24M
Cucumber	+6.7%	+18.8%	+19.5%	+21.3%	+21.1%	+18.6%	+18.1%	+19.0%	$23M
Carrots	-2.5%	+28.3%	+18.6%	+11.5%	+7.3%	+9.2%	+5.8%	+6.4%	$20M
Broccoli	-2.0%	+19.2%	+18.9%	+20.9%	+14.3%	+19.5%	+10.5%	+10.5%	$18M
Corn	+16.2%	+25.4%	+15.9%	+26.4%	+1.4%	+30.5%	+13.2%	+16.1%	$17M

Source: Source: IRI, Total U.S., MULO, 1 week % change vs. YA

Source: IRI

Colorado Potato Prices During COVID-19 Lockdown Period



Source: USDA Agricultural Marketing Service

Production Strategy and Supply Chain Responses

Adaptive Production Decisions

- New potato varieties, crops, and management practices
- Consider vertical farming in cities, innovations in breeding, and advances in no-till cultivation

Supply Chain Implications

- Diversification in production dampens risks to farmers
- Potential acreage reduction → Price implications

Warsh Farms, CO (Ehrlich, 2020)

Market Strategy and Supply Chain Responses

Adaptive Marketing Decisions

- Building relationships with new and variable types of buyers
- Versatile production lines and a cooperative transportation model

Supply Chain Implications

- Alternative markets can complement commodity supply chains
- Diverse marketing strategies dampen risks to farmers

Monte Vista Potato Co-op Warehouse (Ehrlich 2020)

Policy Strategy and Supply Chain Responses

Adaptive Federal Assistance Decision

- Adopt harm and loss case model for federal assistance eligibility, rather than a general price loss point

Supply Chain Implications

- Supports growers who have diverse operations producing non-traditional varieties and selling through alternative markets
- Incorporate support for diversification strategies into future agriculture legislation

San Luis Valley, CO Potato Warehouse

Conclusion and Questions?

Warsh Farms, CO (Ehrlich, 2020)

The O’Neill School of Public & Environmental Affairs

Food and Agricultural Transportation Challenges Amid the COVID-19 Pandemic

Shellye Suttles, PhD
Indiana University

Food and Agricultural Transportation Challenges Amid the COVID-19 Pandemic

Outreach Writing Citation:

Lurleen Walters, Tara Wade, and Shellye Suttles*. 2020. *Food and Agricultural Transportation Challenges Amid the COVID-19 Pandemic."* Choices. Quarter 3.

