

App-le Pie

Feasibility Study



TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 1

TRENDS AND CONTEXT..... 4

DEFINING THE COTTAGE FOOD INDUSTRY 4

By Location..... 4

By Food Types..... 4

By Sales Venues..... 4

By Delivery Method 4

By Annual Sales..... 5

THE CULTURAL MINDSET 5

The Slow Food Movement..... 5

The Craft Food Movement..... 6

The Sustainability Movement..... 6

Mainstream Organics..... 7

The Locavore Movement..... 7

Farmers Markets..... 8

Ethnic and Specialty Food Trends..... 9

THE ECONOMIC AND LEGAL REALITY 9

Recession..... 9

Legislation 9

USDA Support..... 10

More Venues..... 10

Industry Size 10

KEY CHALLENGE 11

IDENTIFYING COTTAGE PRODUCERS..... 11

PROFILES OF COTTAGE PRODUCERS 11

SIDELINE VS. STEPPINGSTONE PRODUCERS 12

ACCESS THEM THROUGH FARMERS MARKETS 12

CFO LIFECYCLE NEEDS 14

ELIMINATING INITIAL CONFUSION 14

HELPING BUSINESS GROW..... 14

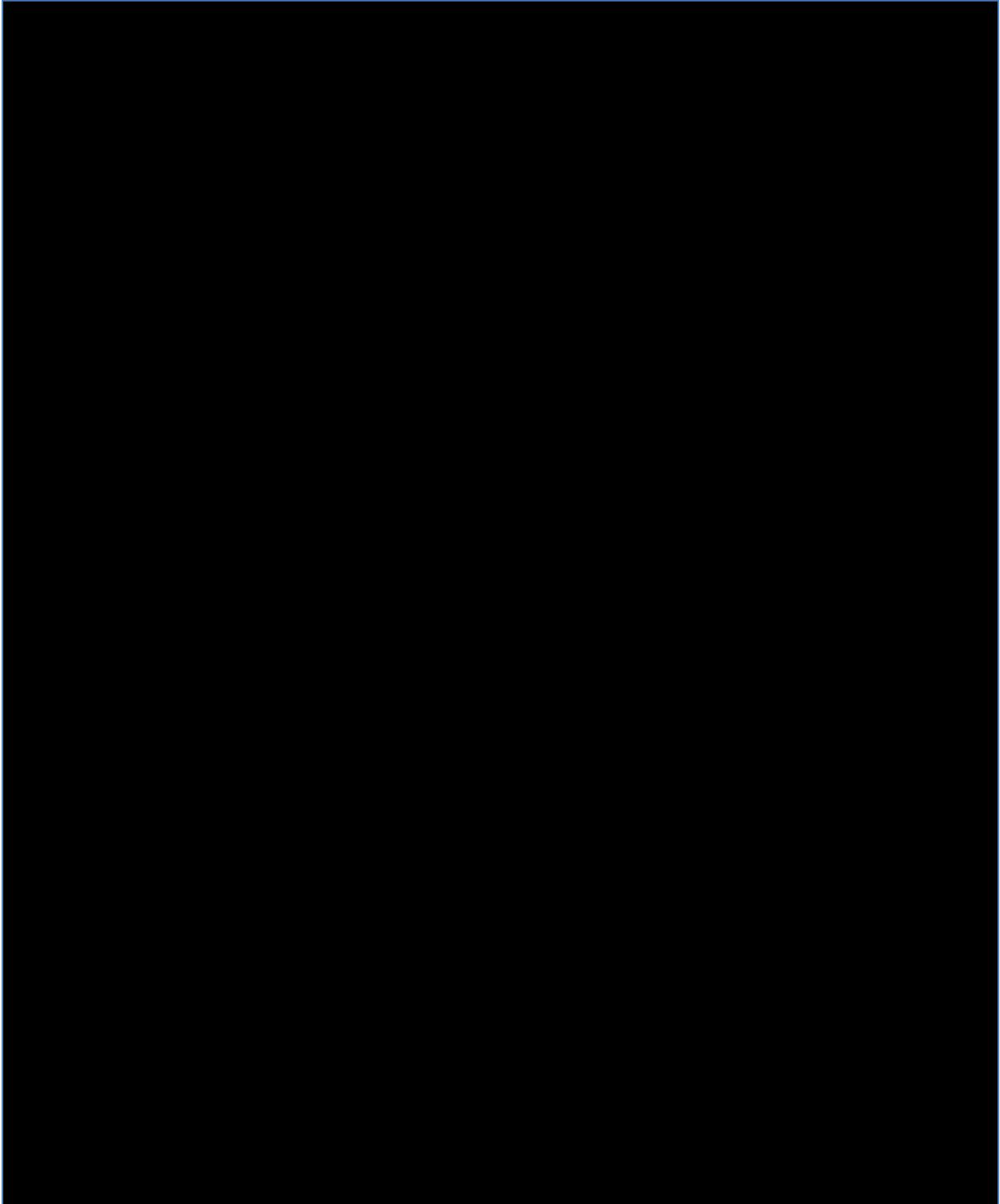
Seasonal demand (Gilt Food)..... 15

MOVING INTO THE ARTISANAL PHASE 16

APPS BY GOAL..... 17

DIRECT COMPETITOR	17
<i>Farm Fan</i>	17
<i>Daily Gourmet</i>	17
GETTING FOUND.....	17
<i>Real Time Farms/Food Artisans</i>	17
<i>Farm Match</i>	18
<i>FarmTree</i>	18
<i>Local Harvest.org</i>	18
<i>Flavorbite</i>	18
<i>Fooducopia</i>	18
<i>Local Pickins</i>	18
<i>Farmers Market Finder Apps</i>	19
SPECIAL INTEREST.....	19
<i>Cupcake Maps</i>	19
<i>Food Trucks</i>	19
BE MORE PROFITABLE	19
<i>CakeBoss</i>	20
SELL MORE EASILY.....	20
<i>Foodzie</i>	20
<i>Foodoro</i>	20
<i>Local Dirt</i>	20
<i>Locavore App (free)</i>	21
BE MORE CONVENIENT FOR CONSUMERS	21
<i>Webvan/Amazon Fresh</i>	21
<i>Fresh Direct</i>	21
<i>Peapod</i>	22
<i>Grocery Taxi</i>	22
<i>Instacart</i>	22
<i>Delivery.com</i>	22
<i>Other</i>	23

