



Getting to Scale:

Food hub networks and innovation clusters

James Barham, PhD
Rural Business-Cooperative Service
USDA Rural Development – Washington, DC
James.Barham@wdc.usda.gov

Local Food Symposium
Toronto, Canada
November 8, 2017



Evolving...

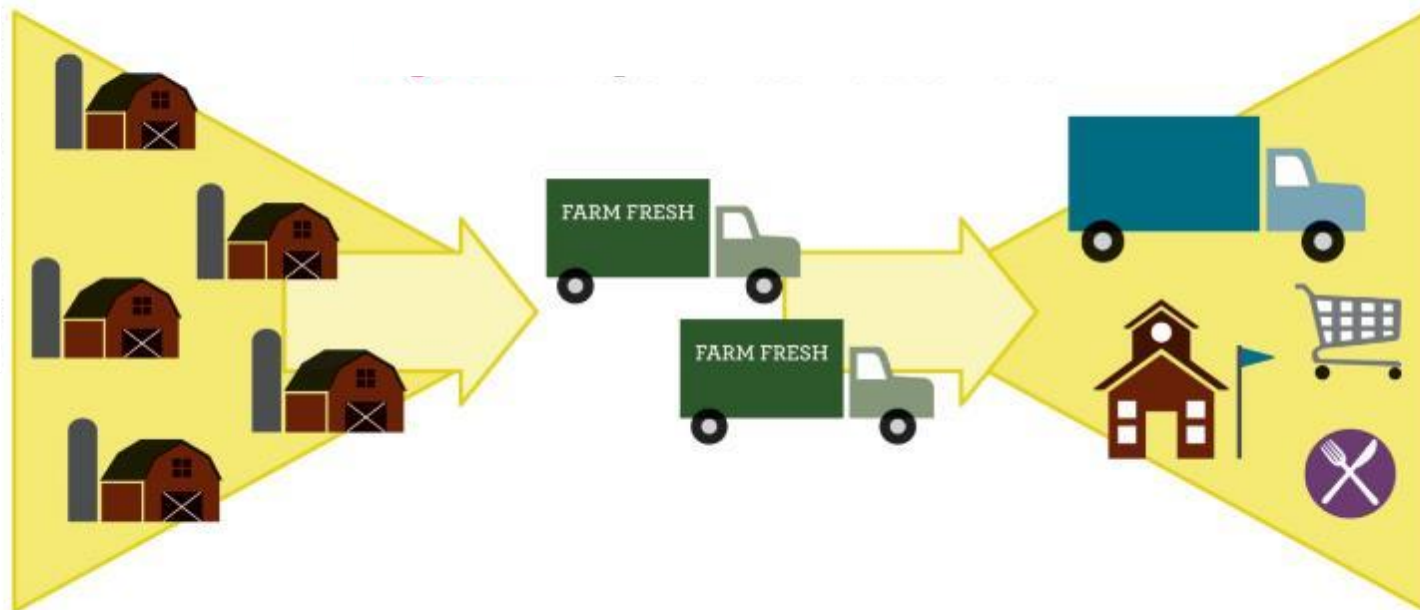
Food Hubs



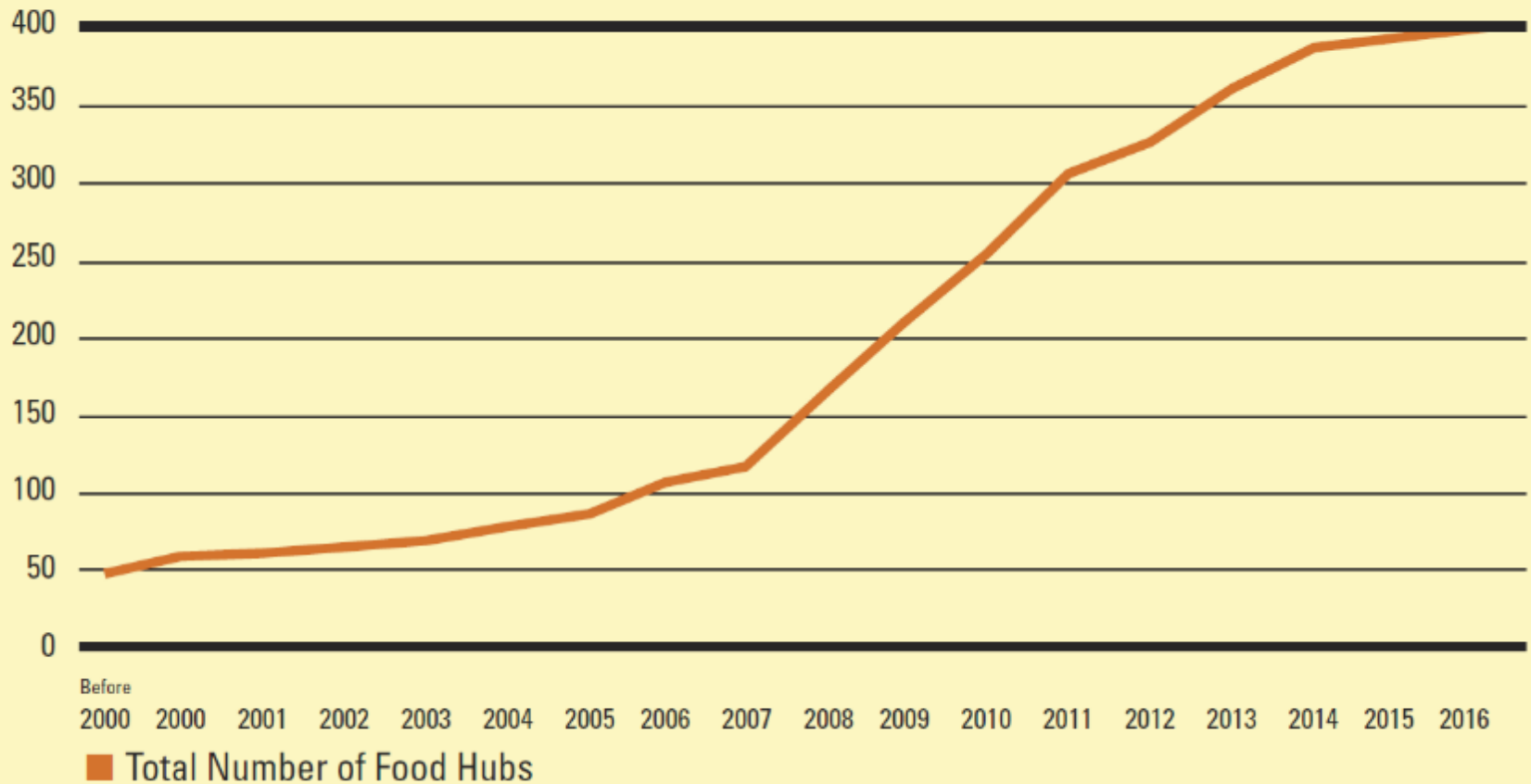
Aggregating → Distributing → Marketing → Local Food



