This market report was compiled by Maine Farmland Trust and MOFGA for the purpose of supporting farmer and buyer communication and creating clarity in a rapidly changing market. Observations were collected over the week of 5/11-15/20, with crucial and insightful input from wholesale buyers and diversified farmers. Huge gratitude to those folks for taking the time. This information is solely for informational and observational purposes. Any questions feel free to directly contact Alex at Maine Farmland Trust (alex@mainefarmlandtrust.org) or Nicolas at MOFGA (nlindholm@mofga.org).

## Key Takeaways:

- Demand for local products through grocery and direct to consumer channels remains higher than normal and steady. Restaurants are beginning to re-open.
- May soon be a lull in supply as growers finish up their hoop-house crops and wait for field crops to be ready --which have been delayed by cold spring weather.
- Folks are considering how demand will change with what might happen during the summer tourist season, increasing national grocery prices, decreased workforce in certain crop-producing regions, and high unemployment.
- Farmers are feeling the tolls of increased time and costs associated with new packaging, sales platforms, and other quick pivots to continue selling through DTC and WS channels. Buyers are wondering about how this will intersect with already rising grocery prices.

-----

## Buyer responses:

Overview: Buyers are observing consumer demand stabilize at significantly elevated levels, which is also reported at farmers' markets. Buyers suspect the current supply gaps will correct before ME producers can bring those products to market. There is unmet demand for spring greens and radishes and an oversupply of lettuce heads. Folks are seeing more restaurants re-open, and waiting to see what will happen with the summer tourist season, and nationally rising grocery prices.

1. **What trends are you observing right now in current consumer demand?**
    a. Consumer demand is stabilizing, and most buyers (grocery) reported it's still at significantly elevated levels for local products. One buyer noted that consumers may be returning to slightly more frequent shopping trips.
    b. Consumers still care about transparent, affordable, convenient products as they did before the pandemic and they are now looking for more packaged items that are easier to grab and go.
    c. Customers are looking for spring greens, radishes, storage carrots, and local meat.
    d. A noticeable number of restaurants and other food service are reopening for curbside or take out. Seasonal accounts are planning re-openings, and many are choosing to wait until June.
    e. Folks who are familiar with farmers' markets around the state also noted significantly high demand in DTC channels, and sales are above average for this time of year for many vendors. Certain farmers' market vendors are doing very well with pre-orders, sometimes being as much as 50% of the vendor's sales for the day.

2. **Is your supply meeting demand? Is there unmet demand for certain products? Do you have an oversupply of certain products?**
    a. There are short-term gaps in supply. Some buyers think the shortages will continue, and most think they will correct before ME producers could make a new entry in the market.

b. Unmet demand for spring greens and radishes. Specific markets also mentioned unmet demand for turnips, kale, herbs, asparagus, grains, processed products, fiddleheads, ramps, nettles (please note: follow UMaine guidance for sustainable harvesting).
c. Oversupply of lettuce heads.
d. **Farmers' Markets:** some observations of vendors selling out hours before the market closes. The uncertainty of how much to bring has some vendors underestimating what they could sell.

3. **Are you seeing or anticipating any changes that will affect your supply and demand in the coming weeks?**
   a. Expecting high demand for meat, fruit, and eggs (priced affordably; prices are high right now). Specific markets anticipate being short on: greens, garlic, green garlic, sunchokes, brussels sprouts, snap peas, snow peas, organic sweet corn, frozen strawberries, frozen raspberries, grains, and processed products.
   b. Waiting to see what will happen with Maine's summer tourist season. Also seeing more opportunity to sell Maine products out of state.
   c. One buyer expressed concerns that growers cutting production will lead to shortages, since their current sales are already exceeding 2019 summer sales. They would encourage farmers to increase production while doing what they can to assure themselves markets, and price appropriately for the markets they are selling to.
   d. One buyer noticed a decline in quality of certain crops from regions with a decreased workforce, and it was also noted that some crops are becoming cost prohibitive for grocery retail.
   e. **Farmers' Markets:** some farmers have noted their intention to decrease availability of online sales because the time, packaging, and additional costs are too burdensome. Some vendors are intending to keep pre-order open to high risk shoppers.