Executive Summary

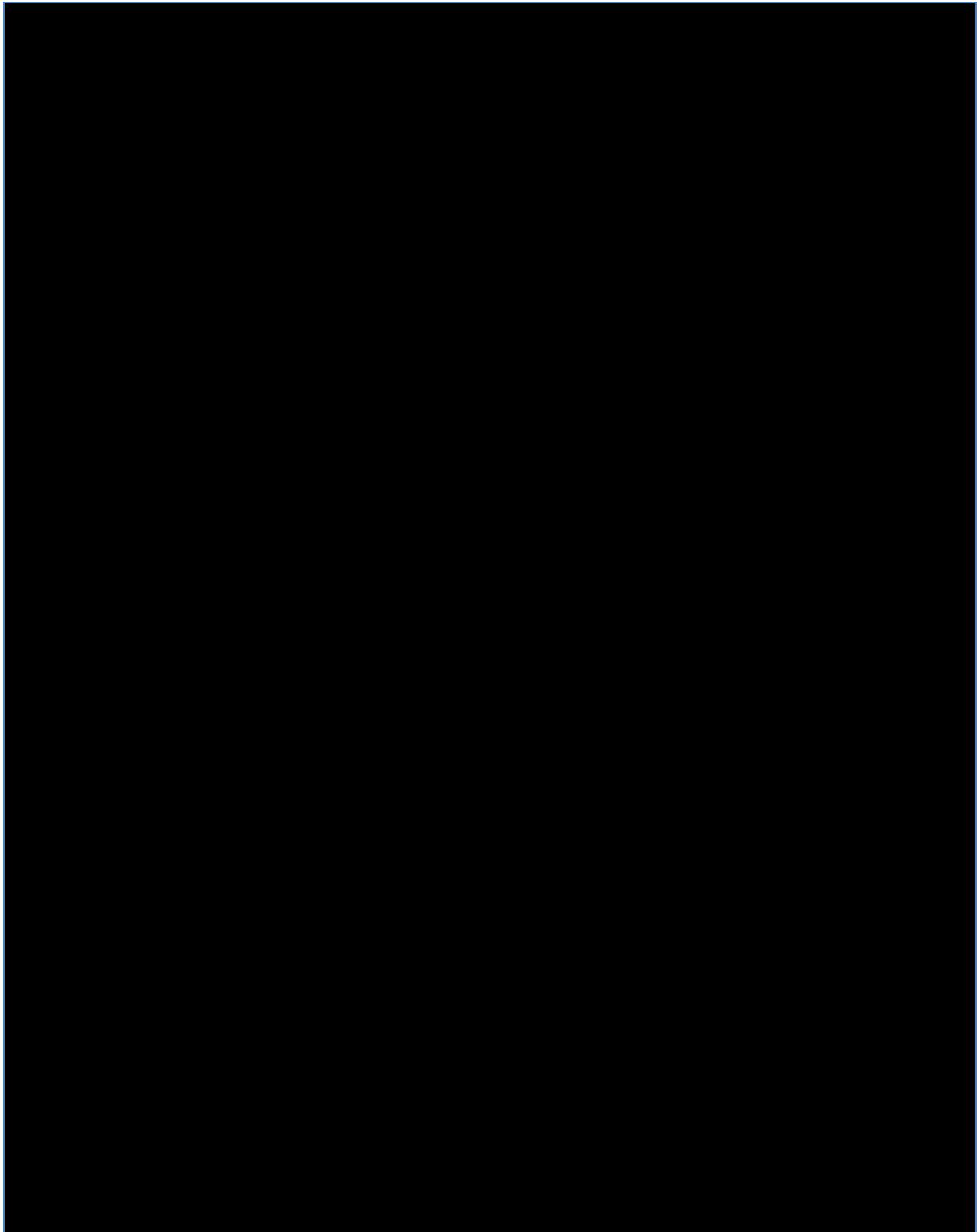


Resources:

A useful site with checklists for launching a new app is Sensor Tower.

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The Product



Trends And Context

Defining the cottage food industry

There is no single definition of a cottage food producer because laws – and definitions – vary from state to state. Differences include what can be produced, where it can be sold, and how much can be sold before a producer is considered a commercial food operator.

By Location

In general, a cottage food producer is a micro-business that makes food in a home kitchen for direct sale to consumers and does not compete with licensed, commercial food producers.

By Food Types

Concerns about public health safety prompt lawmakers to limit the types of foods that can be sold under the cottage food law.

Most states require that cottage food production be limited to non-potentially hazardous food items. These include baked goods and other items that do not require refrigeration. Almost universally, canning of acidic items (salsas and tomato sauces) is excluded from the list of acceptable cottage industry foods.

By Sales Venues

Laws vary regarding where food can be sold. Many states, including Florida, require direct sales (face-to-face interaction) so that consumers can determine for themselves whether to trust providers.

- Direct sales venues include farmers markets, roadside stands, county fairs, church bazaars, festivals and other public events
- Direct sales in private venues, like office parties, are permitted in certain states but not others
- Direct sales in the producer's home are permitted in many states, but not others
- In a few states, including California, cottage food operations can sell directly to the consumers and indirectly through third-party retailers, such as grocers and restaurants.

By Delivery Method

With few exceptions, states prohibit the shipment of foodstuffs and require pickup or delivery in person. This means that while foods can be advertised online in most states, orders cannot be fulfilled through an e-commerce platform.

- Some states prohibit delivery to public venues, such as wedding reception halls, under the idea that this falls under “catering.”
- Some states restrict pickup at the producer’s home under residential zoning laws.

By Annual Sales

Most states set a limit on sales to prevent food micro-businesses from competing with commercial food businesses. Florida, for example, caps total annual sales at \$15,000.

- Nine states do not limit annual sales.
- A small number have generous limits up to \$50,000.
- The majority of states cap annual revenues below \$20,000.

A more complete picture of state regulations can be found at Forrager.com.