Regional Food Hubs



Food Hub Annual Growth Rate

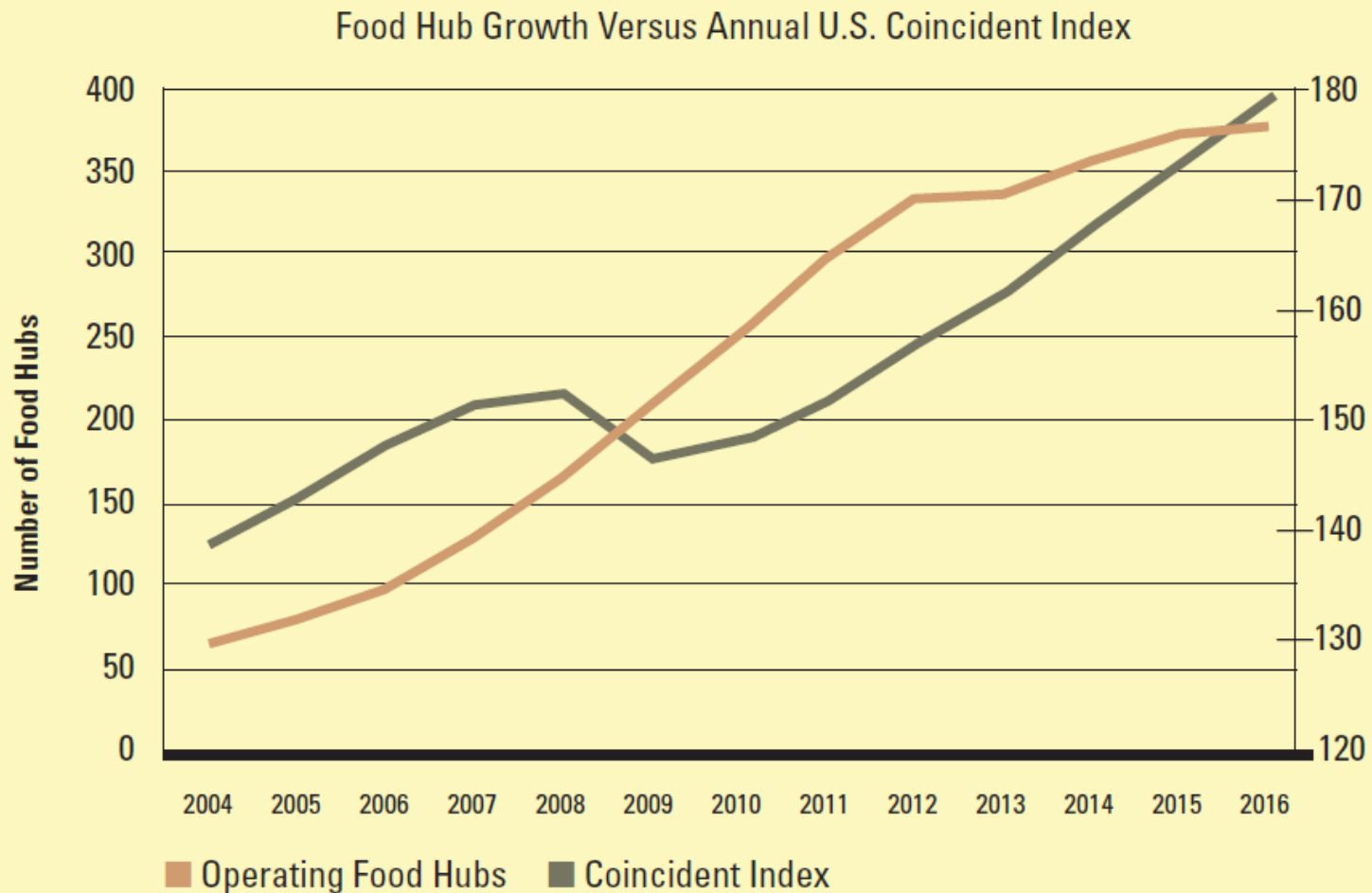


FOOD HUBS	Before 2000	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
New Food Hubs	46	10	2	3	5	14	13	17	26	34	37	40	46	43	17	19	16	6	-
Food Hubs not Reopening	-	-	-	-	-	-	-	-	-	-	-	2	4	11	15	3	1	1	1
Operating Food Hubs	46	56	58	61	66	80	93	110	136	137	208	249	294	325	326	342	356	361	360

*Based on a working list of 400 active and inactive food hubs identified by the Wallace Center and USDA Rural Development (April 2017)