4. **Any useful resources, news, or data you want to share?**
   a. Concerns that Maine meat processing bottlenecks will continue to challenge buyers' ability to meet the current demand. Desire to share information and resources for meat producers, particularly about Maine's processing capacity.
   b. Highlighting that market opportunities that existed before the pandemic (such as strawberries and raspberries) are likely to be exacerbated this year.
   c. **National Trends:** Nationally, grocery prices are rising, due to lack of supply and field workers in key regions. However, this doesn't necessarily translate to farmers' prices. [Editor's Note: Also high unemployment rates will likely affect food budgets. The country lost 22 million jobs in April 2020. At its worst, the 2008-2009 recession saw 800,000 jobs lost/month (from Scott Sanders' Shelf Talk). Maine Department of Labor will release April numbers on May 22: https://www.maine.gov/labor/cwri/laus.html.]

----

# Farmer responses:

<u>Overview</u>: Strong demand for seedlings, spring greens and flowers! Restaurants starting to open up, and reaching out to farmers for produce --but orders starting slow, especially for salad greens. Many expect lull in supply soon, as hoop-house crops are finished before field crops are ready. Changes in marketing and consumer patterns are generally successful --important to maintain safety protocols. Some have made crop planting changes, many have not.

1. **What trends are you observing right now in current consumer demand?**
    a. **Direct to Consumer/Farmers Markets**: demand remains strong for greens & other hoop-house crops (scallions, bok choi, cilantro). Seedlings still in very high demand. Also strong interest in cut flowers. Bulk buying and "urgency" buying is dying off, but pre-order systems are generally still robust. One grower successfully redirected early season hoop-house crops intended for now-closed restaurants & stores by re-establishing their dormant CSA program.
    b. **Wholesale to stores:** Sales starting to pick up -- "feels like a slow reawakening after being asleep." Good interest, but small orders. Large grocers are maintaining normal orders. One grower has several new, non-traditional markets started through other local small retail businesses buying produce.
    c. **Restaurants:** Many farms report restaurants reopening and/or reaching out to source local produce again. Orders started for some, mostly light, although those with established take-out or curbside pick-up were busy.

2. **Is your supply meeting demand? Is there unmet demand for certain products?**
    a. **Direct to Consumer/Farmers Markets and wholesale to stores:** Barely meeting demand with crops that are ready (including seedlings & flowers). Expecting a gap in veggie supply soon, as the season shifts. One farm reported selling out of their CSA shares.
    b. **Restaurants:** Some oversupply of salad greens, especially as open restaurants don't need much for their take-out service, or remain closed. May have to market greens harder to make sales.

3. **Are you seeing or anticipating any changes that will affect your supply and demand in the coming weeks?**
    a. **Direct to Consumer/Farmers Markets:** "Winter root fatigue" has set in. Expecting demand for spring greens to keep growing. Seedling demand expected to increase as weather warms & Memorial Day approaches, but many reported supply is already running low.
    b. **Wholesale to stores:** Not expecting things to significantly pick up till mid-June or July (when field crops come in). One farmer reported their larger grocers anticipate having increased demand through the season.
    c. **Restaurants:** Hope to see increase as more open up --but no one really knows what consumer behavior towards restaurants will be. Not expecting sales to be what they've been in the past. Hoping come mid-June or July, demand for salad greens will pick back up, but unsure.
    d. **Crop plans:** One grower made significant changes, not planting highly perishable & short harvest-window crops like arugula, and instead put in more staples like carrots, beets, and napa - noting that they can pivot back towards those crops depending on demand in June. Other growers considered similar changes, but decided not to -- one found "no reason to change our plans."

4. **Any useful resources, news, or data you want to share?**
    a. Trend continues of consumers being much more willing than in the past to travel to local farms for pick-up, even going out of their way, preferring farm pick-up to farmers' market or other drop-off sites.

b. Consumers are getting used to COVID-19 patterns/protocols for safety --one farmer noted it's important for vendors not to slack off, but maintain normalcy and comfort with PPE, keep safety protocols in place, continue SOP's of safety for all.
c. One grower is considering 10% off prices to restaurants for the month of June, to help support them reopening.
d. *Stress is real* --doing "August hours" in April.  Desire  to be done pivoting/selling crops to someone other than who they were intended/planted for!  So much pre-bagging and boxing --will it be worth doing into the future?  Feels like it is the safest thing to do, but the emotional costs and added labor & packaging costs are a lot.