The cultural mindset

The evolution of ideas creates a cultural mindset that predisposes consumer behavior. Thirty years ago, there was one type of lettuce: iceberg. The bagged wild greens that are so popular today would have been a miserable flop. Ideas create the semblance of personas that influence motivation. Some people using this app will want organic, locally sourced healthful foods – while others will want sugary cupcakes. One problem with trying to run an ecommerce platform is it is impossible to guess ahead of time what most consumers really want, and it is difficult to know how much they will pay for it. This no doubt was one of the problems faced by Foodzie and others like it.

It is important to avoid making assumptions about either side of the equation without hard evidence. But, not knowing the mindset of the majority of consumers and producers makes coming up with a laser-focused brand impossible. The best we can do is launch with something a little vague and color in the gaps as the profile of our strongest users emerges. It would be a mistake to target the app to millennials or to a specific income segment at this point. If the app is intuitive enough, it will appeal to all ages. Income segments are determined by the products being sold.

The Slow Food Movement

The rise of the cottage food industry is intimately linked to the growth of the Slow Food Movement, an international grassroots movement started in the 1980s. The Slow Food Movement has popularized the concept of locally sourced, artisanal, and heritage foods, contributing to the creation of more sophisticated markets for homemade food items. The ideas support by the Slow Food Movement include:

- Farm-to-table connections and transparency

- Fair trade food and ethical sourcing
- Sustainable farming and support for local farmers, ranchers, etc.
- Organics and non-GMOs
- Shared meals and community

The Craft Food Movement

The craft food movement is defined by the hand production of food in small batches. It emerged in the late 1990s with microbreweries that introduced new styles of beer.¹ Relatively inexpensive to produce, craft beer found an enthusiastic market among millennials. Today, 3,739 craft breweries are in operation and craft beer sales continue to grow by more than 15 percent per year.^{2 3} The widespread popularity of craft beer has opened the door to artisanal foods, such as handcrafted cheeses, breads, and sausage, along with “shadow brands” such as Shock Top beer that are in reality mass-produced (by Anheuser-Busch in this case).⁴ Now, according to Nielsen reports, “local leads the way” among millennial beer drinkers.⁵

- Craft Check app verifies whether your pick is really a craft beer or not

The Sustainability Movement

Increasingly, millennials are striving to live sustainably – without negatively impacting others or the environment – across a continuum. Activists live off-grid to disengage completely from the status quo,^{6 7} urban homesteaders disengage from the economic system, and mainstream millennials buy local to disengage from corporate America.

While sustainability has an environmental component, at heart it is about living self-reliantly. A 2014 Deloitte study shows millennials worldwide mistrust big business and well over half plan to work for themselves. Likewise, a 2014 Pew Research Center study found two-thirds of U.S. millennials do not think of themselves as environmentalists, even though most are concerned about climate change and ethical sourcing.^{8 9}

¹ http://www.beeradvocate.com/beer/101/history_american_beer/

² <http://www.businessinsider.com/why-craft-beer-is-so-popular-2013-4>

³ <http://www.dispatch.com/content/blogs/the-bottom-line/2015/07/craft-beer-still-booming.html>

⁴ <http://www.millwardbrown.com/global-navigation/blogs/post/mb-blog/2013/09/18/What-lies-behind-the-craft-movement.aspx>

⁵ <http://www.nielsen.com/us/en/insights/news/2015/tapped-in-craft-and-local-are-powerful-trends-in-the-beer-aisle.html>

⁶ <http://www.newsweek.com/rise-preppers-americas-new-survivalists-75537>

⁷ <http://www.activistpost.com/2011/04/why-self-sufficiency-should-replace.html>

⁸ http://www.sustainablebrands.com/news_and_views/stakeholder_trends_insights/aarthi_rayapura/millennials_most_sustainability_conscious

⁹ <http://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-dttl-2014-millennial-survey-report.pdf>

For these millennials, sustainability is a lifestyle rather than a political viewpoint. Where manicured lawns belong to the boomer generation, millennials are taking up beekeeping and gardening. In 2014, food gardening in the U.S. hit its highest levels in more than a decade, with the greatest increase among millennials.¹⁰ Urban beekeeping has also risen dramatically over the past decade. Interest in craft skills such as knitting and soap making has surged. When Etsy launched in 2005, it had 23,000 sellers; by 2013, it hit one million. According to Etsy vice president Matt Stinchcomb, “A lot of people are looking to do work that is more meaningful. If your job is sitting at a computer all day, you want to produce something.”¹¹

Mainstream Organics

Consumers, particularly in the U.S., have become less trusting of mega-food producer labels and advertising, and more concerned about the safety of ingredients and production methods. Consumers are widely aware of GMOs, antibiotics in meat, inhumane dairy practices, recalls, and other safety issues.

Nielsen’s 2015 Global Health & Wellness Survey polled over 30,000 individuals online and found 88 percent are willing to pay more for healthier foods. Older consumers want to eat better to live longer, while younger consumers are beginning to raise children. How much more will they pay? In 2013, Cornell University’s Food and Brand Lab found that people were willing to pay up to 23.4 percent more for organic products.

With a market growth rate of 10 percent per year, the organic food industry crosses a broad range of demographics. (Organic Trade Association) Big brands are betting on health trends by launching new products, such as gluten-free Cheerios. However, consumer mistrust and lack of clear labeling standards create purchase deterrents. Many people do not believe claims such as “all natural” and will only spend more for certified organics.

The Locavore Movement

Whereas organic consumers care about their own bodies, locavores care about the entire food chain. They believe eating locally is the basis of a food revolution that will create a more sustainable food chain that is ultimately healthier for everyone. Restaurant pioneers introduced upscale farm-to-fork dining in the 1970s, but it did not take off until approximately 2003. Ten years later, locally sourced ingredients are a common feature of restaurants. In 2013, Chef David Levi in Maine raised \$45,000 on Kickstarter to open “the first 100 percent organic, local

¹⁰ http://assoc.garden.org/press/press.php?q=show&pr=pr_nga&id=3819

¹¹ <http://communitytable.parade.com/214945/bonnieochman/handmade-in-america-craftings-comeback/>

restaurant” – meaning that table linens were locally woven, the plates were made from local clay, and so on.¹²¹³

