

Changing Food Supplies in Charitable Hunger Relief

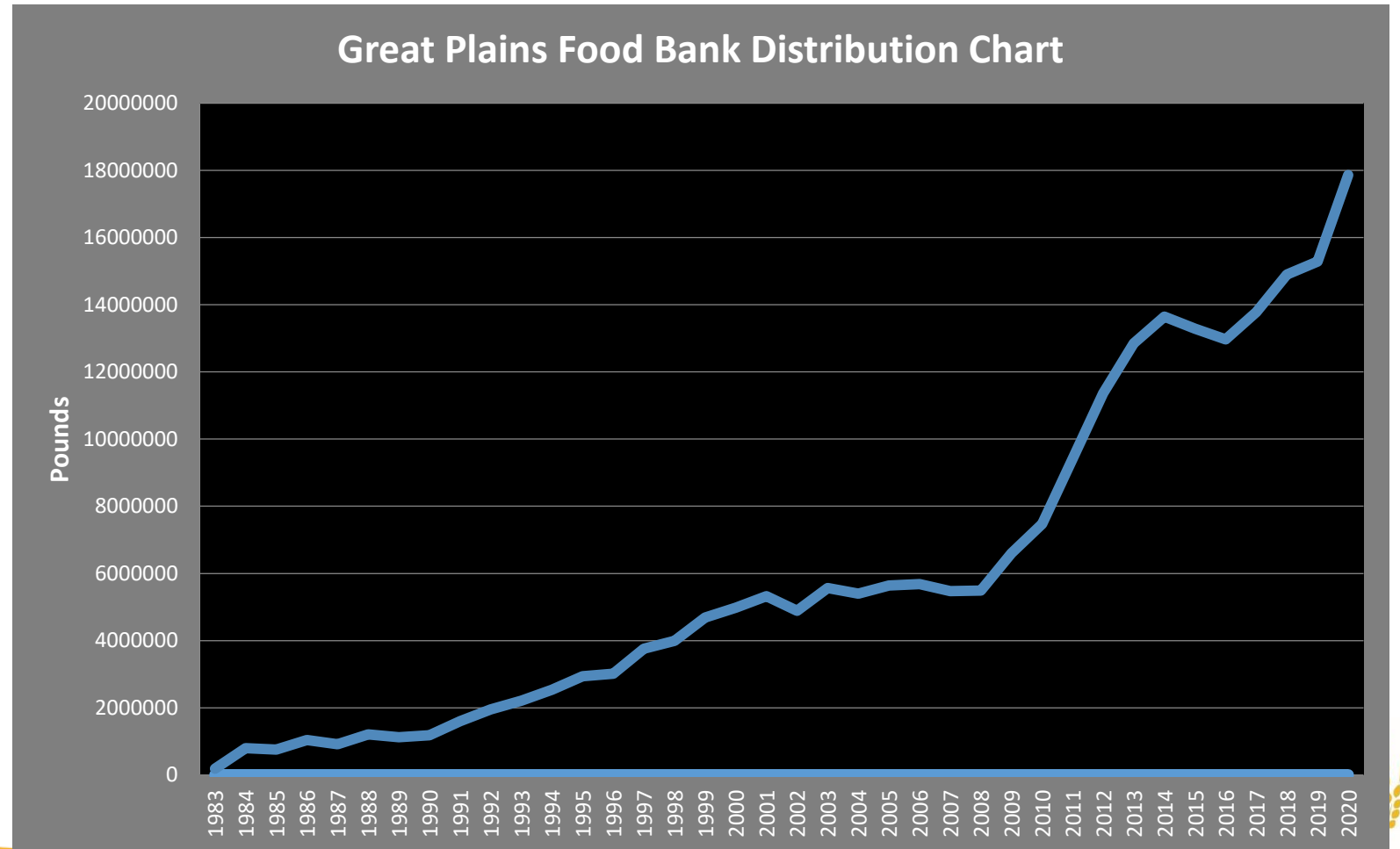


Themes for the Morning

- Together, we have shown great resiliency as food supplies have changed over the years
- How have our food resources been evolving and what will they look like moving forward
- The Commodity & COVID Cliffs
- Efforts to broaden access to different types of food resources