University of Florida & Indiana University*

Food Distribution Research Society Annual Conference

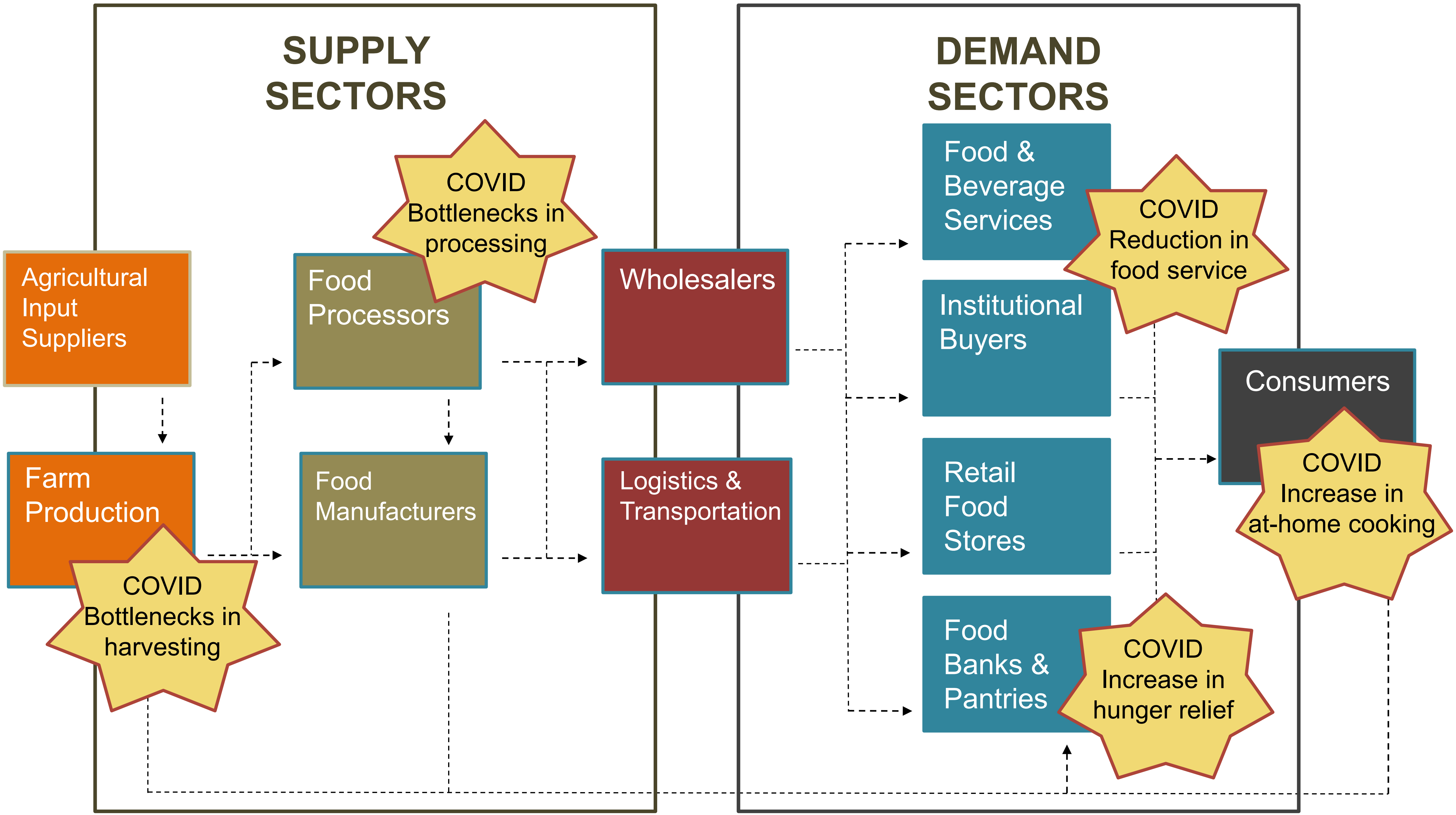
October 13, 2020

Introduction

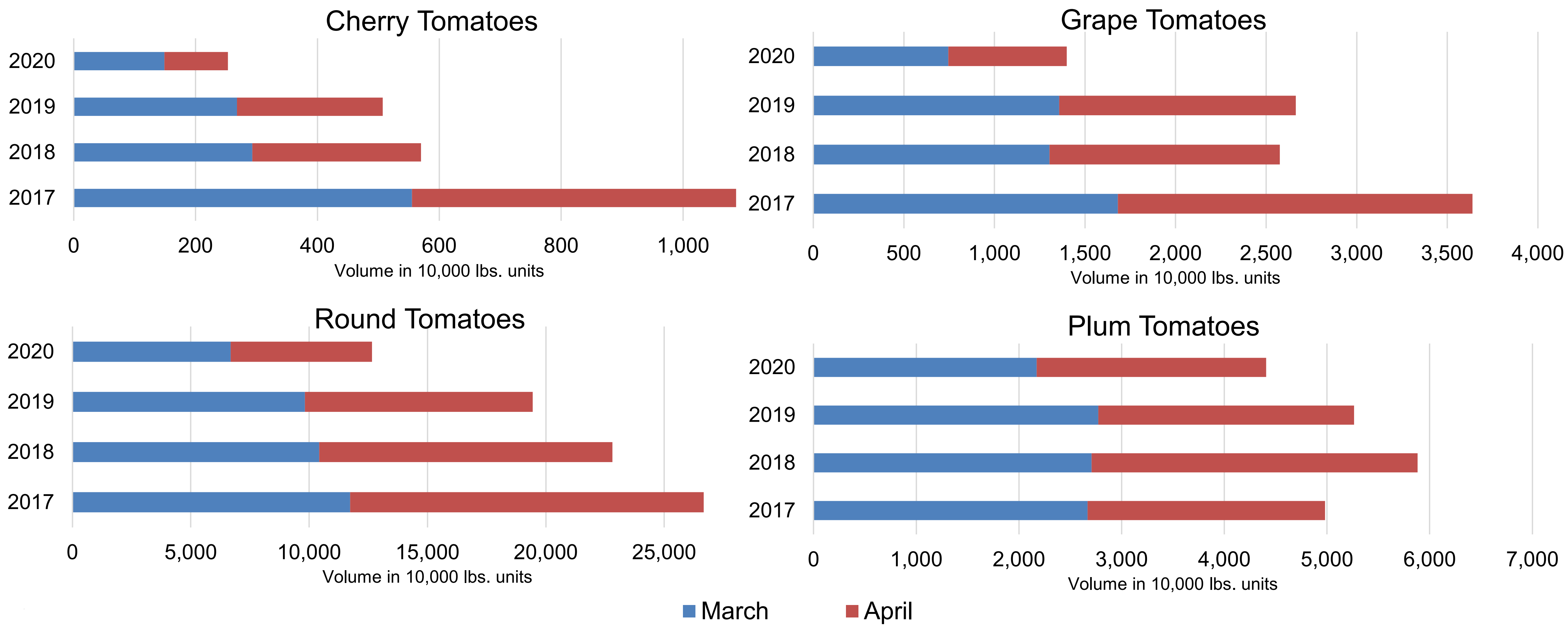
Overview

1. The COVID-19 pandemic has created many challenges
   - Food supply chain shocks
2. Regulatory exemptions granted to critical infrastructure industries
   - Emergency relief efforts to mitigate food supply chain shocks
3. **How has the transportation industry responded?**

Pandemic-Related Food Supply Chain Shocks


SUPPLY SECTORS
DEMAND SECTORS
Agricultural Input Suppliers
Farm Production
COVID Bottlenecks in harvesting
Food Processors
COVID Bottlenecks in processing
Food Manufacturers
Wholesalers
Logistics & Transportation
Food & Beverage Services
COVID Reduction in food service
Institutional Buyers
Retail Food Stores
Food Banks & Pantries
COVID Increase in hunger relief
Consumers
COVID Increase in at-home cooking