Specialty food producers already have a leg up when it comes to consumer trust, often touting product traits and practices that are hard to find in mainstream manufacturing. Clean ingredients, sustainable efforts, and the like are often front and center in specialty food marketing...shoppers are showing signs of their interests shifting from knowing *what's* in their food to knowing *where* it came from. Eco-conscious shoppers have moved beyond ingredient lists and are now focused on tracing the source of their food supply,” says Karen Herther, co-founder of Market Lifestyle of Health and Sustainability (LOHAS) and senior director of MamboTrack Research & Insights. According to a 2013–14 consumer research study conducted by Market LOHAS and MamboTrack, the majority of health-conscious consumers research the brands they choose. More than 70 percent of these consumers report doing so by reading packaging labels or in-store signage, while more than 6 in 10 say they visit brand or product websites. “Food traceability and transparency is evidence of a growing consumer foodie in a farm-to-fork movement where healthy and eco-conscious consumers want to source and trace food products that are specific to growers and producers,” Herther says. “Social and environmental factors, which include a desire to support local and regional growers and learn about family farms as well as food supply concerns—such as food safety, the non-GMO label movement, humane animal treatment, and the interest in environmental friendly practices—are also key motivators,” Herther explains. (From SpecialtyFood.com)

Farmers Markets

While the local food trend is highly visible in the restaurant world, it has had its greatest impact at the grassroots level. The number of farmers markets began to skyrocket in 2003 and was up by 50 percent in 2006. Anthony Flaccavento, a farmer and executive director of a nonprofit sustainable food organization in Appalachia, said in a 2008 Bloomberg Business interview, “This is not a fringe foodie culture. These are ordinary, middle-income folks who have become really engaged in food and really care about where their food comes from.”¹⁴

However, the popularity of local foods is also related to cost. Where 80 percent of consumers will pay up to 20 percent more for certified organic products, they are less likely to pay more for locally sourced foods. People go to farmers markets in order to buy local because they expect to pay less for better quality and because they enjoy the experience. The app should not veer too far away from farmers markets and risk losing buyer interest.

¹² http://www.huffingtonpost.com/2013/12/28/vinland-restaurant_n_4508573.html

¹³ <http://www.culinaryschools.com/farm-to-table-movement>

¹⁴ <http://www.bloomberg.com/bw/stories/2008-05-20/the-rise-of-the-locavorebusinessweek-business-news-stock-market-and-financial-advice>

Ethnic and Specialty Food Trends

The specialty food business, including sugar-free and gluten-free convenience foods, is growing between 5 and 10 percent per year. Sales of commercial ethnic foods are increasing at about the same rate. Surprisingly, non-ethnic buyers who want more flavorful foods are responsible for the lion's share of growth.¹⁵ Commercial ethnic foods generally lack authenticity. While many buyers do not demand authenticity, there is a window of opportunity for cottage food producers in urban areas with strong immigrant populations.

The economic and legal reality

More than anything else, the rise of cottage food production reflects the same economic realities that have led to the success of the sharing economy. If the economy markedly improves, there may be less interest in earning money by baking at home. On the other hand, there may be a greater willingness to pay a premium for homemade foods, which will maintain a high level of serious food entrepreneurs. Legislation made the cottage food industry possible, so any disruption (for example, an outbreak of botulism) could negatively impact the industry and the app. There are now more farmers markets than ever before, and this trend seems driven by both people who want to save money on fresh produce and people who prefer the quality of locally sourced foods. We can position ourselves in the middle as well.

Recession

The recession sparked the need to survive outside the broken economy. As more and more people began producing and selling food from home, greater political pressure was generated in support of cottage food laws. The recession also focused mainstream media attention on the ideas intrinsic to sustainable, independent living. ABC Nightline, for example, did a 2008 story on the Dervaes family, which had been urban homesteading in Los Angeles since the mid-1980s.¹⁶ The recession also saw a surge in the numbers of “mommy bloggers” who provided useful tips on everything from homeschooling to furniture upcycling.

Legislation

While some states, such as Wyoming, have had cottage food laws on the books for decades, many have loosened restrictions on the sale of homemade foods only in the last few years since the recession. Now all but three states (Rhode Island, Delaware, Kentucky) have “cupcake laws” in place.

¹⁵ <http://www.foodrepublic.com/2013/07/09/demand-for-ethnic-food-is-exploding-in-america-how-will-food-companies-respond/>

¹⁶ https://www.youtube.com/watch?feature=player_embedded&v=W51JRTjo1A

USDA Support

USDA support has removed some of the bureaucratic obstacles to cottage food production. The USDA launched its “Know Your Farmer, Know Your Food” initiative in 2009 to support local food chains.¹⁷ Today, the locally sourced movement is an accepted paradigm, with nearly 50 percent of school districts having implemented farm to plate programs.¹⁸ The USDA’s first “Local Foods for Local Tables” conference was held on August 14, 2015.

More Venues

In most state, cottage producers must sell their wares in face-to-face public venues, such as farmers markets. As interest in locally sourced products grows, producers have gained more opportunities to sell their foodstuffs. Over the past decade, the number of farmers markets has increased dramatically, jumping 17 percent in 2011 alone. Currently, the USDA Farmers Market Directory lists more than 8,000 farmers markets in the U.S.¹⁹

Industry Size

Cottage food operations are unlicensed, so their exact numbers are unknown. California, which requires a “food processors” course, saw the number of businesses hit 1,200 within days of passing cottage food law. The strong growth of farmers markets indirectly points to increasing local, small-scale food production.

- Organic growers of 1960s and 1970s were essentially cottage producers; this is now a \$3.5 billion market growing at rate of 15 to 20 percent per year.²⁰
- 40 percent of consumers have lost enjoyment in food due to safety and quality concerns and are seeking product alternatives, according to a Daymon Worldwide study.²¹

¹⁷ <http://blogs.usda.gov/2012/02/29/introducing-the-know-your-farmer-know-your-food-compass/>

¹⁸ <http://blogs.usda.gov/2013/10/22/nationwide-census-on-farm-to-school-activities-shows-promising-results/>

¹⁹ <http://search.ams.usda.gov/farmersmarkets/>

²⁰ <http://sfp.ucdavis.edu/pubs/SFNews/Vol2-2000/cottage/>

²¹ <https://www.specialtyfood.com/news/article/ingredient-fears-reducing-mealtime-enjoyment/>

Key Challenge

Identifying cottage producers

The core challenge is to build a list of cottage producers. Because these producers are unlicensed, there is no existing database or easy way to develop one. A number of food startups have faced a similar challenge and have failed to either build a sufficient list or to find a way to monetize them.