Our Shared Resiliency

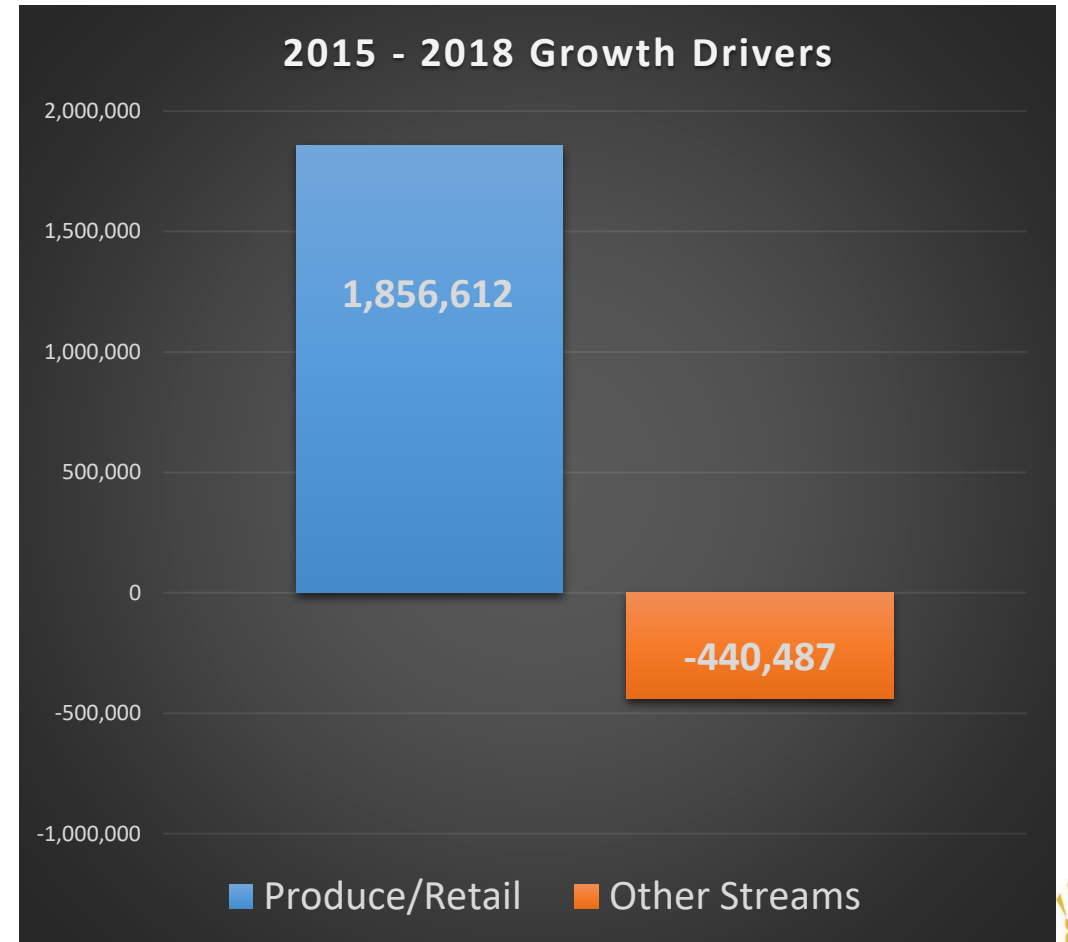
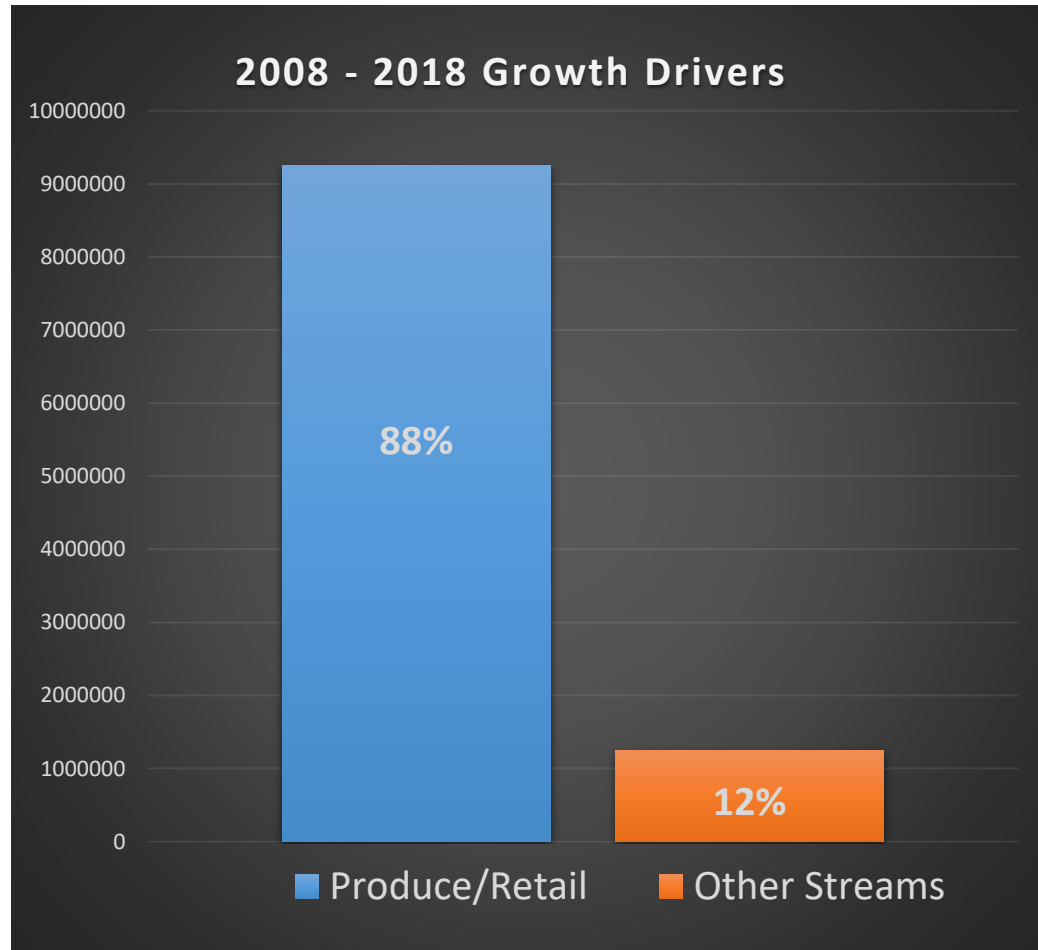
- 30 years ago major food companies predicted the demise of food banks in 5 years
- They were wrong, but only because we adapted to change