Food Hub Growth During Recession

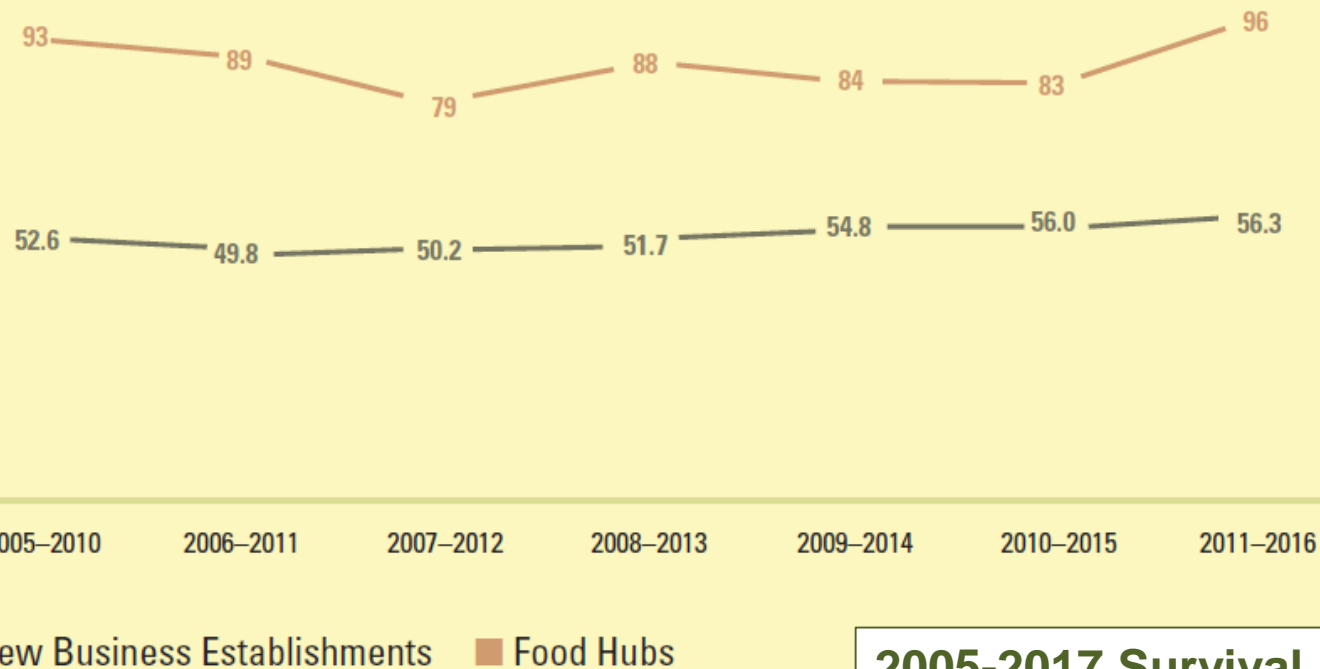


*Based on a working list of 400 active and inactive food hubs identified by the Wallace Center and USDA Rural Development (April 2017) and from Federal Reserve Bank of Philadelphia: <https://www.philadelphiafed.org/researchanddata/regionaleconomy/indexes/coincident>



