#### **EXHIBIT E1**

# Local Food Systems Trends & Opportunities

Ronald L. Rainey Professor



University of Arkansas System

## U.S. Food Marketing Trends

## Direct-to-Consumer (DTC) sales:

- Farms increased by 6.2 percent and sales increased by 32 percent between 2002 and 2007;
- Farms increased 6.9 percent, with no change in sales between 2007 and 2012.
- Arkansas DTC farms increased 16% but sales dropped 28% (2007-12). Recent activity suggests dramatic increases in this area.
- Many have suggested that the lower growth rate in DTC is the result of increased "local" sales activity though traditional retail/wholesale outlets.



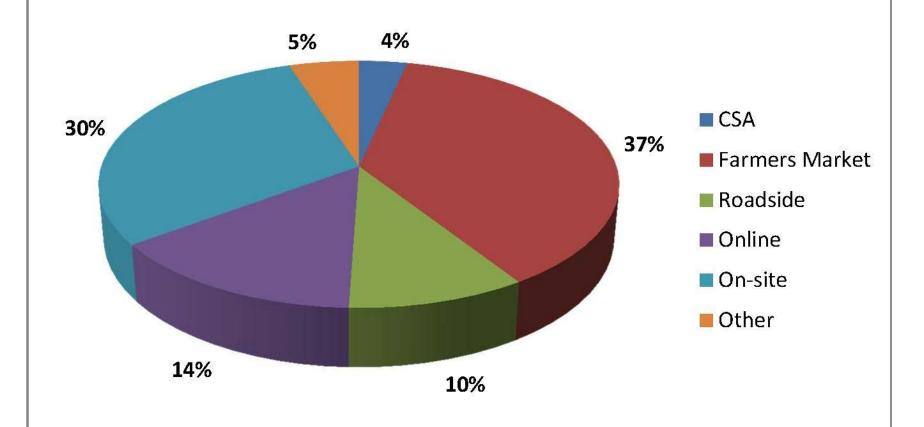
# **Local Food Marketing Practices Survey (2015)**

Region 5 (AR, AL, LA, MS, OK, TX):

- Local marketing channels:
  - Institutions & intermediaries: 48%
  - Retail (includes restaurants & caterers: 5%
  - Direct to Consumer: 47%
- 68% of the direct marketing farmers have value added activities.
- Survey was the first-ever conducted by USDA's Nationa Agricultural Statistics Service to produce benchmark data about local food marketing practices.



## Direct Sales to Consumers by Direct Marketing Channel (Region 5).



SOURCE: 2015 Local Food Marketing Practices Survey, USDA NASS.



## U.S. Local/Regional Food Systems Growth

(Since 2007)

- Farmers Markets (up almost 200%).
  - Agri Marketing Service list 107 AR markets.
- **Food Hubs** (up over 250%).
  - 4 hubs operating in state.
- Farm to School (involves a collection of agritourism areas; up over 400%).
  - F2S 2015 estimate of \$1.2M in food purchases, increase of 48% since 2013.



## Local/Regional Food Systems Drivers

- Brand Recognition, Building your Brand. What does your brand mean in the marketplace
- Connecting with Consumers "Relationship Marketing".
- Communicate Transparently. Consumers seeking Transparency (branding, certifications, labeling).



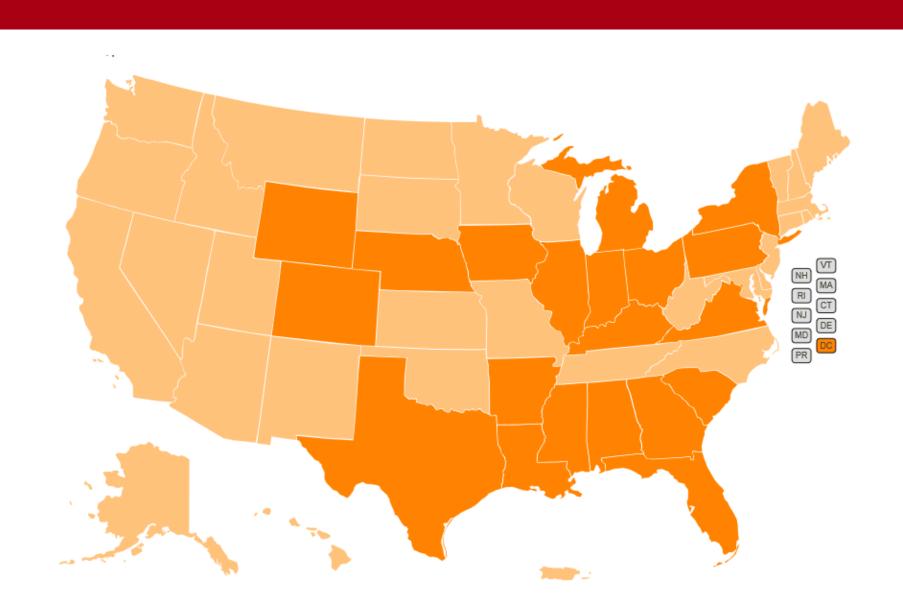
### **Arkansas MarketMaker**

- Program is offered through the University of Arkansas Division of Agriculture
- MarketMaker is a FREE online direct marketing tool, virtual food system – fishermen, farmers, processors, distributors and wholesalers, and consumers
  - Helps producers and businesses identify potential markets
  - Helps business owners connect with other members of the food supply chain
  - Helps consumers find fresh and locally grown food