Florida tomatoes shipped by truck, 2017–2020

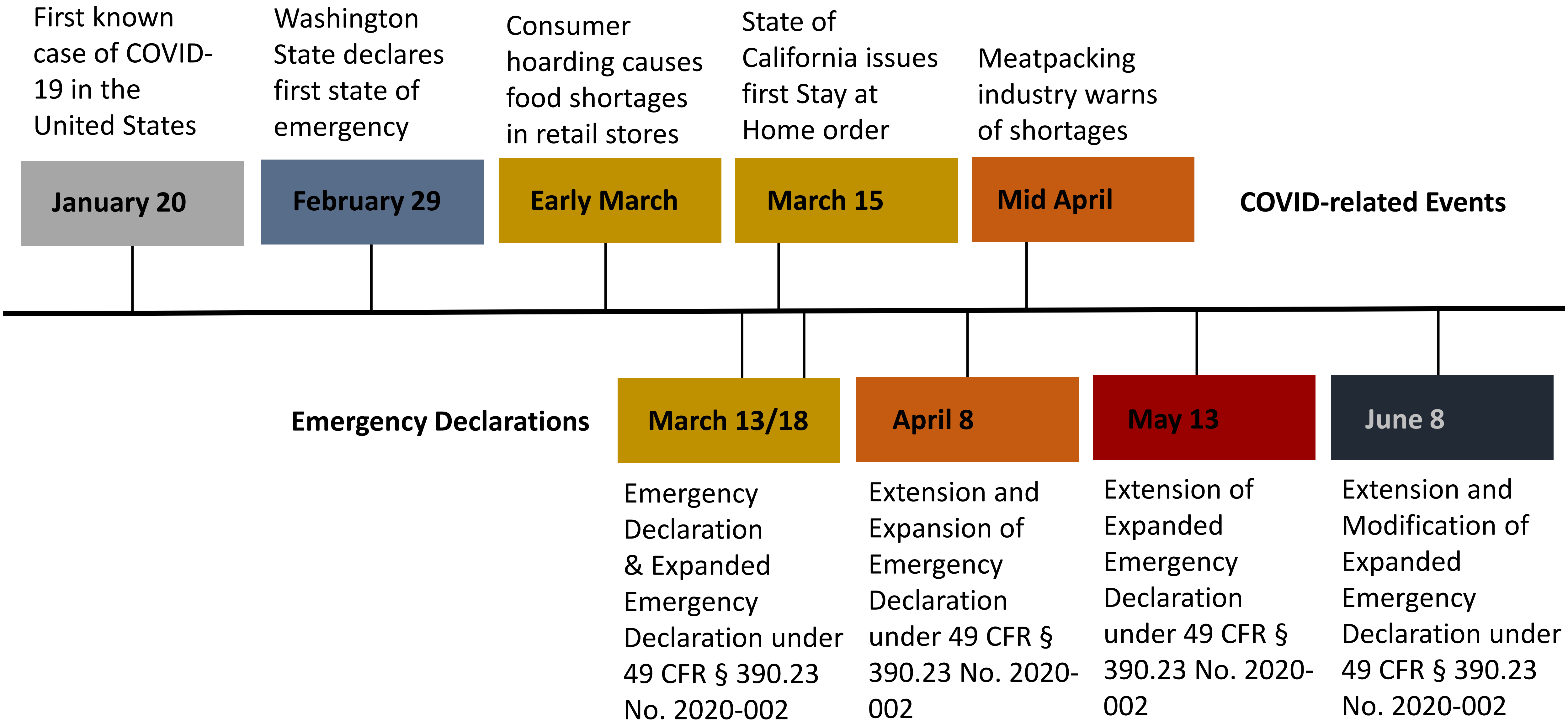


Transportation Regulatory Exemptions under COVID-19

Transportation safety regulations

- General motor carrier regulations
- Hours of service regulations
  - **11-Hour Driving Limit**: Drive a maximum of 11 hours after 10 consecutive hours off duty
  - **14-Hour Limit**: May not drive beyond the 14th consecutive hour following 10 consecutive hours off duty
  - **Rest Breaks**: A 30-minute rest break after 8 hours of driving is required
- Employee safety and health standards regulations

Timeline of emergency declarations under 49 CFR § 390.23 No. 2020-002



Trucking Industry Emergency Relief Response

How has the transportation industry responded?

1. No widespread COVID-related labor shortages in trucking
   – Existing labor shortages
2. Essential worker status
   – Drivers were not subject to movement restrictions while working
   – Drivers could freely cross the U.S. borders with Canada and Mexico
   – Rest areas and travel centers experienced temporary closures

Summary

1. Human resources are the crucial component
   - Pose the greatest risk to business operations
   - Yet critical to effective emergency response

2. Food supply chains have since rebounded
   - Nevertheless, vulnerabilities were exposed

Questions?

Thank you!