Food Hub Resilience

5-Year Survival Rates: New Business Establishments vs. Food Hubs



2005-2017 Survival Rates

Food hubs: **88%**

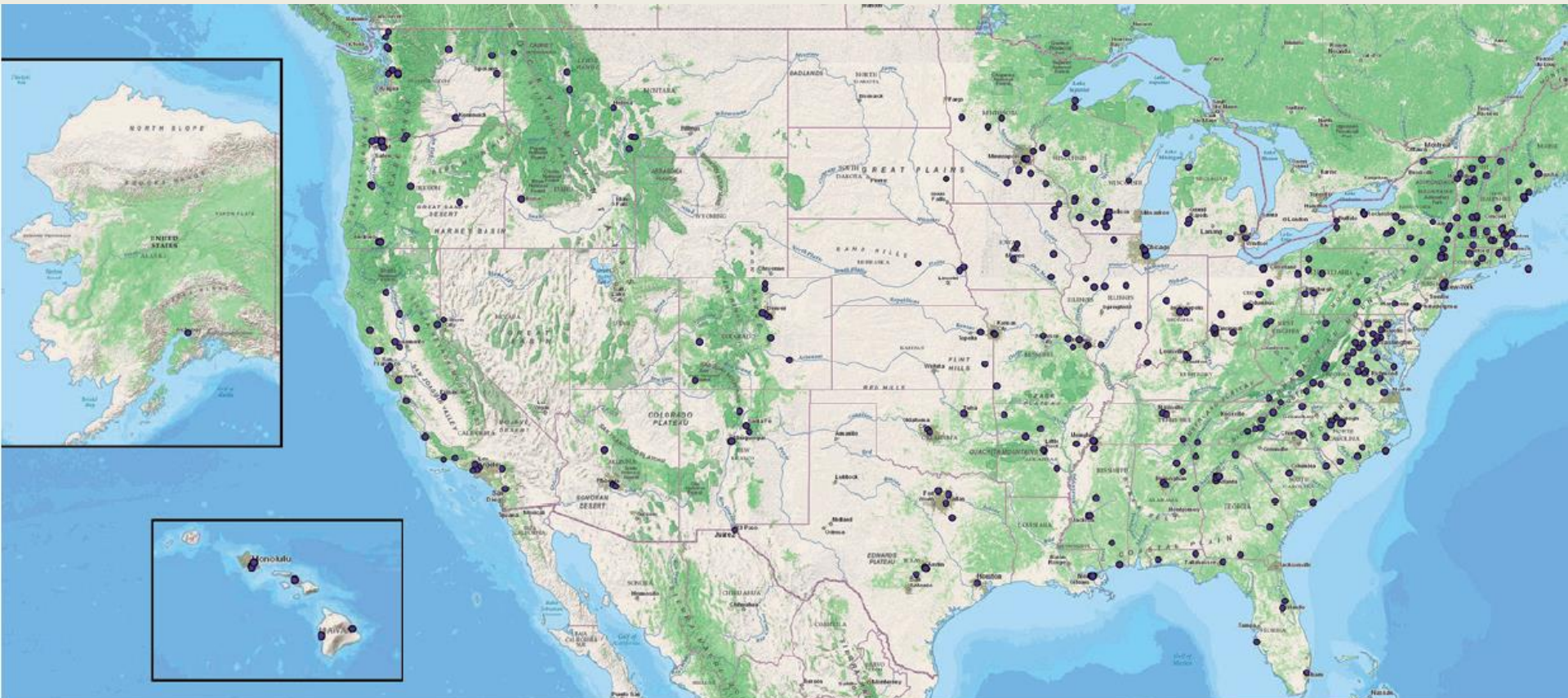
Small businesses: **53%***

* Based on a working list of 400 active and inactive food hubs identified by the Wallace Center and USDA Rural Development (April 2017) and from Bureau of Labor Statistics — Business Employment Dynamics <http://www.bls.gov/bdm/entrepreneurship/entrepreneurship.htm>



