



# Introduction

There's no denying it. The COVID-19 pandemic has shifted the average American's lifestyle in many ways. The future of food faces three challenges including farmers' needs to innovate, supply chain evolution, and shifted consumer demands.<sup>13</sup> With Americans becoming more removed from agriculture and recent supply chain disruptions, direct-to-consumer sales are on the rise.<sup>18</sup> Additionally, consumers' value for sustainability, convenience, and health benefits has remained top of mind while making purchases for the last decade, only growing stronger in recent years.<sup>14</sup>

Gate to Plate, based out of Williamsburg, Iowa, is a new company bringing locally grown food products to consumers in eastern Iowa through a mobile app and website. The Gate to Plate team collaborates with local producers to list and sell their products on the platform. Consumers utilize the platform to select products from multiple producers and checkout on one receipt. Gate to Plate then procures all products from the respective producers to deliver the consumer's entire order conveniently to their doorstep or at a local delivery point. Gate to Plate allows producers to expand their customer base, without additional labor or equipment, while consumers enjoy their desired local foods with the modern convenience of delivery service.

# Market Analysis

## Industry Trends

One-quarter of consumers value knowing where their food comes from.<sup>14</sup> A 2020 study showed foods with origin claims like "artisanal" and "local" saw the largest growth in sales among all foods after being named a hot trend for 2021.<sup>13</sup> The pandemic strengthened sales and interest in local foods, especially among millennial consumers.<sup>7</sup> Roughly 86% of consumers are willing to pay more for locally-sourced foods with a particular interest in meat, vegetables, fruits, and honey.<sup>9</sup>

Even with the growing trend for local foods, COVID-19 changed how consumers purchase, moving online with little to no interaction, and as the pandemic continues, consumers are opting for this lifestyle long term.<sup>9</sup> Online grocery sales generated nearly \$8.5 billion in 2021<sup>3</sup> and purchases are expected to exceed 15% of all grocery sales in 2022, growing 5% in one year.<sup>2</sup> Thirty-three percent of parents expressed concern with in-person grocery shopping during the pandemic.<sup>14</sup> Additionally, large grocers are expanding technology and consumer-receiving methods as pick-up and delivery orders saw a 2% and 7% growth, respectively, in the last year.<sup>3</sup>

Local food producers spend more on labor and equipment, proportionately, than their commodity-producing counterparts due to less mechanization and, often, alternative production practices.<sup>17</sup> With the outbreak, an already lacking ag labor market faced greater challenges, creating a need for labor-saving technologies, if feasible.<sup>5</sup> Time and labor were the biggest constraints producers faced in their marketing efforts.<sup>10</sup> Farm size is also a factor in technology adoption and the ability to market efficiently. To be more competitive, multi-farm investments in resources, as well as distribution, increase economies of scale.<sup>15</sup>

## Market Potential

Demand for local food products with the convenience of online ordering has been proven to be a necessity for today's consumers. Gate to Plate was created to meet the needs of producers and consumers in this newly evolved food market. Gate to Plate will start in Iowa, a state with roughly 90% of food imported<sup>6</sup>, yet, home to some of the fastest-growing cities for millennials in the U.S.<sup>11</sup> and leaders of the hyper-local food movement.<sup>1</sup> Gate to Plate's market will include both Iowa producers and consumers. There are over 86,100 farms in the state of Iowa with nearly 2,600 selling directly to consumers.<sup>4</sup> Iowa's current population is roughly 3.2 million people living in over 1.2 million households.<sup>16</sup>

## Target Market

Gate to Plate will target 11 counties including Benton, Black Hawk, Iowa, Jasper, Johnson, Linn, Marshall, Polk, Poweshiek, Story, and Tama. These counties contain seven of the top ten most populated cities in the state like the Des Moines metro, Cedar Rapids, Iowa City, Ankeny, and Ames.<sup>12</sup> There are 588 producers in the target region with current direct-to-consumer sales of food products including but not limited to meat, eggs, dairy, fruits, and vegetables.<sup>4</sup> Additionally, almost 788,000 individuals aged 19 to 65 live within this region. Of these individuals, Gate to Plate will be marketed to affluent millennials and Generation X.<sup>16</sup>

