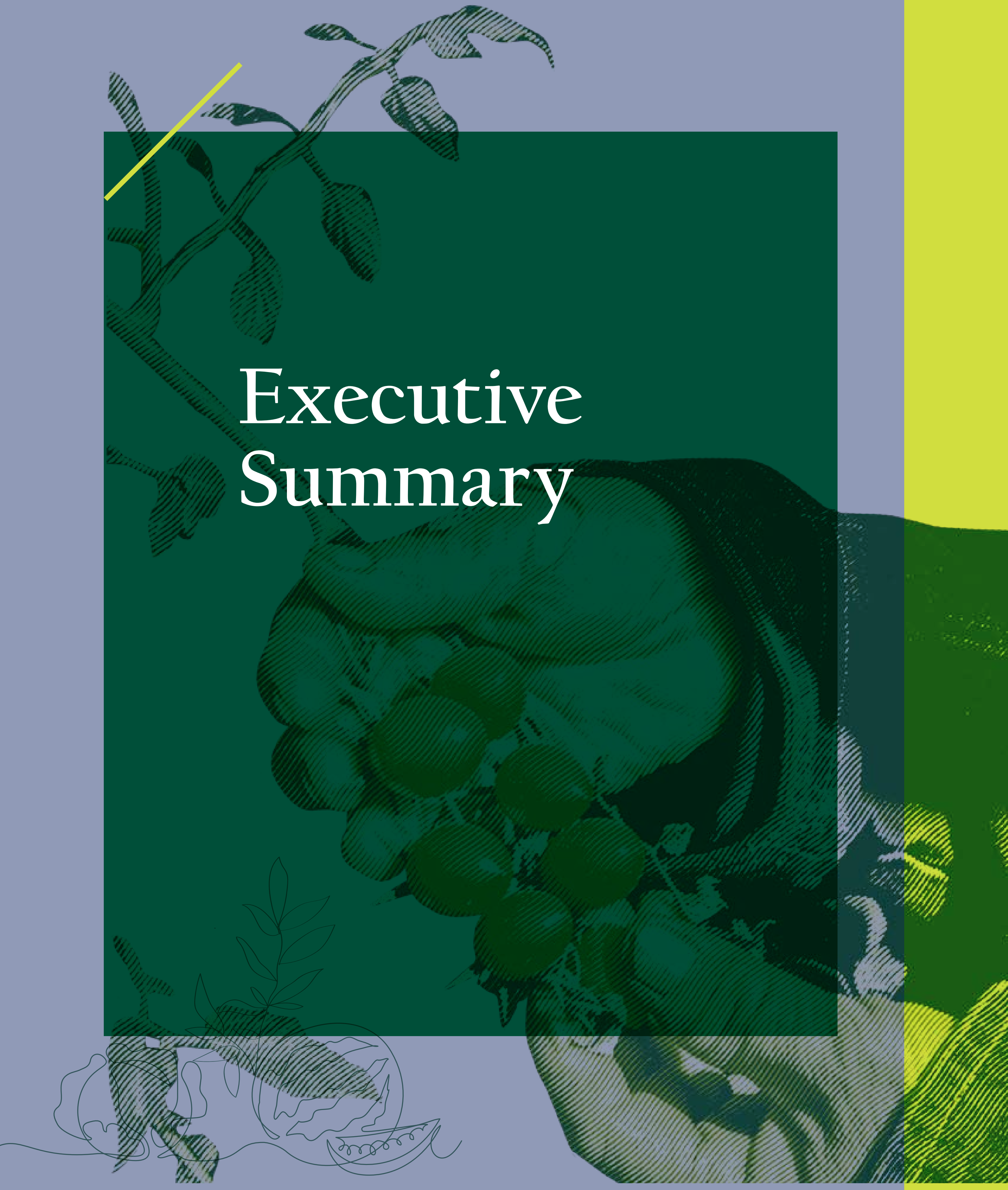
Executive Summary



Executive Summary

The 2019 National Food Hub Survey is the fourth biennial survey of food hubs in the United States and the primary source for longitudinal data on this business sector.

