Fork Food Lab 2.0: COVID-19 Addendum

For the Sustainability Lab
by Caroline Paras
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Photo credit: Fork Food Lab

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Purpose

Home to 40+ enterprises, Fork Food Lab in Portland, Maine is nearing full capacity. Through a Local Food Promotion Grant from the U.S. Department of Agriculture, The Sustainability Lab is pursuing Fork Food Lab 2.0, a roadmap for a physical expansion that would double the size of the facility in a new location.

Following the release of the Market Analysis for this new facility in March of 2020, the first case of COVID-19 hit Maine, placing the move in jeopardy. The uncertainty associated with the pandemic caused Fork's membership to turnover by half: some members graduated to their own facility, others went on hiatus, dozens pivoted to new markets and distribution channels, and new players emerged on the scene. The world has changed dramatically since the onset of COVID-19. The purpose of this report is to assess the demand for local food in this new era, including the viability of emerging producers who have found the courage to launch new businesses.

Methodology

Goal 1: Determine how consumers spent their food dollars during the pandemic.

Source: Literature review of changes in household spending from studies conducted by the Atlantic Corporation, Hartman Group, International Food Information Council, and IRI.

Goal 2: Determine which food sectors are growing and viable.

Source: Market research on sales reported by industry associations, IBIS-World, and other resources.

Goal 3: Determine how Fork's current and incoming members pivoted during the pandemic.

Source: Interviews of 30 minutes conducted with current and prospective members, including caterers, mobile vendors, and producers of consumer packaged goods. Of 70 potential respondents, 29 entrepreneurs participated, for a response rate of 41%.

Goal 4: Determine how Fork's current and incoming members performed during the pandemic.

Source: Brief online survey completed by individual respondents to rate the performance of their business, including jobs, sales, and profitability.

Executive Summary

Results

Consumer Trends

Goal 1: Determine how consumers spent their food dollars during the pandemic.

- More consumers are cooking from scratch at home.
- The frozen aisle is up 21%, and the deli counter down 15%.
- While consumers are making fewer trips to the grocery store, they are supplementing purchases with online shopping.
- Consumers are willing to pay a premium for local.
- Consumers are prioritizing healthy eating.

Growing Sectors

Goal 2: Determine which food sectors are growing and viable.

- Meat sales are up 19.7% in 2020 compared to a –1.7% decline pre-COVID.
- Seafood is up 25% in 2020 compared to 1.4% growth before COVID.
- Dairy is up 10% in 2020 compared to a –3.4% decline pre-COVID.
- Ethnic food is up 10.4% in 2020 compared to 1.5% before COVID.
- Plant-based food sales are up 11.4% compared to 11% pre-COVID.
- Fermented products are down to 4% growth compared to 6.3% pre-COVID.
- Meals to-go are up 24.8% compared to 3.2% before COVID.

COVID-19 Pivots

Goal 3: Determine how Fork members pivoted during the pandemic.

- 50% started their business in 2020-21, with 2/3 moving from another state.
- 11% expanded capacity, such as launching a second location.
- 21% developed new products.
- 11% pivoted markets, e.g., from food service to consumer packaged goods.
- 29% pivoted distribution channels, primarily from events to E-commerce.
- 79% have a vision of how they want to grow in the future.

COVID-19 Performance

Goal 4: Determine how Fork members performed during the pandemic.

- 29 respondents counted 79 employees, including themselves as owners.
- 48% reported that they are growing and/or profitable.
- 84% reported more demand for their product as a result of the pandemic.
- 40% reported sellouts and/or that 2020 was their best year ever.

Conclusion

Every recession has winners and losers. The pandemic is not only a recession, but one that has lasted longer than any downturn since World War II. By any measure, Fork's current and emerging food entrepreneurs have proved to be resilient, creative, and courageous. They are winners. So who are the losers? Perhaps national brands as well as local restaurants and cafeterias. But research also shows that consumers are spending more of their household budget on food as a result of the pandemic. By capitalizing on consumer trends in the short term, Fork members can build lifelong customers for the long haul.

Consumer Trends

Consumer Shopping Patterns

As part of this analysis, a literature review was conducted to reveal temporary changes in consumer shopping patterns during the pandemic that might bode well for the types of businesses emerging at Fork Food Lab. The review encompasses the following studies:

National studies

- Atlantic Corporation survey of 503 adults published on May 12, 2020 as *Maine consumer perceptions and attitudes about local food and the COVID-19 pandemic*.
- International Food Information Council (IFIC) survey of 1,011 adults from April 8-16, 2020 published as *2020 Food and Health Survey.*
- IRI presentation on "Food Trends - National and Local impacts (post COVID)" at the Maine Agricultural Trade Show on January 22, 2021.
- Hartman Group survey of 2,008 adults in July 2020 published as *Food Sourcing in America 2020*.

New Habits

More consumers are cooking from scratch at home. About 60% of households report that they are not only cooking more at home, but that they intend to continue this habit after the pandemic ends (IFIC, IRI). Fork is full of manufacturers of consumer packaged goods, including condiments that can help home cooks "spice up" their offerings and plant-based alternatives to meat and dairy.

Frozen foods

The frozen aisle is up 21%. Consumers have increasingly turned to the frozen aisle to extend the shelf life of their groceries (IRI). Through A Taste of Fork Online Marketplace, members offer soup, stews, hand pies, mac & cheese, dumplings and other savory items. These prepared dishes can be supplemented with meat, grains, or veggies to form a complete meal, reducing the number of items that need to be made from scratch.

