

## I. PURPOSE

**Opportunity:** As Maine’s specialty crops marketplace becomes increasingly saturated (especially direct-to-consumer channels such as farmers’ markets and CSAs), many farmers are looking for innovative ways to take their businesses to the next level: small farms need opportunities to support scaling up to reach wholesale markets; larger farms already at scale are seeking to generate new income through diversified production and new markets.

*Ethnic Produce* is important and timely as it seeks to demonstrate a compelling opportunity for Maine farmers to begin growing various kinds of ethnic produce that meet the strong demand presented by the state’s own growing immigrant and refugee population, and to an even greater extent by the established immigrant communities of Greater Boston.

In recent decades, Maine has seen a dramatic increase in its foreign-born and ethnic populations, particularly in its largest cities, Portland and Lewiston. According to the U.S. Census Bureau, Portland’s foreign-born population nearly doubled between 2000 and 2013, such that immigrants and refugees now make up more than twelve percent of the city’s residents. A 2015 report by the American Immigration Council indicates that Lewiston saw an influx of 3,500 Somali migrants between 2001 and 2007; this ethnic group now accounts for ten percent of the city’s population.

Maine retailers are responding to this significant new market by expanding their inventory of ethnic spices, sauces, and other packaged foods. Even so, the availability of culturally appropriate fresh produce remains quite low. Foreign-born consumers prefer a wide variety of distinctive produce—including amaranth greens, okra, cilantro, garden egg, and pumpkin leaves—none of which are commonly grown in Maine or elsewhere in New England. Hannaford’s participation in this project demonstrates that large New England retailers see building up their local ethnic produce offerings as part of a broad strategy to stay competitive in the face of changing regional demographics.

The *Ethnic Produce* project includes significant research and market testing components designed to define this market opportunity and provide the concrete data and information needed to capitalize on it. For instance, in 2016, CEI contracted the City of Portland Public Health Division to conduct a community assessment of ethnic populations to understand their preferences and buying habits for fresh produce. CEI also partnered with Robert Heiser, Assistant Professor of Marketing at the University of Southern Maine, under whom a team of MBA students conducted formal market research into the demand for specific crops among ethnic communities in Portland and Lewiston. Crop selection and marketing strategies were shaped by their findings.

Ultimately, CEI believes *Ethnic Produce* will confirm and provide a model for this avenue of crop diversification as a significant and timely opportunity for Maine farmers to position themselves as primary suppliers to an as-yet untapped market.

**Potential Second Year Objectives:** The overarching goal of the *Ethnic Produce* project is to demonstrate the economic viability of growing ethnic specialty crops in Maine. Year 2 objectives could include:

- Additional market research to understand specific consumer populations and their varietal preferences; and to assess market potential of millennial consumers who demonstrate an openness and interest in cooking new foods and may have greater purchasing power;
- Profitability analysis to isolate essential metrics and further develop assessment tools;

- Knowledge sharing to build awareness of the project;
- Distribution assessment to consider a variety of potential channels, including established distributors, the New England food bank network, and “jobbers” (sole proprietor distributors from immigrant communities);
- Growing one crop in large volume plus varietal trials in the 2017 season;
- Expanding and establishing additional end markets in Maine and entry into the Boston marketplace.

## II. IMPACT

The project will serve new and socially disadvantaged farmers by creating a new point of entry into a competitive/saturated marketplace and established small and mid-size farmers will gain a proven opportunity to diversify and scale up.

### Intended beneficiaries:

- Maine farmers and distributors of Maine crops;
- Retailers, whose ability to source high-demand, locally-grown ethnic crops will lead to increased competitive advantage and customer satisfaction among the target population;
- Consumers, who gain increased access to fresh, local, culturally appropriate food;
- Maine economy as a whole, where increased purchasing of locally-produced food achieves a multiplier effect, with more farm dollars circulating within the state.

**Potential economic impact:** Current data and future projections indicate the sizeable and rapidly increasing economic impact of ethnic populations in Maine.

- According to the American Immigration Council 2015 report, Maine’s Latinos now exert \$424 million in annual purchasing power (an increase of 650 percent since 1990).
- A poll conducted in local ethnic communities by the Community Health Outreach Workers of the Portland Public Health Division (February 2016) found that 71% of those respondents would be willing to pay more for ethnic produce, if it were available locally.
- Robert Heiser’s MBA students developed a population forecast tied to a market demand model. According to this forecast, Maine’s foreign-born residents of African origin only will soon account for \$367,606 in market demand. This same population subset in Boston exerts a \$2.9 million demand pull.

## III. WORKPLAN

<i>Time period</i>	<i>Activity:</i>	<i>Milestones:</i>
Jan-Mar 2017	Market research	<ul style="list-style-type: none"> <li>● Map specific populations to neighborhoods and preferred retail outlets in Boston; determine buying patterns, varietal preferences, and price expectations;</li> <li>● Expand population model beyond “foreign-born.”</li> </ul>
Jan-Mar 2017	Address data +	<ul style="list-style-type: none"> <li>● Analyze year one data to determine key profitability metrics;</li> <li>● Revise and update tools and data management process as</li> </ul>

	information needs	<p>necessary;</p> <ul style="list-style-type: none"> <li>● Adapt project tools for New American farmers;</li> <li>● Provide 1-on-1 business consulting to participating farmers.</li> </ul>
Jan-Mar 2017	Knowledge sharing + engagement	<ul style="list-style-type: none"> <li>● Disseminate Year 1 report online, via Maine Agricultural Trades Show, other farm forums;</li> <li>● Develop initial website resource</li> </ul>
Jan-Mar 2017	Explore distribution channels	<ul style="list-style-type: none"> <li>● Interview 3-5 “jobbers” (sole proprietor distributors from immigrant communities);</li> <li>● Determine existing/established distributor requirements;</li> <li>● Partner with Good Shepherd Food Bank (GSFB) to identify regional food bank aggregation sites that serve target population.</li> </ul>
Apr-Sep 2017	Test additional crops	<ul style="list-style-type: none"> <li>● Grow test plots of multiple varieties within a crop family (eg. African eggplant); consumer-test varieties via in-store events with select Boston retailers;</li> <li>● Provide TA to participating farmers;</li> </ul>
Apr-Sep 2017	Test additional markets	<ul style="list-style-type: none"> <li>● Grow 2016’s most successful crop in volume for delivery to Boston marketplace;</li> <li>● In Maine, partner with new retailers such as Whole Foods and additional ethnic grocers.</li> </ul>
Oct-Nov 2017	Synthesis and analysis	<ul style="list-style-type: none"> <li>● Examine Year 2 financial metrics;</li> <li>● Assess profitability of Maine and Boston markets;</li> <li>● Complete and disseminate scale-appropriate profitability report;</li> <li>● Determine scope of farm network needed to grow volume sufficient for feasible/sustainable aggregation and distribution;</li> <li>● Create online project portal for free/open access to all project research and tools.</li> </ul>