Regional Food Hubs

Over 360 food hubs operating today... and evolving

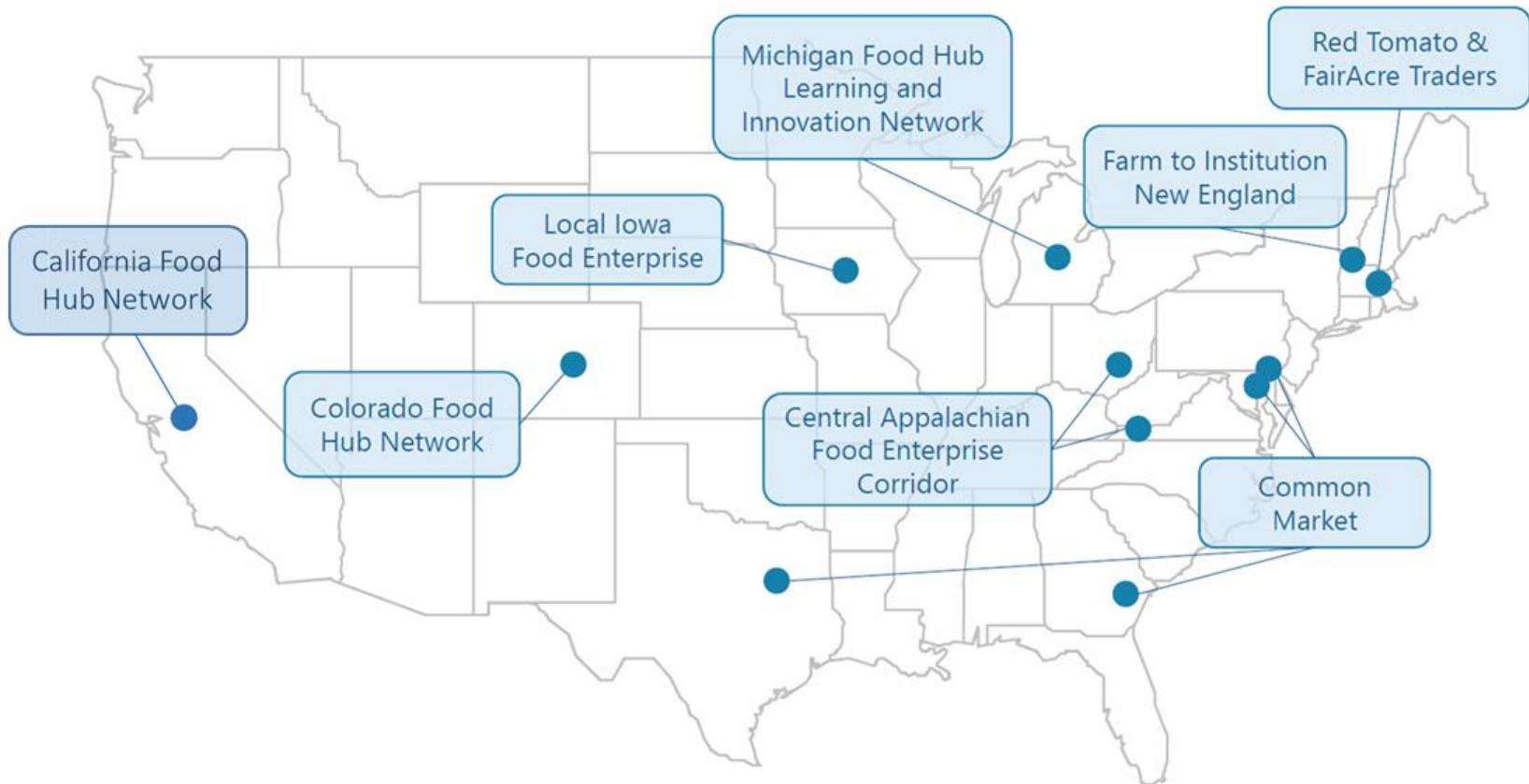


**Based on a working list of 360 active food hubs identified by the Wallace Center and USDA Rural Development (April 2017)*



Food Hub Networks

Emerging food hub networks....