Prepared foods

The deli counter is down 15%. The increase in frozen is mirrored by a corresponding decline in sales of fresh prepared food (IRI). One reason for the decline is that consumers are worried about food safety at the deli counter. At least three incoming members at Fork Food Lab will be offering fresh prepared meals delivered to your door. Each conducted a trial in 2020, selling out on a weekly basis. These fresh prepared meals are a step up from the deli counter and generally more affordable than restaurant takeout. While meals cannot replace the social experience of eating out, 30% of consumers report that they spend more on takeout & delivery than before the pandemic (Hartman).

Consumer Shopping Patterns

Shopping habits

Consumers are making fewer trips to the grocery store. About 84% of consumers have changed their shopping habits during the pandemic. One quarter make fewer trips overall and another quarter visit fewer stores. This isn't great news for specialty food stores, where many Fork members sell their consumer packaged goods. With fewer trips, there are also fewer impulse buys. Another quarter of consumers shop faster, which means they are spending less time reading labels that might tell the story of a unique Maine product (Hartman). When they shop, a whopping 62% expect their groceries to last two weeks (IRI).

Selling channels

Consumers are supplementing their grocery trips with online shopping. About 56% of consumers reported purchasing online groceries within the last 30 days (Hartman). Not only does Fork sell consumer packaged goods through its online marketplace but members also sell direct through their own E-commerce platform. While this is typical for shelf stable items like hot sauce, several members ship baked goods with a much shorter shelf like, like cookies and bars.

Premium for local

Consumers are willing to pay a premium for local. Over two thirds of Mainers believe it is more important to purchase local products as a result of the pandemic, with three quarters of locavores aligning their purchasing power with their values. Moreover, these consumers are willing to pay up to one quarter more for local food, particularly vegetables, meat, and seafood (Atlantic Corporation). At the national level, sales of foods marketed as "local" increased eightfold (IRI). Generally, the term "local" is applied to any product made in Maine, especially those sourced with Maine ingredients. From charcuterie to prepared meals, there is a new generation of Fork members who are sourcing local from the get-go, instead of gradually replacing ingredients to Maine sources over time. This should only improve as Fork implements a new cooperative purchasing program that enables members to split orders from suppliers, giving them a margin to afford local ingredients.

Healthy eating

Consumers are prioritizing healthy eating. Between 30%-40% of consumers report that they are doing more to proactively take care of their physical and emotional health during the pandemic. These actions include eating clean, turning to plant-based foods, going on a diet, and choosing healthier habits. The top four foods associated with healthy eating are fiber, whole grains, proteins from plant sources, and probiotics (IFIC, IRI). From plant-based dessert to fermented condiments, Fork members are developing innovative products to fill this consumer demand.

MEAT

Flesh of animals, such as poultry, pork, beef, and lamb, including packaged and highly processed products, e.g., deli cuts, sausage.

$218.8B	$896M	-1.7%	19.7%
U.S. Market	Maine Market	Pre-COVID Growth	2020 Sales

Trends

100% Grass Fed

Premium & Super Premium

Humane

Filler Free

Premium protein snacks on-the-go (charcuterie, jerky)

Regenerative agriculture

COVID-19 Impacts

Past outbreaks, such as swine flu and mad cow disease, have resulted in short-term changes in meat consumption. At the onset of the pandemic in March of 2020, consumers raided supermarkets for pantry staples, including flour, pasta, and ground beef. Indeed, March 13 was the single largest grocery shopping day ever recorded. Meat sales almost doubled compared to the same period in 2019.

As the pandemic continued, the supply chain was disrupted when COVID-19 outbreaks spread to meat processing plants. In May, the Tyson plant in Portland was shut down when 51 workers tested positive for COVID-19. These disruptions, which led to price spikes of 30%-50%, drove consumers not only to find local sources of meat but to raise their own animals. As a result of the bottleneck, the Maine Department of Agriculture, Conservation, and Forestry approved three custom processing facilities to handle Maine meat. By the end of the summer, prices were down to pre-pandemic levels.

Sales, however, soared to new highs. With remote work the new normal, over 50% of U.S. households are cooking more at home than before the pandemic. According to IRI, this resurgence in home cooking has been a net positive for meat, resulting in year-over-year sales increases of 19.7%.

While Fork does not permit primary or secondary meat processing, mobile vendors and value-added producers can differentiate themselves by highlighting locally sourced meat and poultry.

"During the pandemic, we've had customers come eat with us twice per weekend." Fork Food Lab member

Photo Credit: Smokey & Brines

Photo Credit: The Greeks of Peaks

Seafood

Processed fish, shellfish, and seaweed, including canned, smoked, salted, frozen, shucked, packed, and eviscerated preparations.

$14.3B	$58.6M	1.4%	25%
U.S. Market	Maine Market	Pre-COVID Growth	2020 Sales

Trends

Wild Caught

Raw

Farm Raised

Sustainably harvested species

Deep Frozen

Lobster

Seafood charcuterie

COVID-19 Impacts

In good times, 85% of U.S. seafood is consumed at restaurants. Around March 15, thousands of restaurants were forced to shutdown indefinitely due to state and local emergency declarations. Unless they offered curbside pickup or delivery, most restaurants would stay closed for two months or longer. Maine lobster, already hit by a 25% Chinese tariff, was cut out of markets altogether when all air travel to China was halted. According to the National Oceanic and Atmospheric Administration, 83% of commercial harvesters in the Northeast were affected by COVID-19, with virtually all reporting that they stopped fishing for some period of time.

With the supermarket rush on meat, consumers began looking for other proteins they could cook at home. Fish, particularly frozen product, became the logical answer. In April, Luke's Lobster, a Maine-based company with 37 shacks in the U.S. and overseas, created an E-commerce platform to sell lobster and fish. Pemaquid Oyster Company launched The Hub Farm Market, offering fish, produce, and more through online ordering and curbside pickup. As the pandemic dragged on, home cooks became more willing to experiment. Over the summer, the Maine Lobster Marketing Collaborative ran its first ever promotional program with a supermarket chain in New England that was targeted at home cooks. The one-month promotional campaign resulted in a 79% increase in sales of lobster.