Year	Counties (Added by Year)	Targeted Producers	Producer Subscriptions	Targeted Consumers	Number of Consumer Subscriptions	Consumer Subscriptions
1	Benton, Iowa, Johnson, Linn	25	\$ 12,261.65	2,678	1,071	\$ 449,820.00
2	Black Hawk, Poweshiek, Tama	51	\$ 25,475.92	3,689	1,476	\$ 619,920.00
3	Jasper, Marshall, Polk, Story	118	\$ 58,173.39	7,877	3,151	\$ 1,323,420.00

## Customer Profile



### Nebullam - Local Producer

- » Indoor farm producing high-quality and fresh greens and tomatoes
- » Located in Ames with customers throughout the Ames/Des Moines corridor to maintain freshness
- » Seeks to expand sales to the Cedar Rapids/Iowa City corridor and other areas across the state
- » Lacks the labor, time, and resources to service this new area on their own



### Shane & Sara - Spunky Millennials

- » In 30's and living in Iowa City
- » Engineer and marketing specialist with a household income of \$120,000
- » No children, but live an active lifestyle with their dogs
- » Enjoy being creative and trying new dishes when preparing food at home
- » Willing to pay a premium for local and organic products



### Beth - The Busy Mom

- » 45 year old from West Des Moines
- » Married, working mother with four children
- » Primary grocery shopper for her family
- » Loves fresh, healthy meals for her busy, active family who is always on-the-go
- » Places great value in convenient shopping experiences since she has little time to shop each week

## Competitor Profile

Type	Name	Fees/Subscription		Features				
		Consumer	Producer	Online Ordering	Pick-up	Delivery	Local	Multiple Producers
	Gate to Plate	\$35/month	\$250+/year	√	√	√	√	√
Direct-to-Consumer	Farmers Market	---	\$500/year		√		√	
	CSA Box	\$120/month	---		√	◇	√	
Traditional Grocer	Chain Grocery	\$13/month	Slotting Fee	◇	◇	◇	◇	√
	Specialty/Local Grocery	---	Slotting Fee	◇	◇		√	√
App/Web Services	GrownBy	---	5% of Sales	√	√		√	
	Delivery Apps	\$40/month	---			√		

√ = yes, ◇ = some

## SWOT Analysis

<b>S</b>	<ul style="list-style-type: none"> <li>» Access to locally grown products and ability to maintain relationships with producers</li> <li>» App/web ordering system with a single receipt for purchases from multiple producers</li> <li>» Weekly doorstep delivery or communal pick-up</li> </ul>	<b>W</b>	<ul style="list-style-type: none"> <li>» Premium priced products and service</li> <li>» Some seasonal foods and short shelf-life for fresh products with variability in weekly demand</li> <li>» Only delivering within a section of Iowa with limited brand awareness</li> </ul>
<b>O</b>	<ul style="list-style-type: none"> <li>» Growing demand for local, sustainably grown foods</li> <li>» Increased demand for online ordering with delivery or pick-up services</li> <li>» Time and labor are identified barriers for increased marketing of products</li> </ul>	<b>T</b>	<ul style="list-style-type: none"> <li>» Consumers resorting to purchasing methods prior to the COVID-19 pandemic</li> <li>» Weather, disease, pests, and seasonality of some products</li> <li>» Pre-established competitor relationships</li> </ul>

# Business Proposition

## Strategy Statement

Gate to Plate connects Iowa producers with consumers seeking local food products and the convenience of online ordering and delivery or pick-up.

## Product Description

Gate to Plate is a website and app in which producers list available food products for sale. The platform allows consumers to search through all producer-listed products selecting various products from as many producers as they wish for their cart. After checking out, with one receipt, Gate to Plate then procures all items in the order before delivering to the consumer either to their doorstep or a communal pick-up point.