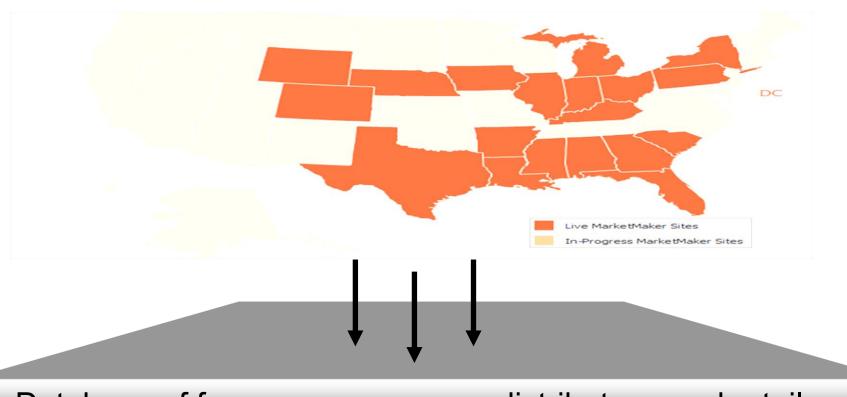




## MarketMaker Partners Network



## MarketMaker Network



Database of farmers, processors, distributors, and retailers



Maps of demographic information

### MarketMaker's Benefits

- The "Common Database" allows users to conduct searches that cross state boundaries.
- The menu driven system allows customers to "drill down" to their product of interest.
- The geo-coding allows for the "searches" to be displayed and/or reviewed in a visually appealing map format.





Register Search Why Marketmaker Partner States Buy/Sell Forum

#### Search MarketMaker

Business Typ	pe	~
by product i.e	. apple	
AR	O 50 miles of Zip	
SEARCH		

▶Advanced Search

#### **Business Spotlight**



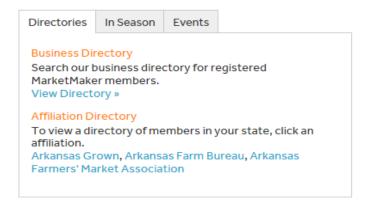
Learn More »

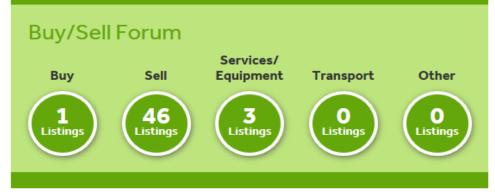
Sweet Corn, Watermelon, & Cantaloupes

Located right off the Newport exit, you will find the freshest

watermelon, cantaloupes, & sweet corn! Make sure you get yours
today!

#### http://AR.FOODMARKETMAKER.COM





## Success Story



Connecting willing markets and quality sources of food from farm and fisheries to fork

www.foodmarketmaker.com

September 2012

#### In this Issue:

Business Spotlight: Berries by Bill Inc. Newport, Arkansas

Step-by-Step Instructions to Post an Ad on MarketMaker's Buy & Sell Forum

Let's be Facebook Friends!

In Every Issue: Buy & Sell Forum

### Participating States:

Alabama Arkansas Colorado District of Columbia Florida

#### Business Spotlight...



A farmer's product impresses a consumer hundreds of miles from the farm...

#### Berries by Bill Inc. Newport, AR

Bill Landreth of Berries by Bill Inc. knows he grows tasty watermelons, but was delighted to learn that they left quite an impression on a woman in Michigan. Bill received an email through his **MarketMaker** account from the woman complimenting him on his product.

Bill puts a sticker with "Bill's Best Arkansas Fresh" on all his melons. When this satisfied customer spotted the sticker, she looked for the farm on the Web and Bill's Market-Maker profile was the first thing she saw!

## Success Story

- Customer response: "I have bought three of your seeded watermelons at Horrocks in Battle Creek, Michigan. They are without a doubt the <u>BEST</u> I have had in years! I will be contacting Horrocks and begging them to be sure and buy from you next year. Thanks so much!
- Farmer response: "This is the type of thing that farmers really need. I'm so happy that University of Arkansas helped me get signed up on the MarketMaker web-site, and I'm very glad to hear from this happy customer. This is great!"

## Questions