While Fork does not permit primary or secondary fish processing, mobile vendors can differentiate themselves by highlighting locally sourced seafood. In addition, the market is poised to support any number of value-added producers making fish cakes, chowder, and other frozen products.

"The Damariscotta River has become known as the Napa Valley of oysters." Fork Food Lab member

Photo credit: Jolie Rogers

Photo credit: SeaMade

Dairy

Products derived from the milk of mammals, such as yogurt, butter, cheese and ice cream, plus their dairy-free alternatives.

$109.5B	$448.8M	-3.4%	10%
U.S. Market	Estimated Maine Market	Pre-COVID Growth	2020 Sales

Trends

Artisanal cheese

Snacks
(cheesecake bites, kefir crisps)

Plant-based products
(almond, oat, coconut, pea, banana)

Beverages
(protein, energy, breakfast, & coffee)

Canned milk

Cultured dairy

Low fat and low sugar

Seasonal yogurt flavors

Comfort foods
(pizza, pudding, cocoa, mac & cheese)

FORK
FOOD LAB

Wild Sea Charcuterie
Launching March 2021

THE GATHERING BOARD

Alumni

PASTURE POPS ICE CREAM

THE PARLOR ICE CREAM CO.

COVID-19 Impacts

When schools and colleges shut down in March of 2020, milk lost its key market: children, teens, and young adults. But dairy never stops: cows need to be milked 2-3 times per day. Soon, newspapers were filled with headlines about farmers dumping raw milk to manage this highly perishable product. Fortunately, this situation proved merely a hiccup as the dairy industry pivoted from food service to retail markets.

With students home for an extended period, the retail dairy market boomed. Thriving categories included milk, cheese, and butter. Consumers craved comfort foods like pizza and mac & cheese that also served as easy, family-style meals. In the absence of a vaccine, another factor driving sales was the desire to boost immunity with essential nutrients like Vitamin A and D. Overall, the final tally was a 10% increase in dairy. Sales for butter rose 30%, cheese, 15%, and milk, 10%.

Dairy production at Fork Food Lab is limited by the size of its cold room, a dedicated space necessary to control temperature and separate dairy from cross-contamination. However, tertiary producers, like the curators of charcuterie boards, are sourcing Maine dairy without the burden of producing it.

"When the pandemic hit, cheesemakers were dismayed that they had lost their distribution outlets. I saw an opportunity to fill this gap."

Fork Food Lab member

Photo credit: The Gathering Board

Photo credit: Parlor Ice Cream Co.

Ethnic

Products based on ethnic cuisine, including meat, produce, beverages, grains, condiments, and other food items typical of a specialty grocer.

$44.3B	$181M	1.5%	10.4%
U.S. Market	Estimated Maine Market	Pre-COVID Growth	2020 sales

Trends

Black-owned businesses

Spices
(turmeric, black lime, sumac)

Indian

Middle Eastern

Asian
(Thai, Korean, Vietnamese)

African

Tropical
(passion fruit)

Dalgona coffee

Hot sauce

COVID Impacts

In good times, global travel fuels innovation in the culinary realm. During the pandemic, millions of people fled to rural and suburban areas from crowded cities like Los Angeles, Philadelphia, Chicago, and New York, taking with them a palette accustomed to global flavors. Indeed, Maine's low COVID-19 transmission rate landed it #3 on Atlas Van Line's list of states with incoming movers. Nine entrepreneurs at Fork Food Lab have moved to Maine from away during the pandemic, with several starting ethnic food businesses. Another factor driving interest in ethnic flavors is boredom with home cooking. After months of remote work, home cooks yearned to "spice things up" with hot sauces that evoke memories of travel.

The nation's reckoning with race has also fueled interest in ethnic foods. Black Lives Matter protests throughout 2020 caused Trader Joe, Aunt Jemima, and Uncle Ben to reevaluate their brands, generating interest in ways consumers could support more authentic businesses. One ready answer is buying from Black and African-American-owned companies. Portland's rising population of immigrants is poised to capitalize on this surging demand.

"When we moved here, we noticed there were not a lot of Chinese places. At the Hong Kong Market, we asked where people go, and the answer was, 'Everyone we know cooks Chinese food at home.'"

Fork Food Lab member

Photo credit: Actual Foods

Photo credit: Little Brother Chinese Food

Plant-Based

Fruits and vegetables processed to replace ingredients or products derived from animals, including meat, milk, butter, and eggs.

$5 B	$20.5M	11%	11.4%
U.S. Market	Estimated Maine Market	Pre-COVID Growth	2020 Sales

Trends

Dairy, meat, eggs, & pasta substitutes

Chickpeas

Cannabis

Certifications
(e.g., vegan, organic, gluten-free)

Carbon labeling

Eco-friendly packaging

Frozen treats

Fruit & Veggie Jerky

Adult “baby food”

COVID-19 Impacts

The growing market for plant-based products got a boost during the first wave of lockdowns. With a shortage of meat caused by panic shopping, consumers turned to plant-based alternatives for protein. This demand solidified throughout the spring as COVID-19 outbreaks spread to meat processing plants, leading to price spikes of 30% -50%. According to Nielsen, from April 12 to May 9, vegan products saw a 53% increase in sales compared to 34% for meat.

Another driver of the plant-based market was consumer interest in healthy eating. With the prospect of a vaccine months away, consumers turned to plants as medicine to boost immunity and protect them from disease. In order to yield maximum benefit, a plant-rich diet can not only replace meat and dairy but fulfill daily nutritional requirements for dietary fiber, antioxidants, and vitamins. A parallel driver is the desire to eliminate cane sugar in its raw, added, and processed forms.