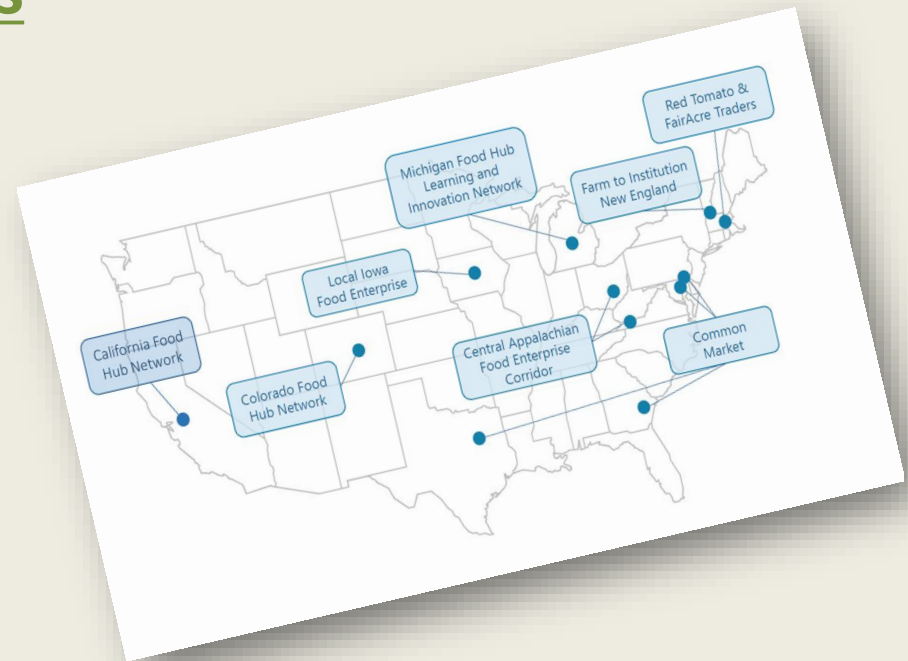




Food Hub Networks

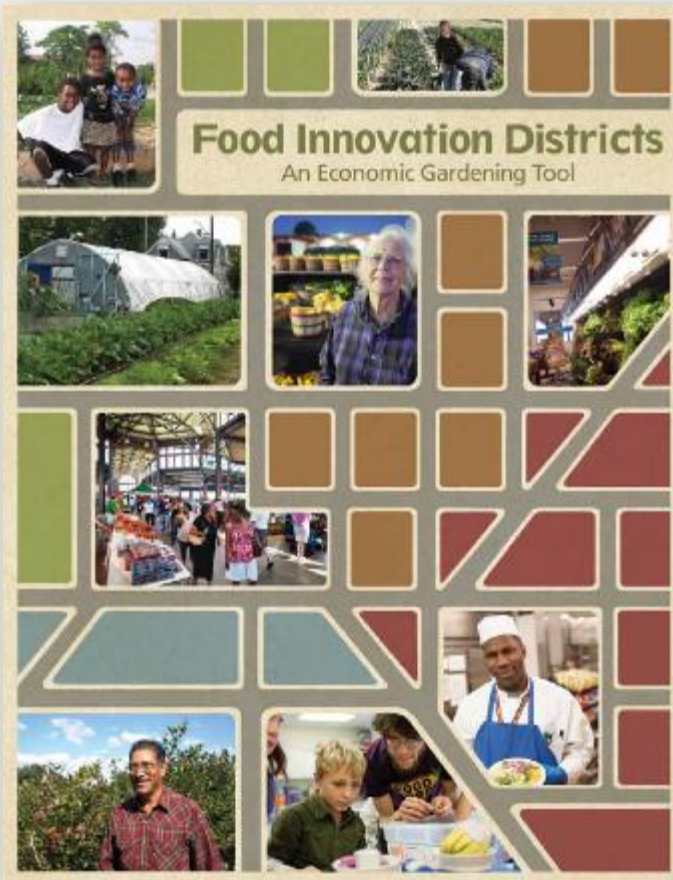
Types of Food Hub Networks

- Peer-Learning Networks
- Shared Services Networks
- Trading Networks
 - Increase product diversity
 - Access larger volume markets





Parallel Trends



“A **food innovation district** is a geographic concentration of food-oriented businesses, services, and community activities that local governments support through planning and economic development initiatives in order to promote a positive business environment, spur regional food system development, and increase access to local food.” (April 2013)