This report was nearing completion in March 2020 and therefore does not address the impacts of the COVID-19 crisis in detail. Please see the epilogue, on page 44, for the authors' reflections on the role food hubs have played in supporting and enhancing the resiliency of local and regional food systems throughout the pandemic. We encourage readers to consider this context as they read the report, which offers a unique snapshot of pre-COVID food hub operations.

This executive summary distills the top-level findings and themes from the 2019 National Food Hub Survey report.

1. The food hub sector continues to thrive and mature.
2. Hubs are pursuing social and environmental goals.
3. Supporting farm and supplier viability is important to hubs.
4. Hubs see room for growth, but challenges remain.

1

The food hub sector continues to thrive and mature.

- **The proportion of hubs over 5 years** old has increased since 2013 *(Figure 1)*.

- **Established hubs employ more people** *(Figure 5)* and total paid, full-time employees have increased overall *(Figure 6)*.

- **Two thirds of hubs** were breaking even or better *(Page 29)*.

- **Virtually no hubs reported being denied loans** or short-term lines of credit, although more than half of respondents did not apply for either type of debt capital *(Figure 21)*.

- **Of the one third of hubs** that are highly dependent on grant funding to carry out their core functions, about two thirds are nonprofits *(Figure 16)*.

2 Hubs are pursuing social and environmental goals.

+ **Nearly half of hubs track metrics** on their social and environmental impact *(Page 25)*.

+ **50% of hubs have some sales to lower-income customers** or businesses in lower-income areas *(Figure 23)*.

+ **Hubs are actively engaging their communities** in decision making and making regenerative investments *(Figure 26)*.

+ **54% of food hub management positions were held by women**, and 14% were held by people of color *(Page 20)*.

3 Supporting farm and supplier viability is important to hubs.

+ **Surveyed food hubs collectively purchased** or procured products from 2,861 farms and ranches *(Page 22)*.

+ **Hubs reported $31.8 million in purchases** in 2018 from small and midsized farms *(Figure 11)*.

+ **92% of hubs said at least half** of their farm and ranch suppliers were small or midsized *(Figure 10)*.

+ **Hubs are focused on the following** *(Figure 9)*:
  1. Product quality
  2. Product consistency
  3. Sustainable production methods
  4. Price

4 Hubs see room for growth, but challenges remain.

+ **82% of hubs say demand for their products and services has grown** in the past two years *(Figure 29)*.

+ **Sales to colleges/universities and K–12 food service were up** compared to previous survey data, but direct-to-consumer sales and sales to large supermarkets were down sharply *(Figure 14)*.

+ **Most hubs expected competition to grow**, particularly from traditional wholesale distributors *(Figure 31)*.

+ **Meeting buyer pricing requirements is the largest challenge** to expanding sales in institutional markets *(Figures 32–34)*.

Trends + Takeaways

Overall, we see several trends and takeaways emerging from the 2019 National Food Hub Survey data. We hope these insights are useful for food hub managers and practitioners and help inform future research.

Sales to institutional markets continue to show great promise, but growth is uneven across institution type *(Figure 14)***, despite many common barriers** *(Figures 32–34)***.** With mounting interest and investment in hospitals and early care and education (ECE) centers, we expect to see hubs adapting lessons and successful practices from other institutional markets, such as universities and K–12 school food service.

Many hubs are focused primarily on selling fresh produce and herbs, which account for half of all sales *(Figure 13)***.** At the same time, seasonality of fruits and vegetables is one of the top three barriers to entering institutional markets *(Figures 32–34)*, indicating a rising demand for lightly processed produce.

Food hubs have ranked "balancing supply and demand" as their top challenge across all four surveys *(Figure 30)***.** However, balancing supply and demand is the essential function of a food hub and encompasses a wide range of activities and factors. Unpacking the deeper meaning of this phrase is necessary to better understand specific operational limitations hubs are facing.