Although Fork Food Lab cannot be certified for either meat or vegan production, there are a dozen makers who deliberately prepare their primary product or a side line without milk, cream, butter, eggs, and other animal by-products. With meat accounting for the highest dollar value in the shopping cart, the greatest market potential is in meat substitutes.

“I became plant-based 10 years ago, before Beyond Meat and the Impossible Burger. I wanted to eat familiar foods that aren’t filled with ingredients I didn’t recognize.” Fork Food Lab member

Photo credit: Local Babe Food

Photo credit: Not Meat Much Better

FERMENTATION

An ancient metabolic process used to enhance the flavor, nutrition, and shelf life of meat, dairy, grains, and produce.

$30.2B	$123.4M	6.3%	4%
U.S. Market	Estimated Maine Market	Pre-Covid Growth	2020 Sales

TRENDS

Beverages
(kombucha, smoothies, kraut juice)

Sourdough bread

Pickled vegetables
(kimchi, pickles, sauerkraut, beets)

Sauce
(soy sauce, gochujang, fish sauce)

Dairy
(kefir, cheese, yogurt, tempeh)

Charcuterie

Flavors
(ethnic, earthy, floral, spicy)

FORK FOOD LAB

Northern Spent Grain
Healthy snacks from brewers' spent grain

PORTLAND-MAINE RESURGAM Wild Fermented Hot Sauce

COVID-19 IMPACTS

The nutrients and probiotics associated with fermentation have long been associated with immunity, weight loss, and nutrition. With more cooks experimenting at home, interest in pickled foods surged. With consumers making fewer trips to grocery stores in order to reduce their chances of infection, they also sought to preserve produce that might other become food waste. In a typical year, the University of Maine's Cooperative Extension Service in Cumberland Country provides a cohort of Mainers with 35 hours of training in food preservation, such as freezing, drying, canning, fermenting, and cellaring techniques. Like the Master Gardener program, graduates become Master Food Preservers, with a requirement to apply this knowledge out in the community at festivals and farmer's markets. This year, staff was forced to pivot to a virtual series delivered entirely online. Although it lacked its in-person, hands-on component, the series attracted 700 people in the first 10 weeks, more than would be reached in an entire season either through the cohort or the demos.

A sure sign of the times, ONGGI Ferments and Foods is scheduled to open in Portland in the spring of 2021. Taking a page from beer supply stores, ONGGI will retail equipment for home producers and serve as a resource for workshops and classes. With an increased local culture of home fermentation, Fork Food Lab can serve as a facility that enables home producers to scale from a hobby to a business. Indeed, Maine law requires that potentially hazardous foods needing refrigeration to reduce bacterial growth be produced in a commercial processing facility and not in a home kitchen.

"Six years ago, I asked them whether those products were selling, and they said, 'No one even knows what that fermented stuff is.' Now there's a fermentation store opening in Portland." Fork Food Lab member

Photo credit: Resurgam

Meals To-Go

Complete meals intended for home consumption that can be refrigerated or frozen with little effort.

$50.6B	$207.6M	3.2%	24.8%
U.S. Market	Estimated Maine Market	Pre-COVID Growth	2020 Sales

Trends

Seasonal and rotating menus

Comfort foods
(lasagna, pot pie, mac & cheese)

Meal delivery

Ordering by phone app

Breakfast options

Meal kits

COVID-19 Impacts

The closure of schools had a huge impact on household eating patterns. Suddenly, children and teens who had eaten breakfast and lunch at school were home seven days per week, creating a demand to cook three meals per day from scratch. This demand was bolstered by college students whose campuses shifted to online learning, graduates who lost internships and job offers, and young adults who could no longer afford their apartments.

Spring lockdowns affected meal options at supermarkets and restaurants alike. At grocery stores, self-serve bars with fresh, prepared foods were shut down, eventually replaced with pre-packaged items. Initially, restaurants faced not only waning demand but struggled to pivot to curbside delivery. Those that remain competitive offer advanced and online ordering, meals-to-go, and “take and bake” options with large portions to feed families.

Although Fork Food Lab was already home to producers of fresh, prepared foods, caterers and food trucks alike had to pivot quickly. Caterers lost contracts for weddings and corporate parties. Food trucks reliant on foot traffic from office workers and festivals were forced to find new audiences. Those that survived found new markets, scaled recipes for batch production, and figured out ways to package products for refrigeration and freezing. Meanwhile, several home kitchens that were producing meals to-go decided to move to Fork Food Lab because they were quickly overwhelmed by a responsive local market.

“I’m a mom and I’m in a zillion mom groups. Families are stretched thin and cooking every meal of the day. I saw a need and a niche market.”

Fork Food Lab member

Photo credit: Chefette Toni

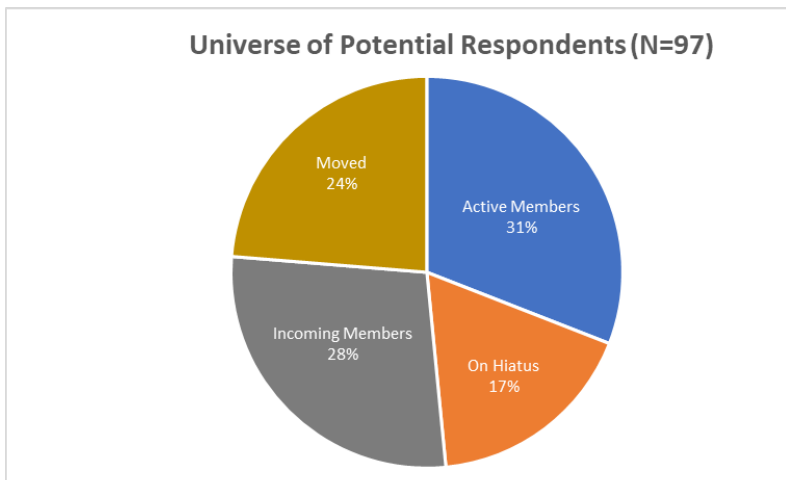
Photo credit: Lake & Co.