Profiles of cottage producers

CFOs have different reasons for going into business. The baker who makes an occasional birthday cake for a coworker will not have the same motivations as the baker who hopes to open her own storefront someday. Because no hard data exists on the CFO community, we have to look at anecdotal evidence.

Homemade for Sale, the bible of the cottage food industry, lists the types of food entrepreneurs:

- Dream-catchers, eager to fulfill a lifelong dream of running a small food enterprise.
- Home baker, possibly with seasonal specialty items you want to share with your community.
- Stay-at-home mom wanting to earn extra income while keeping an eye on the kids
- Someone with food sensitivities or allergies, who, after years of struggle, has found delicious recipes that work for your and might work for others too
- Dedicated locavore foodie, wanting to make a difference in the local food movement beyond your shopping habits.
- Retiree looking to stay relevant and active, plus make a little extra “fun money.”
- Specialty cake and wedding cake maker looking for a chance to share your artistic talent and creative flair.
- Farmer looking to diversify your business by offering bread and other items at farmers’ markets to boost your revenue.
- Economic survivalist who has found that Plan B, despite a college degree, is the new Plan A.

- Career changer from breadwinner to bread baker, looking to test your food-based dream before you quit your day job.
- Someone between jobs and searching for a quick way to earn some cash to pay the bills.²²

Sideline vs. steppingstone producers

A cottage food producer could be anyone with a home kitchen. While most skew female, plenty of men set up food enterprises. While many are baking gluten-free treats, others are baking cinnamon buns. The one thing all CFOs have in common is a desire to make at least a token amount of money from their cooking. In some states, this is capped as low as \$5,000 a year, while in others CFOs can earn \$50,000 or more before they are classified as commercial enterprises.

The basic premise of the cottage food industry is that it is *not* a business, but rather a sideline in some cases and a steppingstone in others. *Sideline CFOs* are content to sell to their circle of friends and acquaintances without growing their businesses. *Steppingstone CFOs* hope to move into a commercial kitchen someday and sell through grocery stores and other wholesale channels. Although both markets may begin with similar stories, they have very different mindsets. A Steppingstone CFO is more likely to take marketing seriously, to be an active user of the app, and to spread awareness of it socially.

The success of the app depends upon having a steady availability of producers. We have to factor in attrition due to business failure and also due to business success, as CFOs progress into becoming commercial food enterprises. If we constantly have to replenish producers, at what rate do we have to do so and at what cost?

The volatility inherent to depending upon CFOs may be why many food startups have either stalled or have morphed their business models into “surprise” food box subscriptions.

Access them through farmers markets

Most serious cottage food producers sell their goods at local farmers markets on a regular basis. The most efficient way to access CFOs is through this connection, but farmers markets

²² *Homemade for Sale*, New Society Publishers, Gabriola Island, Canada, January 2015

must benefit from cooperating with us. This means the app cannot threaten to replace the participation of CFOs in farmers markets.

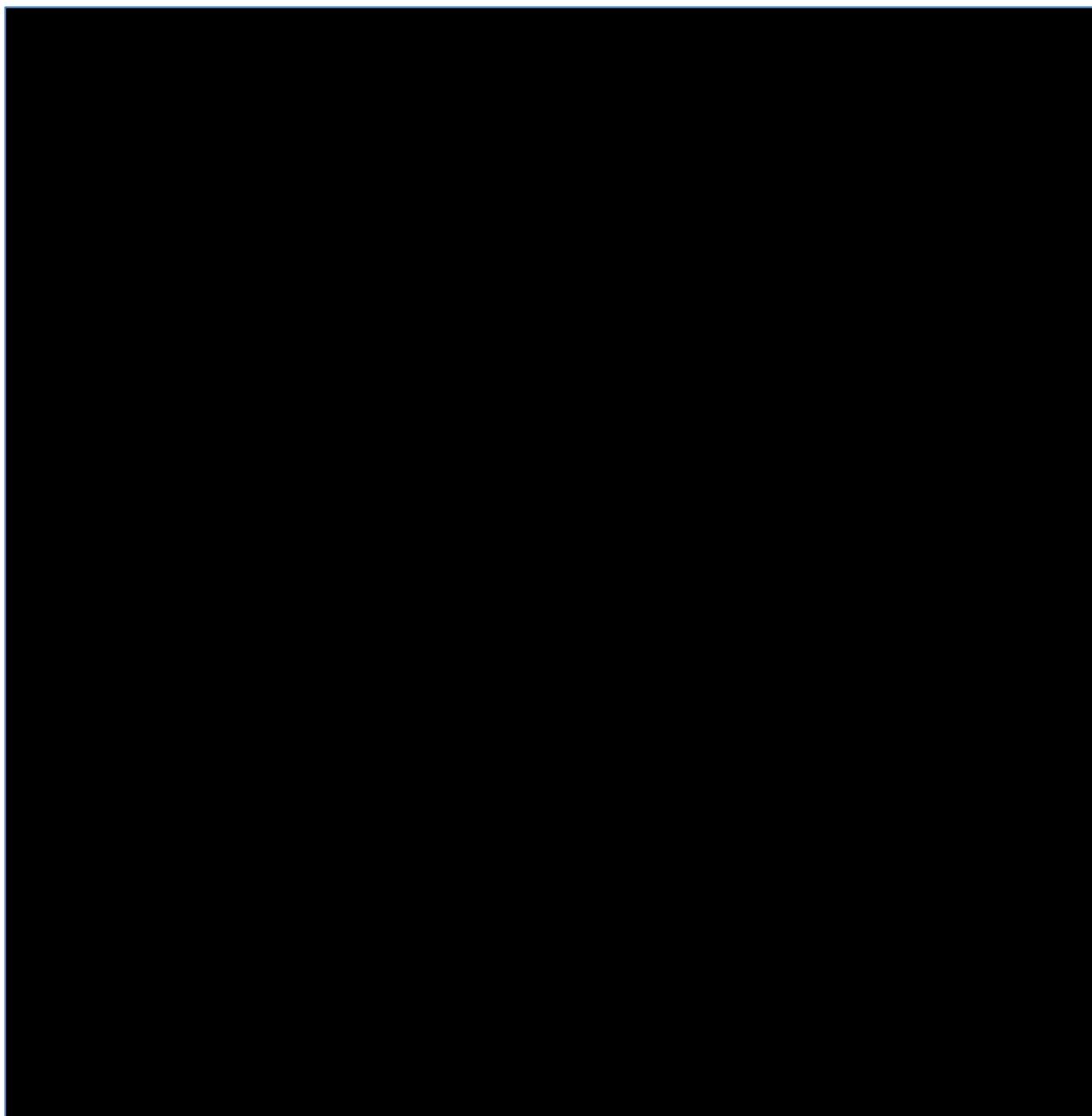
Strategies to assemble a CFO base can be laborious. For example, in-person signups at farmers markets involve many man-hours. Alternative strategies would be to run display ads on appropriate websites and blogs. In either case, a substantial advertising budget would be required.