Shellye Suttles

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Article available online:

https://www.choicesmagazine.org/choices-magazine/theme-articles/covid-19-and-the-agriculture-industry-labor-supply-chains-and-consumer-behavior/food-and-agricultural-transportation-challenges-amid-the-covid-19-pandemic

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A Survey of Grocery Shoppers under Covid-19 Restrictions

FDRS Virtual Conference, 10-13-20

Food Industry Management Program

Kristin Park, Adam Brumberg, Koichi Yonezawa

Cornell University

Research Objectives

1) Describe how shopping expereince changed during the Covid-19 lock down
2) Describe how the shopping habits changed during the Covid-19 lock down especially Online usage.
3) Describe how likely consumers are to resume pre-Covid-19 habits once the pandemic subsides

METHODOLOGY

- Shoppers in 5-state region NE region (Ct, Ma, NJ, NY, Pa) hardest hit by Covid-19 in spring of 2020
- 780 responses collected May 21-26 via Qualtrics panel
- 73.4% Urban/Suburban, 26.6% Rural
- 95.2% reported doing at least ½ of household shopping (69.2 sole or primary)
- 81.2% Caucasian

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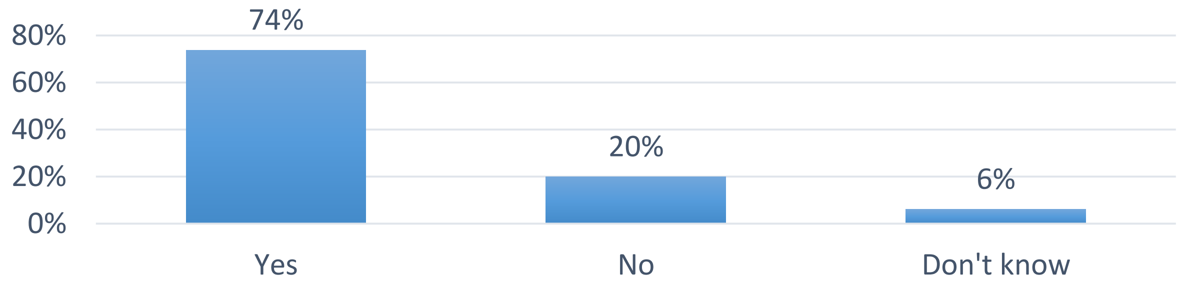
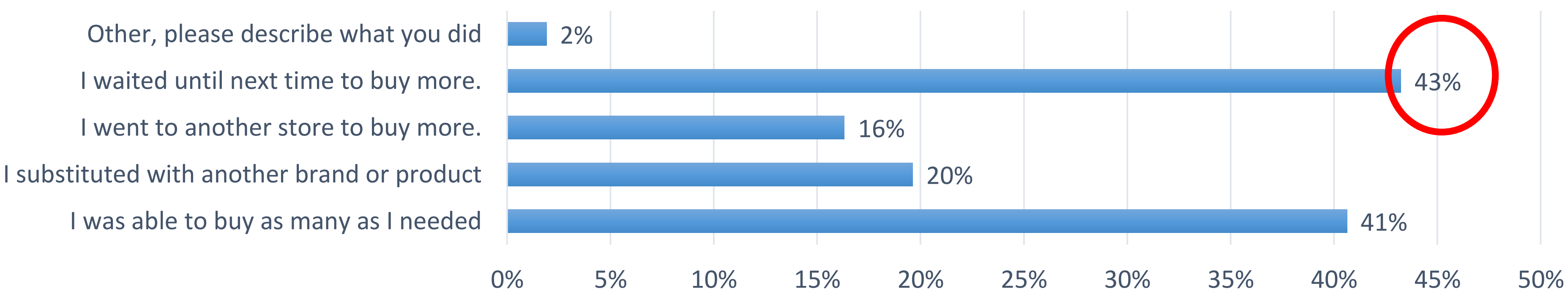
Shopping Experience & Coping Tactics

Did you Encounter Item Shopping limits



Responses to Shopping Limits



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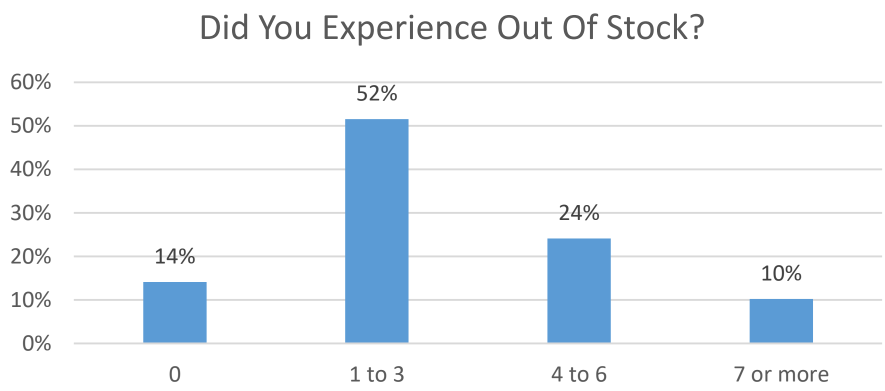
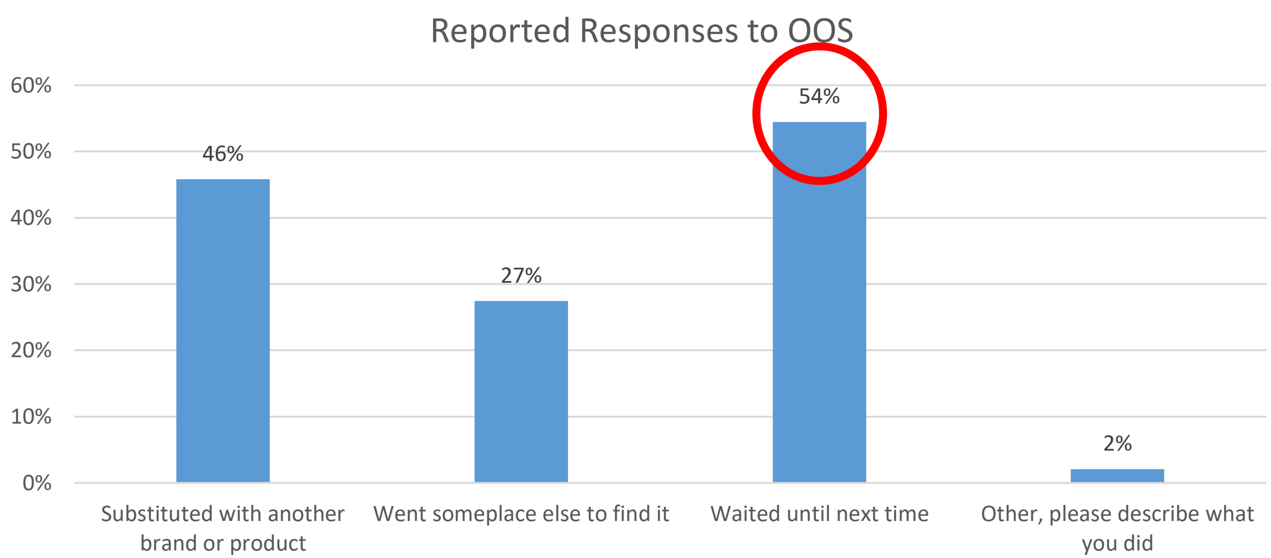
Shopping Experience & Coping Tactics