Producer Trends

Respondents

From 2020 to 2021, a total of 97 entrepreneurs engaged in some level of production at Fork Food Lab. Of these, 24% graduated or moved to another location during the pandemic. Subtracting out these businesses, there were 70 entrepreneurs in the universe of potential respondents, including current members of Fork Food Lab, members who went on hiatus due to COVID-19, and businesses waiting in the wings who intended to become members in the next 1-3 months. Each entrepreneur received two interview requests from Fork staff and two reminders from the interviewer. Overall, 41% of entrepreneurs responded. The distinction between incoming and active was fluid, as several incoming members began production at Fork during the life of this analysis.

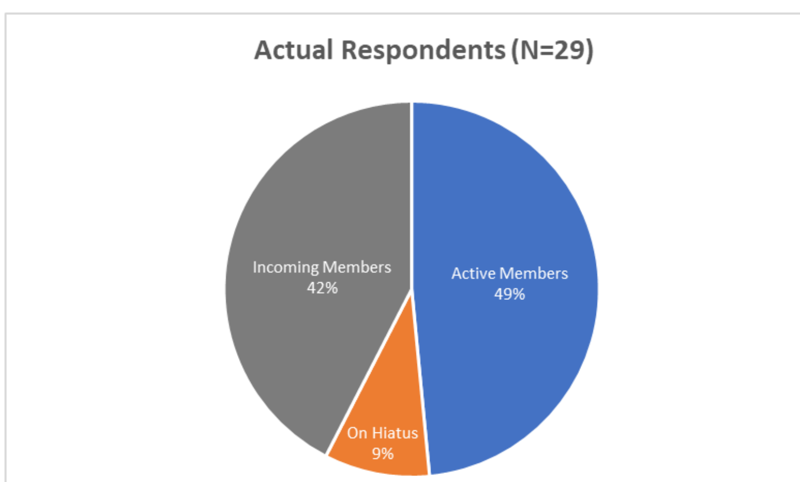
Universe



Business Type

Of 29 respondents, 75% produced consumer packaged goods, 25% were mobile vendors, 21% were caterers, and 4% fell into the other category. About 17% performed multiple functions.

Respondents



Tenure

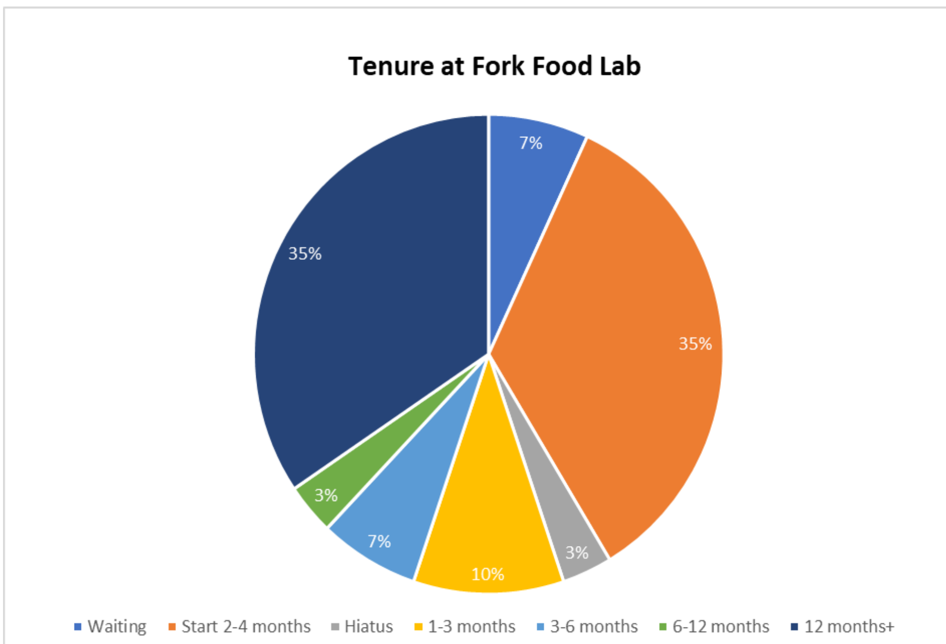
Years in business

Respondents included startups as well as established businesses. About 48% started their business in 2020 or 2021. Two respondents had logged over 30 years in business. The balance began their business sometime in the last 5 years.

Tenure is different than longevity. Some members have been in business for over 30 years but moved their production to Fork within the last four. Some started their business in 2020 in their home kitchen. Another subset meets the popular definition in a true startup: an entrepreneur who signs the first month's lease and begins production for the first time.

Years at Fork

About 35% of respondents have been producing at Fork Food Lab for over 12 months. Another 20% have been producing at Fork for less than one year. About 35% intend to begin production in 2-4 months. The future for those on hiatus (3%) and waiting (7%) is less certain.