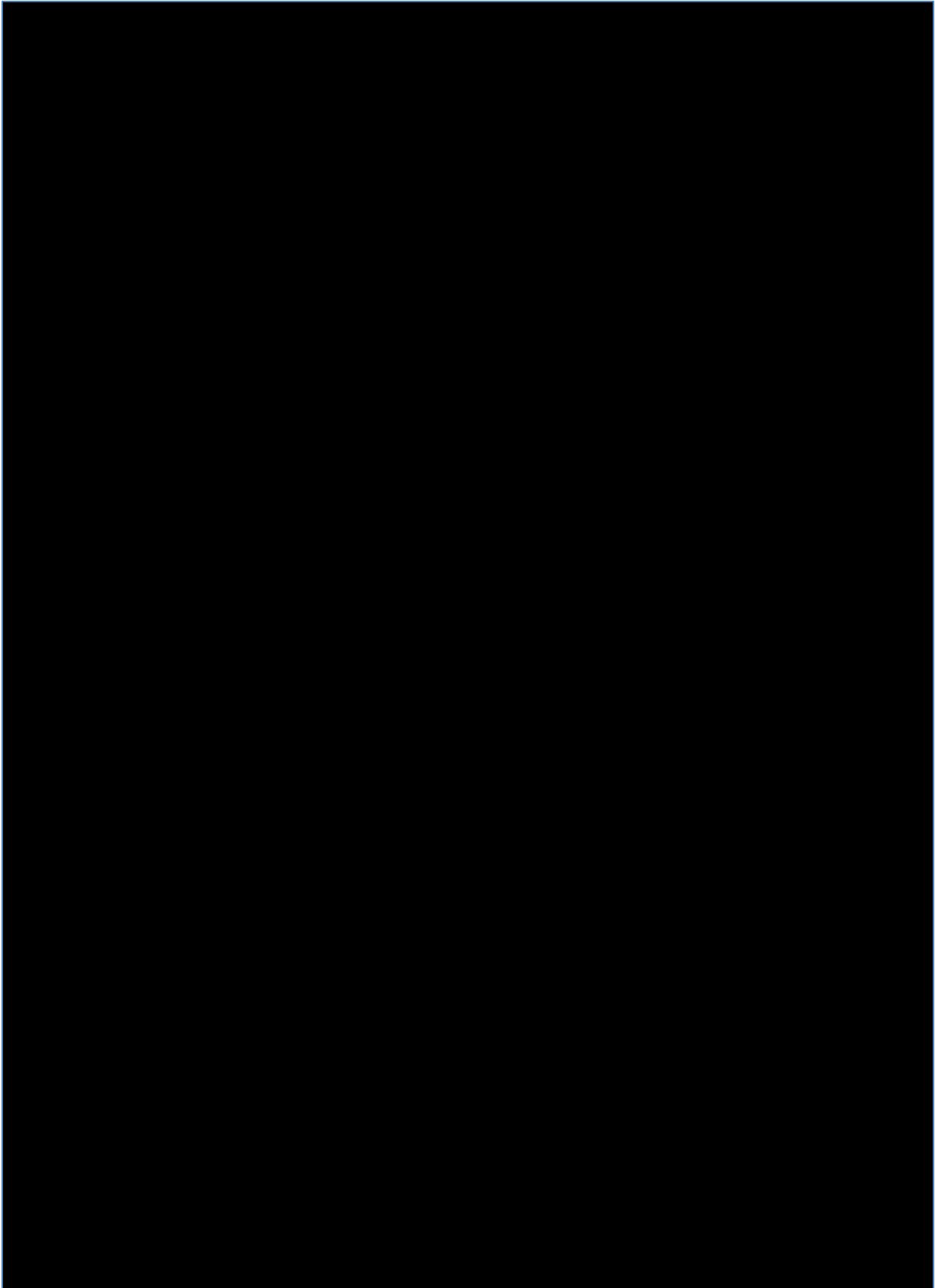
A comprehensive list of flea markets nationwide is available at the USDA Farmer's Market Directory²³ It is already available in app form as U.S. Farmers Market Finder by Camber Government Solutions.

²³ <http://search.ams.usda.gov/farmersmarkets/>

CFO Lifecycle Needs

There are numerous websites and apps that strive to connect producers and consumers. It is almost impossible to monetize a simple geo-location (map) app. By fulfilling needs, we can more easily monetize the app and generate loyalty through repeated use. The marketing function of the app may be enough to get started, but any success will be imitated. So we should have plans in the wings to become more robust.





Moving into the artisanal phase

Datamonitor found more than 800 new food products have been dubbed "artisan" in the past five years. While "artisanal" is now in use by everyone from Panera to Wendy's, technically it means producing foods using traditional methods in small batches. Artisanal producers are one step up from cottage producers; they are ready to move into a shared or rented commercial kitchen and to deal with business requirements such as licensing.

Cottage producers are becoming artisanal producers in record numbers. *Forbes Magazine* proclaimed in 2014, "There's no denying that the artisanal food market is booming. From the increase in small, niche brands...to the almost-immediate success of niche food delivery businesses like Good Eggs, Farmigo, Munchery, and Plated, small food companies seem to be thriving."²⁵

The fact that cottage producers are becoming artisans rapidly is supported by the increase in shared commercial kitchen and kitchen incubators. Econsult reported in 2013 the number of entrepreneurial kitchens are increasing along with heavy Wall Street Investment in the food industry due to the increase in consumer interest in locally made and artisanal foods:

"First it was food trucks, and now it's kitchen incubators. They are popping up in cities left and right. Once a novelty, the kitchen incubator seems to have become commonplace."