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Shopping Experience & Coping Tactics

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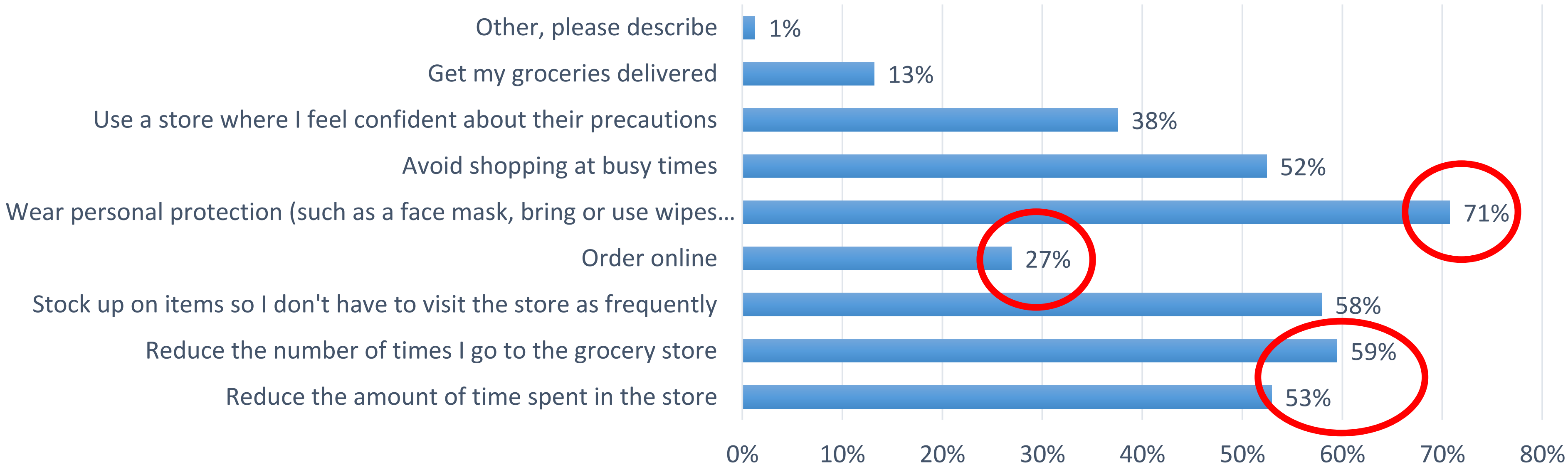
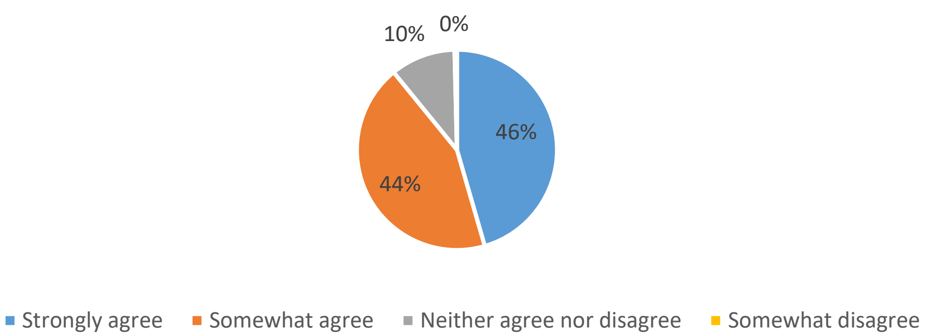
Shopping Experience & Coping Tactics