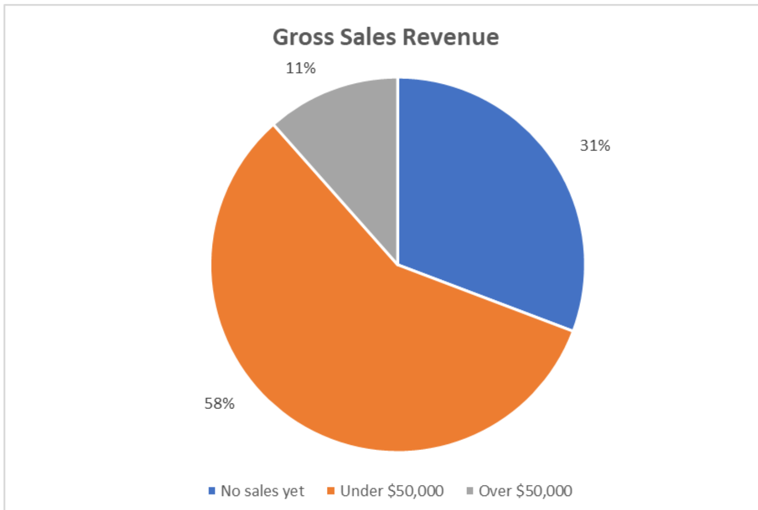


Performance

Jobs

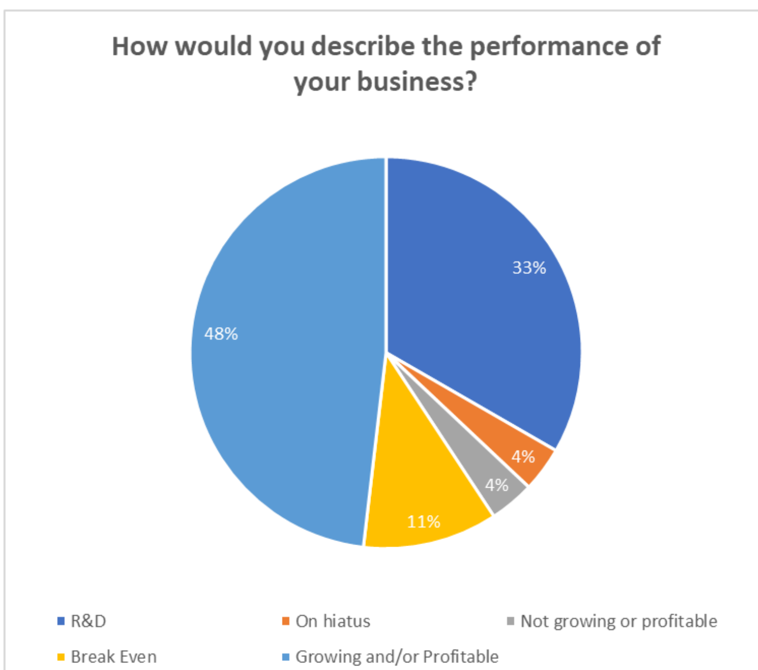
Respondents employed a total of 79 people. Fifty percent employed just themselves, and 50%, from 2-20+ workers. Still, the vast majority were very small, with 58% reporting less than $50,000 in revenue, and 31%, no sales yet.

Sales



When asked to describe the performance of their business, 48% reported that they were growing and/or profitable, with another 11%, just breaking even.

Performance



Making a fundamental change in your business model to survive the uncertainty of the pandemic.

#covidpivot

Pivot or die. Prior to COVID-19, many businesses at Fork depended on direct sales at pop-up markets and festivals. Other businesses supplemented direct sales with in-person instruction at workshops and classes. Overnight, these selling channels evaporated with the lockdown. Those entrepreneurs who pivoted with new products, new markets, and new distribution channels not only survived the lockdown but thrived.

On Hiatus

"I was taking care of my grandson so I didn't want to expose myself to COVID-19." About 7% of respondents were longtime members who went on hiatus from Fork. Reasons centered on the chaos generated by the shutdown of schools, which created messy child care and homeschooling arrangements that dragged on for months with no predictable end date.

Lost Sales

"The lack of pop-ups has really hurt my sales. I feel as though I am hanging on by a thread." About 18% of respondents reported that they lost sales. The primary reason is that they depended on foot traffic from retail food stores. Because they had a small footprint, these specialty food stores endured a long period of shutdown compared to supermarkets, which never fully closed to begin with. Other businesses depended on foot traffic from pop-up markets and festivals that were essentially prohibited by the civil emergency.

Launched Biz

"I was a sous chef in Massachusetts who got laid off during the pandemic. When the restaurant reopened, it was really a mess, and I thought, 'Why am I not working for myself?'" An astonishing 50% of respondents launched their business during the pandemic. Reasons varied: being laid off; getting "stuck" during lockdown; having time to experiment with recipes; reevaluating their choices and lives; and experiencing an epiphany. Of those who launched a business, two thirds moved to Maine during the pandemic from another state, including big cities like Chicago, Boston, and New York. For some, the move was planned but the pandemic accelerated their timeline. While some had family connections to Maine, others specifically chose Portland because of its foodie scene. Moreover, the presence of Fork Food Lab "sealed the deal" because they were able to launch without putting their capital or assets at risk.

Making a fundamental change in your business model to survive the uncertainty of the pandemic.

#covidpivot

Expanded capacity

"We bought a second truck for a song." About 11% of respondents made a risky but prescient gamble: they expanded capacity by hiring employees or adding a second physical location. In each case, the gamble paid off with enough business to justify the investment.

Created new products

"March was the best we ever had. To-go meals really took off." About 21% of respondents developed new products. The most lucrative pivot was for caterers to develop single and family-sized portions of signature products for curbside pick-up or delivery. These could be frozen for a longer shelf life that facilitated convenient home storage and consumption. Freed up from direct sales, other entrepreneurs used their newfound time to experiment with the development of new SKU's.

Pivoted markets

"We couldn't do any fairs this year, which had been 25% of our business." About 11% of respondents pivoted to new markets. Businesses that could no longer sell their product through direct sales beefed up their relationships with wholesalers that stayed open throughout the pandemic.