South Florida has its own food entrepreneurs. Steven Kushner of Cooper City discovered fresh pretzels don't work here, but pretzels dog and buns do. Michelle Jones of Tamarac has launched four Jamaican products in ethnic grocery stores. Jennifer Behar's biscotti are now carried in gourmet specialty stores. All said marketing is the most difficult aspect of trying to get a food business off the ground, because it involves seeing the product through the consumer's eyes and through the retailer's eyes. For those entrepreneurs who go beyond retailing to wholesaling their products, it's all about business and working with brokers and distributors to get goods on store shelves.²⁶

²⁵ <http://www.forbes.com/sites/ryancaldbeck/2014/05/22/beyond-artisanal-how-to-grow-a-niche-food-business/>

²⁶ <http://www.miamiherald.com/news/business/biz-monday/article1958345.html>

Apps By Goal

Direct competitor

Producers who go beyond the startup phase want easy marketing. Most apps simply provide a map made more robust by the addition of social sharing. Others use an ecommerce platform to sell goods to consumers. The model used by FarmFan (a contact system plus texting, etcetera) is very similar to the model proposed by The Client.

Farm Fan

Farm Fan connects farmers market vendors, retail farm stands, and whole markets to consumers. It launched in 2014 and is a marketing system that sends emails, texts, and photos to “FarmFans” about products and events. Pricing is 25 cents for each FarmFan that signs up plus \$50 per month (\$0 during the off season). Packages are also available for larger numbers of fans (\$891 per year for 500 fans). Users have the option of automatically posting to their social media profiles. Rewards provide the incentive for consumers to become FarmFans. This app is not on the Apple App Store.²⁷

Daily Gourmet

This website was launched in 2011 to connect cottage food producers to consumers by email. The site added an ecommerce component where members could order online, but the primary communication was email. It was abandoned by 2013 and the site remains unfinished.

Getting found

Real Time Farms/Food Artisans

Because the relationship between farmers markets and vendors is so interwoven, many maps connect local farms, farmers markets, restaurants, and food producers to consumers. Real Time is an example of this, although producer information is sketchy. Karen Warner of Big Head Farm said, “Thank you for your website! Sites like this are what keep us going when we don’t have time to market our farm ourselves.” A crowd-sourcing site powered by the people—from farmers to foodies—Real Time Farms, recently acquired by Food52, is a nationwide free food guide that was founded with the mission of helping people understand more about where their food comes from. This online guide is a source of information, with photos, for thousands of farms and

²⁷ <http://about.farmfanapp.com/#faq>

farmers markets around the country. Consumers can enter a zip code on the website to look up a farm in the area of where their produce came from, view photos, and learn more about the farmers. Farmers and foodies can register on the site for free to share their information. Has 2 million visitors per month.

Farm Match

This website visualizes the local food movement and allows you to choose your place within it: consumer, farm, buying club, farmers market, restaurants. Consumers are included on the map along with their food-buying preferences. It has been on the map, so to speak, since 2012 but has not showed much recent activity. Farm Match also sells all-in-one software to farmers that automates the buying and payment process; it has processed nearly \$3 million in sales.

FarmTree

FarmTree is a crowd-sourced map built with the best of intentions on Squarespace. It attempts to include farmers, grocers, markets, and restaurants, but has not been updated in nearly a year.

Local Harvest.org

Local Harvest provides a large database of organic and small farms, farmers markets, food co-ops, community garden projects, and local events. In addition to thousands of local listings, it has an online store that ships certain cottage food products. The site has been in existence since 1999 and is operated by Guillermo Payet.

Delicious Karma

Delicious Karma also launched by 2011 and has now been abandoned. The site was an online market where consumers could discover artisanal and locally produced foods, and buy them at a discount.

Flavorbite

A social community site for sharing food photos and experiences, it launched in 2011 and disappeared by 2015.

Fooducopia

It began as an online marketplace in San Francisco for artisanal foods, but morphed into a site for a Denver restaurant.

Local Pickins

Local Pickins connects buyers to local food purveyors, mobile eats, farms and markets, classes and events, and farm to table restaurants. Currently, it is available only in Boston.

Farmers Market Finder Apps

FarmLine and many products like it map farmers markets, farm stands, and CSAs using crowdsourcing. FarmLine was released in 2013 and has an estimate worth of \$200 (according to Sensor Tower).

- USDA Farmers Market Finder (government)
- Love My Farmer (social sharing for farmers markets)
- California Farmers Market Finder
- Sprouts Farms Market (chain with its own app)
- Farmline

Special interest

Cupcake Maps

There are a variety of “special interest” food websites, with Cupcake Maps being the pink-frosted equivalent of craft beer sites such as the Beer Mapping Project and Brewery Map. There are also apps for coffee-lovers, including Beanhunter as well as Starbucks.

Food Trucks

The key challenge with food truck apps is they were unsuccessful in tracking non-stationary trucks because most food truck owners did not Tweet and were unwilling to invest in a GPS. Food trucks have faded somewhat into the background, perhaps because they were fads instead of true trends. Invoke Media (owned by the Food Network) built the most comprehensive mobile food app to begin with, Eat St, in 2011 but the app is no longer being supported.

- Food Truck Finders
- Food Truck Fiesta (DC only)
- Roaming Hunger, Road Stoves (LA only)
- Eat St.

Be more profitable

Maturing producers also need software to help them achieve greater profitability. A range of programs is available, but CakeBoss is the most robust and the most popular. A number of websites have also launched that cover aspects related to building a food business, among them Food2Market run by Clemson University. Many universities are now adding food entrepreneurship programs as extension courses.

CakeBoss

Now available as a cloud app, CakeBoss includes everything from recipe costing to vendor management, order histories, and mileage logs. It also includes reminders about when orders are due and where deliveries should be made. A license is \$149 plus \$20 per year for cloud storage. CakeBoss was launched in 2007.

Sell more easily

Foodzie and Foodoro both attempted to help producers sell their food items more easily. Aside from the difficulties involved in managing countless small operators, the sites faced the challenge of trying to make a profit. Although the Slow Food and Craft Food movements have contributed to the popularity of locally sourced food, not all customers are foodies willing to spend extra for organic, handcrafted, or otherwise premium foods. Gilt found its luxury customers were unwilling to do so, and there is no reason to think those with less income would be any different.