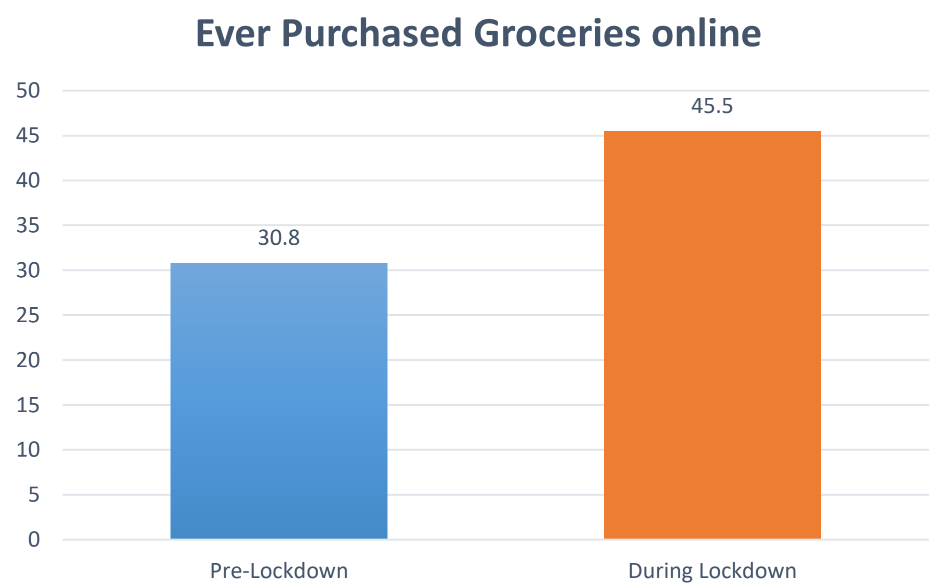
Measures Taken by Consumers



My Grocery Store Takes Precautions to Keep Me Safe

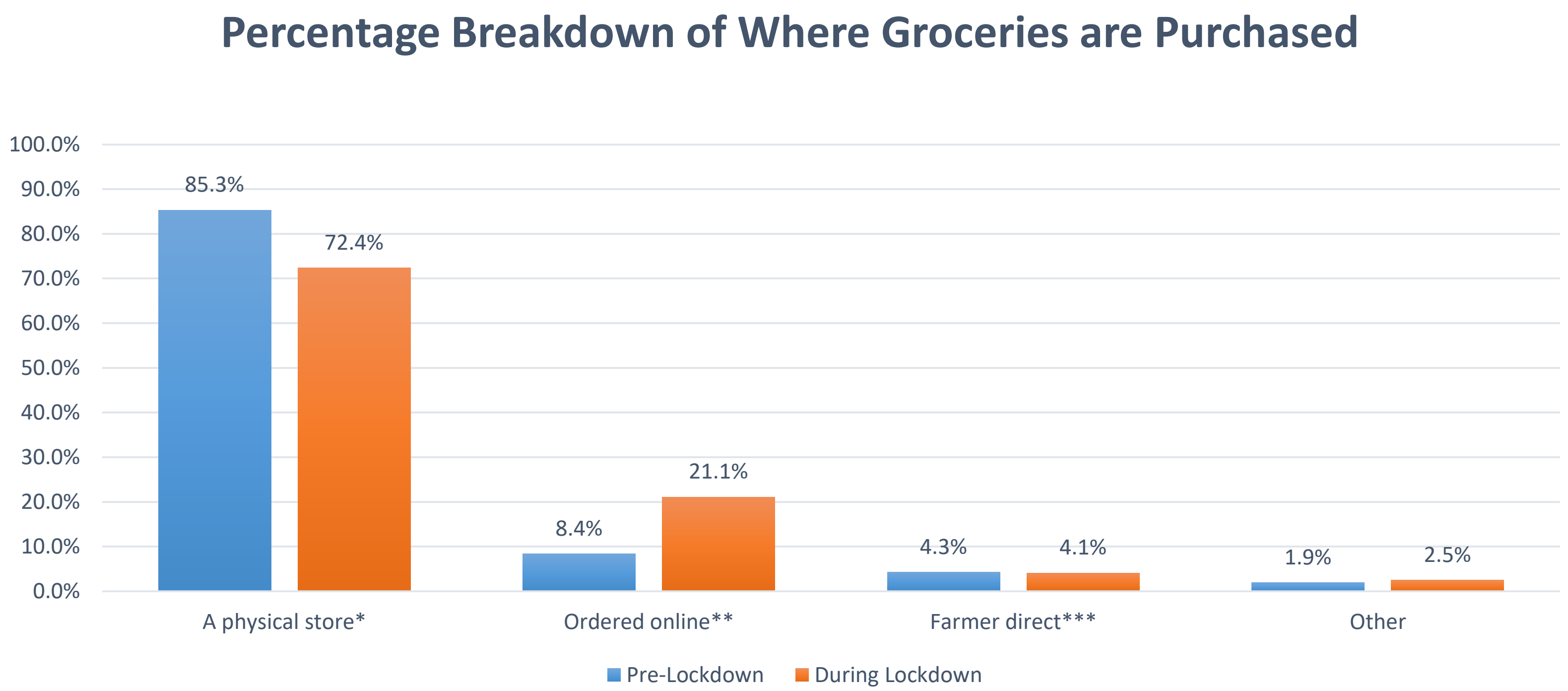


Purchasing Increased/Moved Online



- 59.2% of those who normally purchased online further increased their online grocery purchases.