Pivoted distribution

"We called Square to setup an online store." About 29% of respondents pivoted their distribution channel. Some went from selling at special events to direct sales through E-commerce, while others went from catering weddings to providing foodservice at the customer's front door.

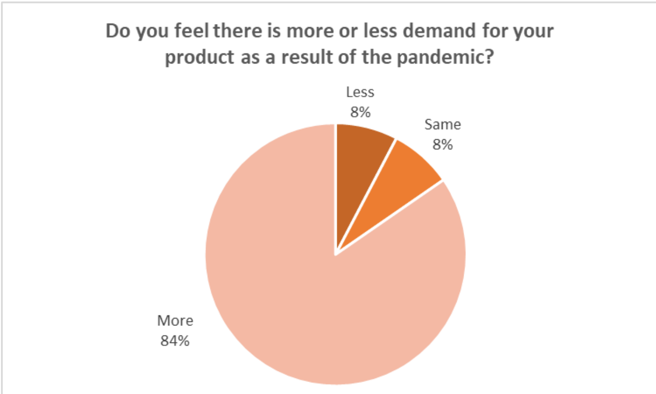
Almost every respondent who pivoted succeeded in their gamble, including those who made the ultimate pivot—going from a day job to launching their own business. Without question, those respondents who were not able to pivot to new products, markets, or selling channels lost sales. Although they considered going out of business, their pride of ownership kept them in the game. For them, their business is more than an income-producing stream—it is a reflection of their values, their identity, and their lifestyle. Indeed, giving up their business might seem like giving up a piece of their soul. Yet, Fork members who moved out and moved on were not part of the dataset.

Assessing whether the pandemic is driving demand for local food.

#local food

More Demand

You have to be bullish to start a business in the middle of a pandemic—wildly optimistic or confident or hopeful that you have a great product that is solving a problem for your target market in an unpredictable economy. Nevertheless, we asked current and incoming Fork members whether they felt that there was more or less demand for their product as a result of the pandemic. The answer? A resounding 84% of respondents stated there was more demand for their product.



Reasons mirror trends across the country, including changes in household eating patterns that favor home consumption; convenience of curbside pick-up and home delivery options; and a desire for healthy foods to lose weight and boost immunity.

- **"There are more people cooking at home and thinking about what they're eating."**
- **"Most people have gained the dreaded COVID-15 (pounds)."**
- **"People want takeaway meals. They are not going out as often, so they can spend more money."**
- **"We have an online ordering system so that customers can pick-up curbside."**

Profitability

For many respondents, changes wrought by the pandemic had a positive impact on their bottom line, including sellouts every week and higher sales than in 2019. When asked to describe the performance of their business in 2020, 48% said they were growing and profitable, while 15% said they were just breaking even or not profitable. The balance, 37%, were not in production because they were either on hiatus or conducting R&D in order to launch their business.

A facility that provides shared kitchen space for commercial food production.

#food incubator

While the purpose of this report was to assess the viability of Fork's members in uncertain times, entrepreneurs had plenty to say about the viability of the facility as a food incubator. Before the pandemic, Fork was investigating the feasibility of a new location with double the footprint of the current facility. In March of 2020, those plans were put on hold so that staff could 1) help businesses pivot to new markets and distribution channels; and 2) help Fork pivot as a facility in the face of lost revenue.

Transparency

"It's like there is no boss at Fork." Longtime members lamented the lack of communication about the status of the move. These members wanted transparency about decision making associated with resources instead of reminders about sanitation and social distancing protocols.

Value

"There is a real gap in value between hourly versus part-time membership. Either you're paying $20 per hour or $10 per hour." Fork launched in 2016 with part-time and full-time memberships. Now, the facility enables users to pay by hour, a business model that represents the antithesis of its founding principles that members should spend as much time at Fork as possible to benefit from the advice and guidance of staff and experienced members. With this dynamic culture curtailed by limits on the number of people that can be in the building at any one time, the burden of value has been distilled to an hourly rate.

COVID Protocols

"Fork is stricter than the state rules. If we could go back to serving at least 8 people, we could make a profit." The Governor's civil emergency severely limited the number of people who could gather indoors. This, in turn, limited the ability of Fork's members to offer workshops and pop-up events that were not only part of their business model, but offered a higher margin than product sales alone. The return of warm weather should alleviate space limitations while the rest of the population gets vaccinated.

Social Justice

"Fork has really lost its sense of identity. It should get back to the business of entrepreneurship." Incidents of police brutality against persons of color unleased a wave of protests that engaged over millions of people across the country. Fork Food Lab committed to social justice by establishing the Entrepreneurial Empowerment Scholarship for Black, Indigenous, and People of Color. Some felt that the organization's limited staff capacity would be better spent on efforts that affect all members.

A facility that provides shared kitchen space for commercial food production.

#food incubator

AFFORDABILITY

"I've always been held back by not having a business plan because it requires financials, and I don't have any funds to cash flow the business. But Fork lets you get started without requiring a lot of upfront capital." Fork's value proposition is affordable kitchen space that lowers the entry barrier to commercial food production. A part-time membership starts at $640, which is 20%-50% of the cost of a typical lease with none of the risk associated with a term or loan for buildout and renovation or additional expenses like utilities and trash removal. Despite the recent glut of restaurant closures, lease rates on the peninsula remain 2-3 times that of a part-time membership.

FLEXIBILITY

"Fortunately, we didn't have the huge overhead of a building or staff. Fork has let us downscale our membership as the economy changed." Since the onset of the pandemic, over 20 Portland restaurants have permanently closed. Unlike a brick & mortar location, businesses at Fork Food Lab could downscale from a full-time membership to an hourly one and still remain "open." Restaurants, on the other hand, had to continue to pay fixed costs like rent, utilities, and insurance, even when they were not allowed to be open.