Foodzie

Foodzie was founded in 2008 by three Virginia Tech grads, Nik Bauman, Emily Olson and Rob La Fave, who were named “Best Young Tech Entrepreneurs” by Bloomberg Business in 2009. The same year, the team received \$1 million in funding from First Round Capital, SoftTech VC, and TechStars. Initially, Foodzie was an online marketplace for cottage-produced foods that collected a 20 percent commission with each shipment. By 2011, Foodzie has shifted gears and was selling subscription food boxes. In 2012, the company was bought out by Joyus, a video-based e-commerce site selling a broad range of fashions and home goods. To date, it has not launched a food channel.²⁸

Foodoro

Launched in 2009, Foodoro was a San Francisco startup that shared Foodzie’s goal of providing broader access to cottage food producers and local farmers. Foodoro enabled cottage producers to upload their own information and gave them an e-commerce widget that allowed sales of products. It included a farmers market and artisanal store locator. It went out of business by 2012.

Local Dirt

Local Dirt enables buyers and sellers to connect, plus create groups such as buying clubs. Buyers can source and order fresh produce, meats, and cottage produced foods online for pickup or delivery, depending on the state. Buyers pay sellers directly through the site. The site is currently supported by the National Science Foundation, but plans to become self-sufficient in 2016 by charging wholesale buyers/sellers a \$360 annual fee. It is owned by Hevva Corp. Heather Hilleran, a

²⁸ <http://techcrunch.com/2012/06/05/foodzie/>

former Whole Foods employee, founded Hevva in 2006 to find a way to facilitate the flow of business between small farmers and wholesale buyers. In 2007, she obtained a \$600,000 National Science Foundation grant for website development, not marketing. She had trouble getting the word out and the project languished until 2009, when Mark Jacobsen at O'Reilly Alpha Tech Ventures infused Local Dirt with \$1 million in new capital.²⁹ Since 2011, no new news has appeared on the site.

Locavore App (free)

Launched in 2012 by AGSquared, this app finds farmers markets and small producers across the U.S.; lists when items are in season; holds recipes; shares photos on social media. It has received several awards but following a software update, comments turned negative because the app no longer worked. It is affiliated with Local Dirt and Hevva Corp.

Be more convenient for consumers

Webvan/Amazon Fresh

Founded in 1999, Webvan was an online grocery store that delivered across the U.S. It became a \$1.2 billion company with 4500 employees before being liquidated in less than two years. The remnants of Webvan have been bought by Amazon Fresh, which is quietly experimenting with grocery delivery in select cities.

AgLocal

AgLocal connected local farm producers to consumers. It was founded in 2011, received a flurry of press on NPR and other prestigious media, and closed in 2015, stating:

Though we believe this mission to be a worthwhile endeavor we regretfully cannot be the company to fulfill its promise as we have decided today to close the doors of AgLocal. The reason we're closing is a familiar story. We weren't able to reach our goals of becoming a business that can operate in a self-sustaining manner. As such, all sales will be suspended immediately on our website. All orders that have already been completed will be fulfilled in a normal fashion.

Fresh Direct

Fresh Direct is an online grocery store serving New York and Philadelphia that emphasizes organic and small farmer foods. It has an app that includes how food was sourced and enables fast checkout.

²⁹ <http://www.entrepreneur.com/article/217449>

Peapod

The oldest of the online grocery delivery services, Peapod's (Stop and Shop in Boston) initial strategy was to route online orders to local grocers, where Peapod employees would pack and deliver them. Competitors, such as ShopLink and HomeGrocer, were building regional distribution centers in a model similar to Webvan, which was booming.³⁰ In contrast, Peapod finished 1999 with a \$28 million loss. A week after Webvan went out of business, Peapod sold out to Dutch grocer Royal Ahold. It is now the biggest online grocer in the U.S. by sales, but faces stiff competition from Instacart. In 2014, Ahold and Belgian grocer Delhaize merged, providing Peapod with access to a greater network of distribution points. It currently serves 24 markets and has 11.4 percent of the total market for online food, grocery and drug sales.³¹

Grocery Taxi

Serving Miami, Florida since 2001, Grocery Taxi is an online ordering and grocery delivery service. It plans to offer a full selection of organics soon.

Instacart

Founded in 2012 by former Amazon employee Apoorva Mehta, Instacart has been heavily funded, with nearly \$275 million in five rounds from Sequoia Capital, Andreessen Horowitz, Khosla Ventures, SV Angel, and Y Combinator. It launched in the San Francisco area in 2013. Initially, the same-day delivery service charged a fee to consumers. This was phased out and grocery stores such as Whole Foods and Costco pay to be on the service.³² Named the number one company on Forbes' most promising companies list for 2015, Instacart serves 15 cities and has 4,000 independent personal shoppers. Sales have shot up from \$1 million in 2012 to \$100 million in 2014.³³ The advantages of Instacart's partnership with Whole Foods are summed up by The Motley Fool, especially:

Whole Foods already has outstanding average weekly sales per square foot, close to \$1,000, because there are plenty of people in its markets who are happy to pay a premium for artisanal olive oil, organic produce, and the other higher-end items that Whole Foods sells. These shoppers aren't likely to gnash their teeth over Instacart's product markups, delivery fees, and tips -- especially if they live in a city where a trip to the store may involve a time-consuming drive, plus time in the aisles.

Delivery.com

Since its launch in 2004, Delivery.com has acquired more than 500,000 users in 40 states. Delivery connects these users to its online list of restaurants, grocers, liquor stores and laundry

³⁰ <http://www.forbes.com/2000/04/05/mu4.html>

³¹ <http://www.reuters.com/article/2015/06/24/ahold-delhaize-peapod-idUSL1N0ZA2N320150624>

³² <https://creator.wework.com/members/innovation-behind-grocery-delivery-startup-instacart/>

³³ <http://www.forbes.com/sites/briansolomon/2015/01/21/americas-most-promising-company-instacart-the-2-billion-grocery-delivery-app/>

services. It released a free app in 2011. Since then, Delivery.com has been overwhelmed by food delivery services such as Grubhub and Eat24.

Other