Purchasing Moved Online



* Traditional supermarket or other grocery store

** Kroger, Walmart, Instacart, Shipt, AmazonFresh, Fresh Direct, Peapod, etc (includes click and collect)

*** Farm stand, farmers market, CSA, online farm store, etc

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Wide Range of Groups Moved to Online

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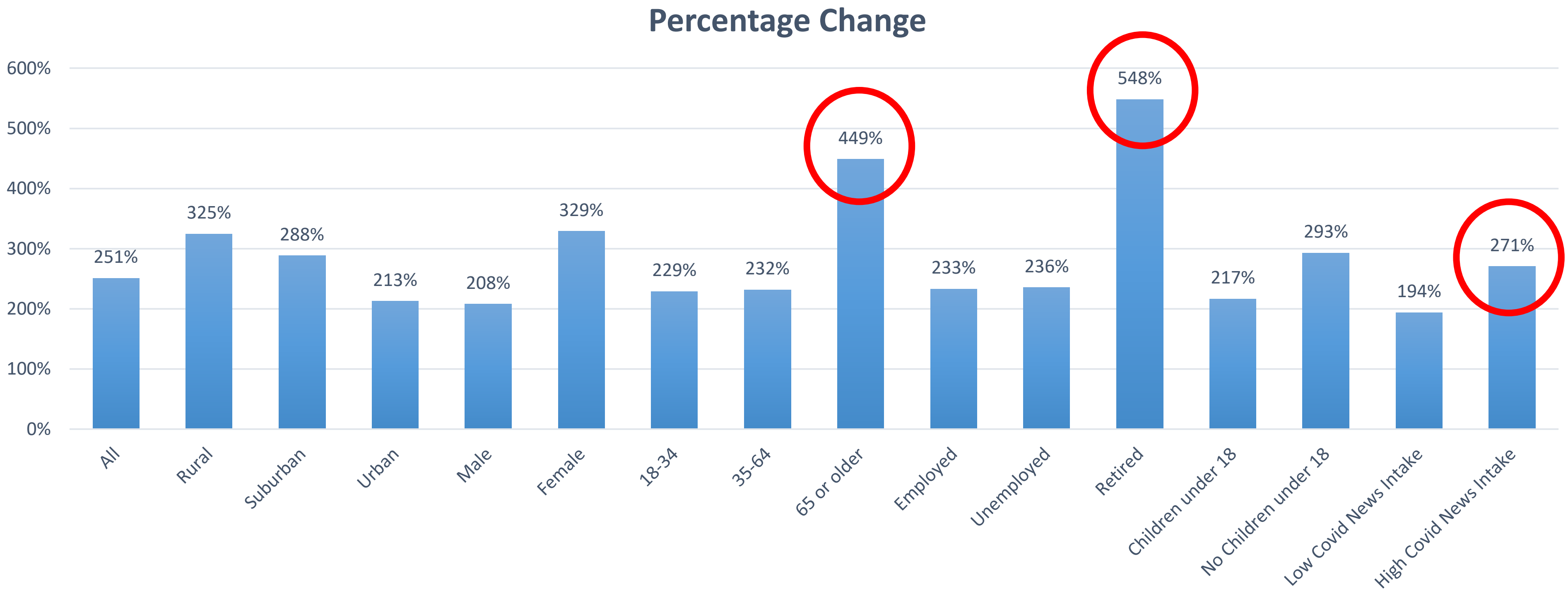
Wide Range of Groups Increased Online