Food Innovation Districts

– Detroit's Eastern Market –

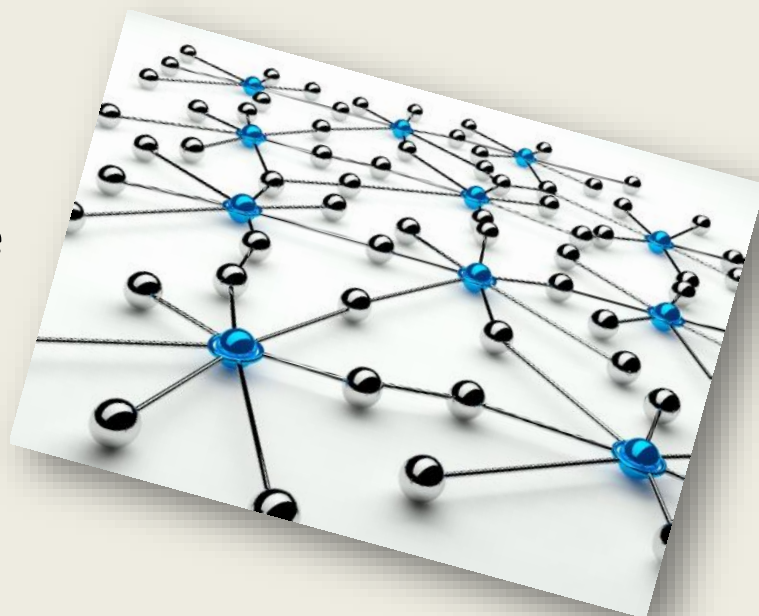




Innovation Clusters?

"Innovation clusters means groupings of independent undertakings — innovative start-ups, small, medium and large undertakings as well as research organisations — operating in a particular sector and region and designed to stimulate innovative activity by promoting intensive interactions, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to technology transfer, networking and information dissemination among the undertakings in the cluster."

<http://www.innoviscop.com/en/definitions/innovation-clusters>





Food Innovation Clusters

Greenville FEED & SEED, SC



Baltimore Food Hub, MD

**Transforming the AMTRAK
Corridor**



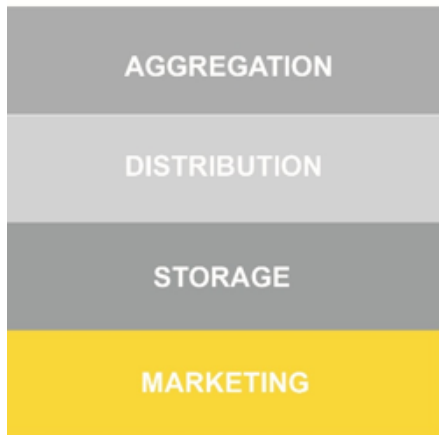
Proposed Definition

Food innovation clusters are geographic concentrations of food-oriented businesses, services, and community activities designed to stimulate innovative activity and spur regional food systems development.

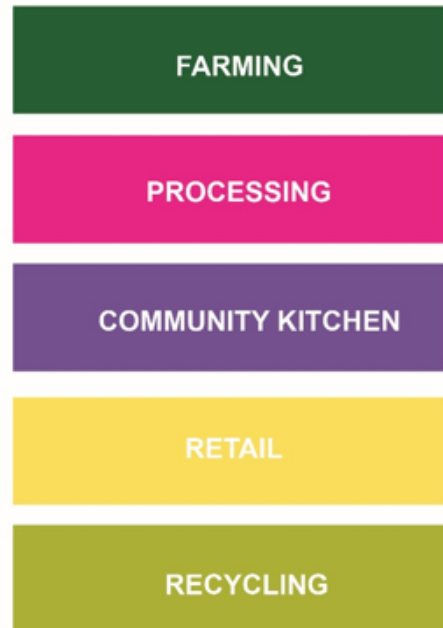


Food Innovation Clusters

Typical Food Hub



+



=

Food Cluster





Food Innovation Clusters

– The Redd on Salmon Street –





Food Innovation Clusters





Food Innovation Clusters





Rural-based Food Innovation Cluster

Viroqua Food Enterprise Center

- Rural “Food Innovation Cluster” in southwest Wisconsin
- Provides space, infrastructure, on-site TA and business training, access to resources, and proximity to synergistic businesses
- Has grown to support 10+ businesses and 45+ jobs including food hubs and value-added producers.





Regional Food Economies

Vision

- Decentralized but well-coordinated regional food economies
 - Horizontally-coordinated through food hub networks
 - Vertically-coordinated through food innovation clusters

- Achieve economies of scale with efficiency/cost gains yet minimizes/eliminates negative externalities





That's It!

Jim Barham

Community Economic Development Division
Rural Business-Cooperative Service
USDA Rural Development

James.Barham@wdc.usda.gov

www.rd.usda.gov/about-rd/initiatives/community-economic-development