STARTUP

"Because of the pandemic, I had more free time on my hands although I'd been thinking about starting a business for more than two years. Portland had both the facility and the local market to support my product." Food service, particularly at restaurants, was one of the sectors hardest hit by the pandemic. These workers, including prep cooks, sous chefs, bartenders, and front-of-house staff, still maintain important culinary skills as well as their passion for food. Many also harbor dreams of starting their own business that have been accelerated by the pandemic.

CULTURE

"We randomly picked Portland as a small foodie city that would be more affordable than New York City. Then we found Fork Food Lab so that really sold the decision for us." Nine new and incoming Fork members moved to Portland from another state during the pandemic. While some had a personal connection to Maine, others compared the city to other places around the country. Despite the mass exodus from New York, Los Angeles, and Philadelphia, cities like Portland offer a high quality of life without the overcrowding of larger urban areas.

The range of long-term goals articulated by producers at Fork Food Lab.

#food goals

Time machine

"I would like to get back to where I was." A variety of longtime members went on hiatus, lost sales, took part-time jobs, or almost shut down. Yet all would like to go back to the way things were before COVID, instead of giving up altogether. Even for those who were not profitable, the dream is not dead.

The grass is greener

"I thought I wanted a bricks and mortar place, but knowing what I know now, I would prefer to make sauces." Operating a food truck can be as all consuming as owning a restaurant. Many would like to take their passion for food to another level by making consumer packaged goods on a schedule that seems less rigid than food service. During their interviews, 7 respondents expressed interest in technical services, including the food science necessary for creating recipes, batches, and shelf-stable products. Another three producers need help procuring labor to process and package their product, while three would turn to co-packing.

Un-cert-tainty

"I need a dedicated gluten-free space." Whether it's an addition to their product line or a dedicated space, 7 respondents would like access to a kitchen that is certified for gluten-free and/or vegan production. Indeed, one respondent has a network of 5-10 entrepreneurs ready to produce gluten-free products when such a space becomes available. Another subset would like to infuse their product with cannabis and sell across state lines.

Local-national

"I want to be in Whole Foods." For those making consumer packaged goods, getting into wholesale is an important milestone. From a values perspective, Whole Foods represents the King of Wholesale: a national chain committed to natural and organic foods. During their interviews, 12 respondents cited marketing as an area where they need assistance, including the branding essential for market development.

The "There There"

"I want own my own (fill in the blank)." When asked where they want to be in 2-3 years, 10 respondents envision their "there there" as a bricks and mortar location—a farm, restaurant, or manufacturing facility. Several have already gone scouting for suitable properties but found the Portland real estate market to be too expensive, even during the pandemic, to make a move. Such moves require a commitment to long-range planning. Fortunately, 6 respondents are already working with a business counselor or mentor form SCORE, Maine Small Business Development Center, or Coastal Enterprises, Inc.

Appendix

References

Reports

Atlantic Corporation (May 12, 2020) *Maine consumer perceptions and attitudes about local food and the COVID-19 pandemic.*

Emery, Dan (October 2, 2020) *Epic Disruption: 2020 State of the Industry*. Independent Processor.

Hartman Group (July 2020) *Food Sourcing in America 2020*.

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National Oceanic and Atmospheric Administration (January 15, 2021) *Updated Impact Assessment of the COVID-19 Crisis on the U.S. Commercial Seafood and Recreational For-Hire/Charter Industries.*

Market Research

- American Dairy Association
- Atlas Van Lines
- Economic Research Service, U.S. Department of Agriculture
- IBISWorld Reports
- Maine Aquaculture Association
- Maine Lobster Marketing Collaborative
- Nielsen
- Plant-Based Food Association
- Portland Food Map
- The Fermentation Association
- University of Maine Cooperative Extension

Fork Food Lab 2.0 – Pandemic Edition

Questions 1-8 can be answered via Survey Monkey at https://www.surveymonkey.com/r/9TGV7QP

1. **What year was your business established?**

2. **How many months have you been at Fork Food Lab?**
   ______On a waiting list
   ______Starting within the next 2-4 months
   ______On hiatus
   ______1-3 months
   ______3-6 months
   ______6-12 months
   ______Over one year

3. **What is your current membership category?** ___Hourly ___Seasonal ___Part-time ___Full-time

4. **How would you describe the performance of your business in 2020?**
   ______Product development and testing with little or no sales
   ______On hiatus
   ______Not growing and not profitable or only marginally profitable
   ______Growing and on a path toward profitability
   ______Growing and Profitable

5. **Is your business part-time or full-time?**
   ______Part-time or full-time with NO other income
   ______Part-time or full-time with other income

6. **How many employees do you have, including yourself?** ______

7. **What is your gross sales revenue?**
   ______No sales yet
   ______under $50,000
   ______$50,000-$100,000
   ______$100,000-$250,000
   ______$250,000-$500,000
   ______$500,000-$1,000,000
   ______Over $1 million

8. **What percentage of your sales are:** ______Direct to consumer ______Wholesale _____Foodservice

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Questions 9-14 reserved for interview to be scheduled at https://calendly.com/caroline-paras/interview

9. **What is your current product line?**

10. **What local or national trends influenced the launch and/or development of your product?**

11. **Describe the impact of the pandemic on launching your business or pivoting your business model?**

12. **How has the pandemic influenced sales? Do you anticipate changes in sales and distribution in the next 12 months?**

13. **Do you feel there is more or less demand for your product as a result of the pandemic?**

14. **What assistance do you need to grow your business in the next year?**

15. **Where do you want to be in 2-3 years?**

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