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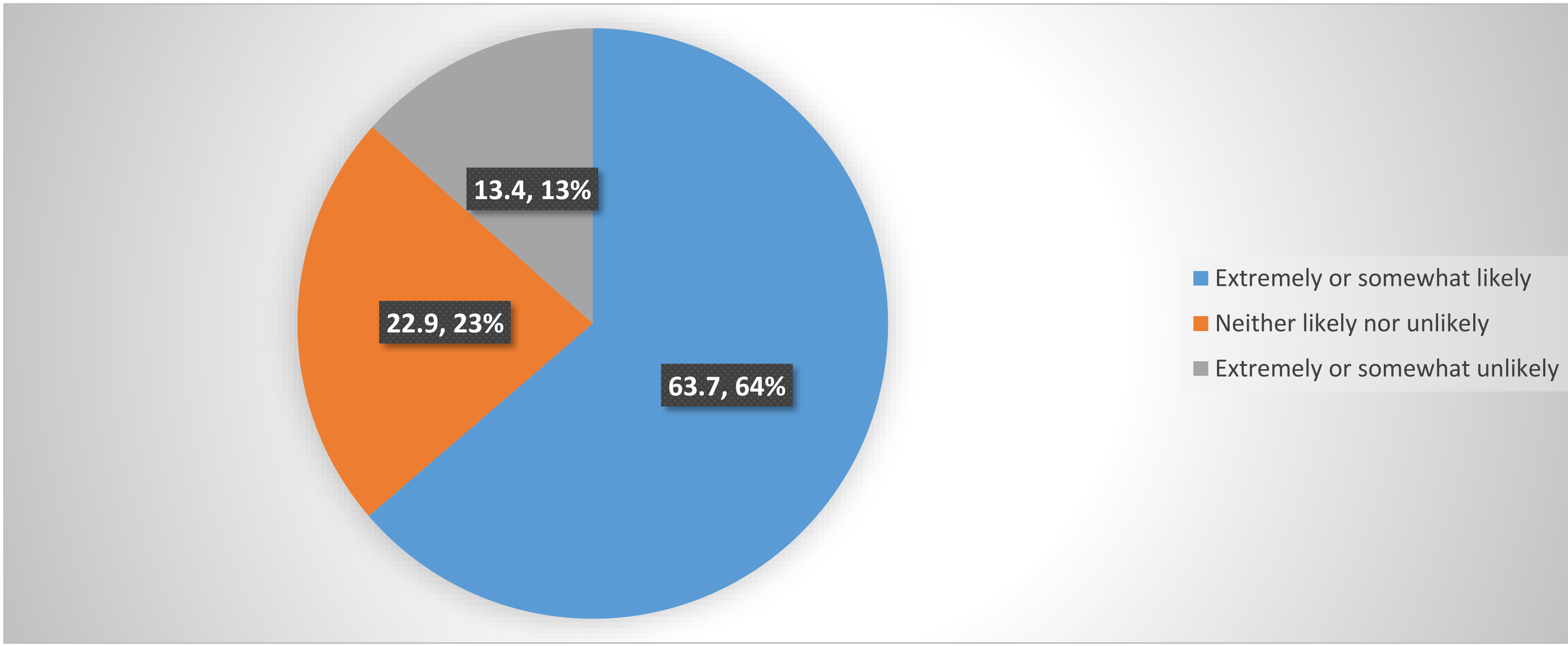
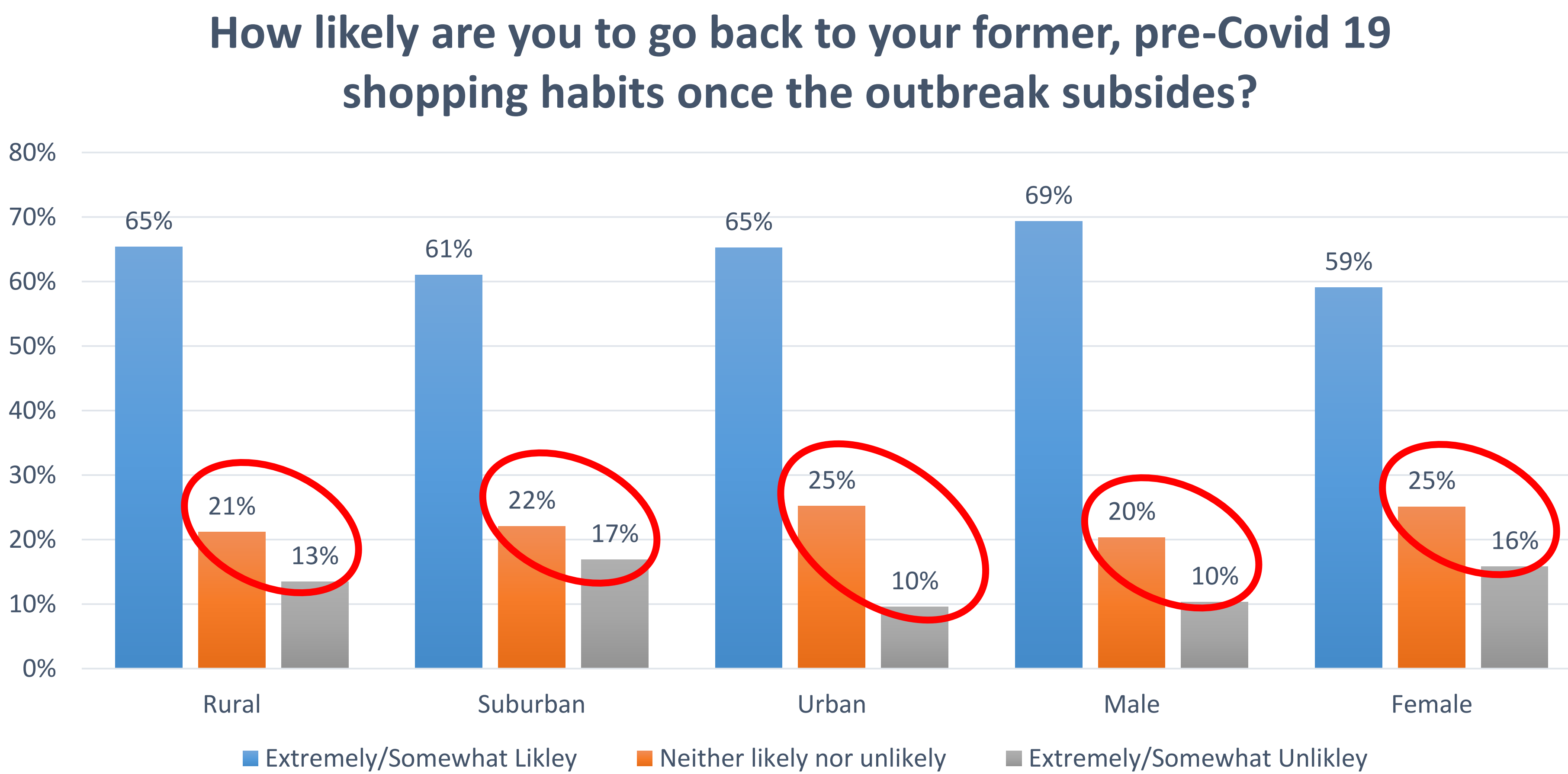
Likleyhood of Returning to Old Habits



Likleyhood of Returning to Old Habits



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Questions?

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