## Key Planning Assumptions

1. Online shopping will continue to increase due to COVID-19 and preference for convenience.
2. Local, sustainable, healthy, and fresh foods will remain on-trend for consumers.
3. Local producers will be interested in growing their market through online sales.
4. A variety of products and producers will utilize the app to maintain a diverse set of products throughout the year to combat on seasonal subscriptions.
5. Local producers will continue to adapt to new technologies to stay competitive.

## Goals & Objectives

Achieve 1% market share of consumers and 20% of producers with direct-to-consumer sales in the targeted counties by the end of year 3.	Reach \$1 million in gross margin by the end of year 3.	Maintain 95% customer satisfaction amongst consumers and producers while striving for 100%.
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# Action Plan

## Marketing Strategy

Gate to Plate will use a variety of marketing tactics to engage both producers and consumers to generate greater interest in the platform for both selling and buying local products.

## Product & Positioning

The Gate to Plate platform is available via the web or as an app available for download in the Google and Apple app stores. The platform allows both producers and consumers to create a profile and track activity. Delivered product will be dropped off in recyclable containers and on a refrigerated truck.

## Price

Both producers and consumers pay a subscription fee for use of the Gate to Plate platform. Producers are charged an annual subscription fee based on the number of products they intend to list for sale. Consumers are charged a monthly fee.

Producer Subscription			Consumer Subscription
Seedling	Budding	Harvesting	
\$250 annually	\$500 annually	\$750 annually	\$35 per month
1 - 5 products	6 - 10 products	11+ products	Free delivery/pick-up

## Place

Gate to Plate is available to producers and consumers in an 11 county area in Iowa which includes seven of the ten most populated cities in the state and easy transportation due to Interstate 80, Interstate 35, Highway 30, and Highway 218.

## Promotions

**Producer Success Specialist:** Producer Success Specialists are responsible for producer relationships. These specialists will on-board producers, manage product listings, maintain satisfaction, and be responsible for weekly product pick up. In year 1, one specialist will be hired followed by a second specialist in year 2. Two additional specialists will be hired in year 3.

**Customer Success Specialist:** Customer Success Specialists will be the face of Gate to Plate, connecting with consumers and ensuring satisfaction. Besides handling consumer sales, these specialists will pack orders, handle delivery and pick-up services, and maintain consumer satisfaction. In year 1, two customer success specialists will be hired while adding one new specialist in years 3 and 4, respectively.

**Marketing Manager:** A marketing manager will be hired in year 1 to create and lead all marketing efforts.

**Customer Relationship Management (CRM) System:** Both Producer Success Specialists and Customer Success Specialists will utilize a CRM system for prospecting as well as to maintain relationships and monitor satisfaction.

**Social Media:** Gate to Plate will use Facebook, Instagram, and Youtube to highlight products, producers and their operations, customer testimonials, and more. Targeted advertisements will also run on these platforms to grow consumer subscriptions.

**Email Blasts:** A series of email communications will be sent on behalf of the Producer Success Specialists to our partnering producers to communicate company news, share success stories of other producers, and to provide tips or best practices. Additionally, monthly emails will be sent to prospective and current consumer subscribers highlighting our partner producers, new products, company news, and more.

**Website and App:** The company website and app will provide information about the Gate to Plate service as well as content about partnering producers, recipe suggestions, and ordering tutorials. Additionally, the website and app will contain a portal for both consumers and producers to log into to place orders or view order information, respectively.

**Consumer Trial Discount:** To encourage customers to join the platform, 15% off the first month's subscription fee will be offered to new users in their first month.

**Food Festivals:** To reach customers where they are, Gate to Plate will be attending a variety of local food festivals in targeted regions during all three years. At each event, Gate to Plate will partner with a local producer in the region to showcase their products in a fun and interactive way with festival attendees.

**Cooking Classes:** To educate consumers on the use of products sold through Gate to Plate, cooking classes will be held regionally. Each class will feature a guest cook such as professional chefs or culinary specialist as well as the producers of products used in the class. Courses will be recorded and featured in the monthly email blasts and website.

**#LocalLiving Project:** During September, 10% of sales will be collected to be donated for low-income schools to purchase local foods for their lunch programs.

**Iowa Local Food Day:** During the second week of October, Gate to Plate staff and partnering producers will visit local schools in honor of Iowa Local Food Day to teach students about food production in their communities. As an added bonus, Gate to Plate will be donating food products to students to share with their families.



**Farm Gate to Dinner Plate Celebration:** Each year, a dinner to connect producers and consumers will be hosted at a partnering producer's farm. A meal will be prepared by a local chef utilizing partnering producer products. Local press will also be invited to the event as the recipients of the #LocalLiving Project will be named.



# Financials

Income Statement	Year 1	Year 2	Year 3
Producer Subscriptions	25	51	118
Producer Subscription Sales	\$12,261.65	\$25,475.92	\$58,173.39
Consumer Subscriptions	1,071	1,476	3,151
Consumer Subscription Sales	\$449,820.00	\$619,920.00	\$1,323,420.00
Consumer Grocery Sales	\$1,156,680.00	\$1,594,080.00	\$3,403,080.00
Gross Sales	\$1,618,761.65	\$2,239,475.92	\$4,784,673.39
Returns & Subscription Credits	\$32,352.62	\$44,534.76	\$95,111.73
Net Sales	\$1,586,509.03	\$2,194,941.16	\$4,689,561.66
Cost of Goods Sold	\$1,098,846.00	\$1,514,376.00	\$3,232,926.00
Operating Expenses	\$15,624.00	\$16,092.72	\$16,575.50
Gross Margin	\$472,039.03	\$664,472.44	\$1,440,060.15
Marketing Expenses	Year 1	Year 2	Year 3
Sales & Support Team	\$335,370.29	\$467,033.14	\$660,246.31
Creative Development	\$10,000.00	\$12,000.00	\$15,000.00
Social Media & Email Blasts	\$1,824.00	\$1,941.00	\$3,299.55
Website and App	\$75,000.00	\$15,000.00	\$15,000.00
Consumer Trial Discount	\$5,622.75	\$2,126.25	\$8,793.75
Local Foods Festival	\$3,920.00	\$1,840.00	\$2,760.00
Cooking Classes	\$3,000.00	\$4,500.00	\$10,500.00
#LocalLiving Project	\$9,639.00	\$13,284.00	\$28,359.00
Iowa Local Food Day	\$600.00	\$900.00	\$1,500.00
Farm Gate to Dinner Plate Celebration	\$10,000.00	\$15,000.00	\$20,000.00
Monitoring & Measuring	\$32,375.23	\$44,789.52	\$95,693.47
Total Marketing Expenses	\$487,351.27	\$578,413.91	\$861,152.08
Net Profit	\$(15,312.24)	\$86,058.53	\$578,908.07

# Monitoring & Measuring

	Achieve 1% market share of consumers and 20% of producers	Reach \$1 million in gross margin	Maintain 95% customer satisfaction
Means of Analysis	» Evaluate quarterly sales reports including subscription changes	» Analyze monthly sales and expense reports	» Monitor various sources of feedback
Goals Exceeded	» Invest additional revenue to maintain quality service » Consider business investments	» Maintain current sales while considering early expansion	» Develop customer testimonials and producer to highlight in marketing efforts
Goals Less than Exceeded	» Analyze market for weaknesses and make adjustments	» Address inefficient expenses » Evaluate pricing structure, target market, and distribution strategy	» Target areas of discontent and improve producer and customer experiences

# Conclusion

With the increased demand for local foods and the conveniences of modern grocery services like pick-up or delivery services, Gate to Plate is positioned to help producers expand their market, without needing additional time, labor or resources, while today's consumers are able to get the groceries they prefer.

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