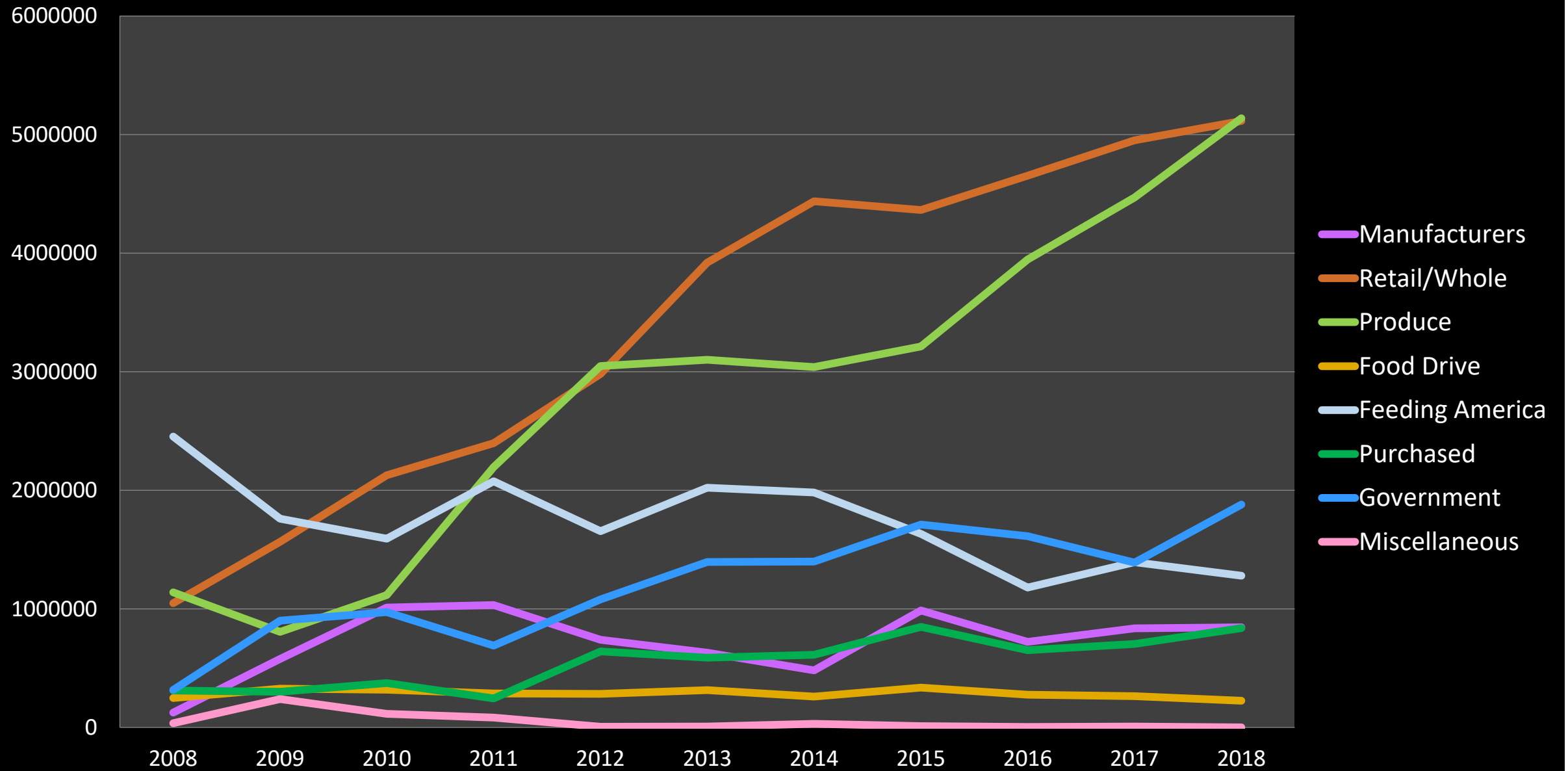
A Changing Food Resource Landscape

- The model that defined us for the first 25 years of our history continues to decline.
- The reimagined model we put in place in 2008 is starting to mature. There is room for growth, but it will be much slower, more challenging and expensive to accomplish moving forward.

A Changing Food Resource Landscape



Receipts by Product Category



Current trends will continue to accelerate moving forward

- Retail grocery store donations, which have driven 47% of our growth from 2008 to 2018, will start to moderate as stream matures
- Produce potential remains high...but it's also more expensive
- There will be effort to distribute more nutritious food – fortunately this corresponds with consumer trends around health and wellness
- Locally-grown, organic, vegetarian, natural foods are all growing
- Meal delivery companies (think Blue Apron) have had spotty results but will likely be growth area

These trends will accelerate even more moving forward

- Fastest growing segment of grocery retailers outside of online will be discount grocery stores (i.e. dollar stores) which are direct competitors for shelf-stable product
- All major food companies have adopted some type of zero-waste initiatives
- Supply chains will become more anticipatory, with shift towards auto-replenishment technology
- Overall growth in US grocery industry is projected to be 1.5 to 2%
- Individuals will continue to spend more of their food dollars outside of the home

Digitalization will cause radical change in grocery supply chain

- In 10 years...
 - 20% of all food sales will be online
 - 75% of shoppers will integrate on-line food shopping
 - Amazon will become large player in grocery industry, delivery time will go from 1 day to 1 hour or less using using robots and drones
 - Traditional retailers will struggle to survive, 30% will close
 - Massive growth in direct to consumer supply chains
 - 3D printed food??

Other changes that will impact grocery industry

- In 10 years...
 - Fruit will have tags that monitor ripeness
 - Smart homes and appliances will result in less food waste
 - Most global growth in food sales – and food manufacturing - will be outside US
 - Climate change and sustainability issues will change how food is grown, with increased focus on balance between consumption and resource

What does this all mean

- Produce will be key driver of growth...but it will take new funding as significant portion will come from out-of-state
- The incremental growth we can generate from other current food streams will be offset by industry efficiencies and e-commerce
- Government commodities will remain flat
- How we tap into food e-commerce, nationally and locally, will ultimately determine if our food resources grow or shrink over time
- Food donations will come from more donors in smaller quantities, which will also be more costly (move to local production, smaller manufacturers, smaller retailers)
- We will need to decide how we address nutrition beyond positive changes resulting from more produce and consumer-driven trends

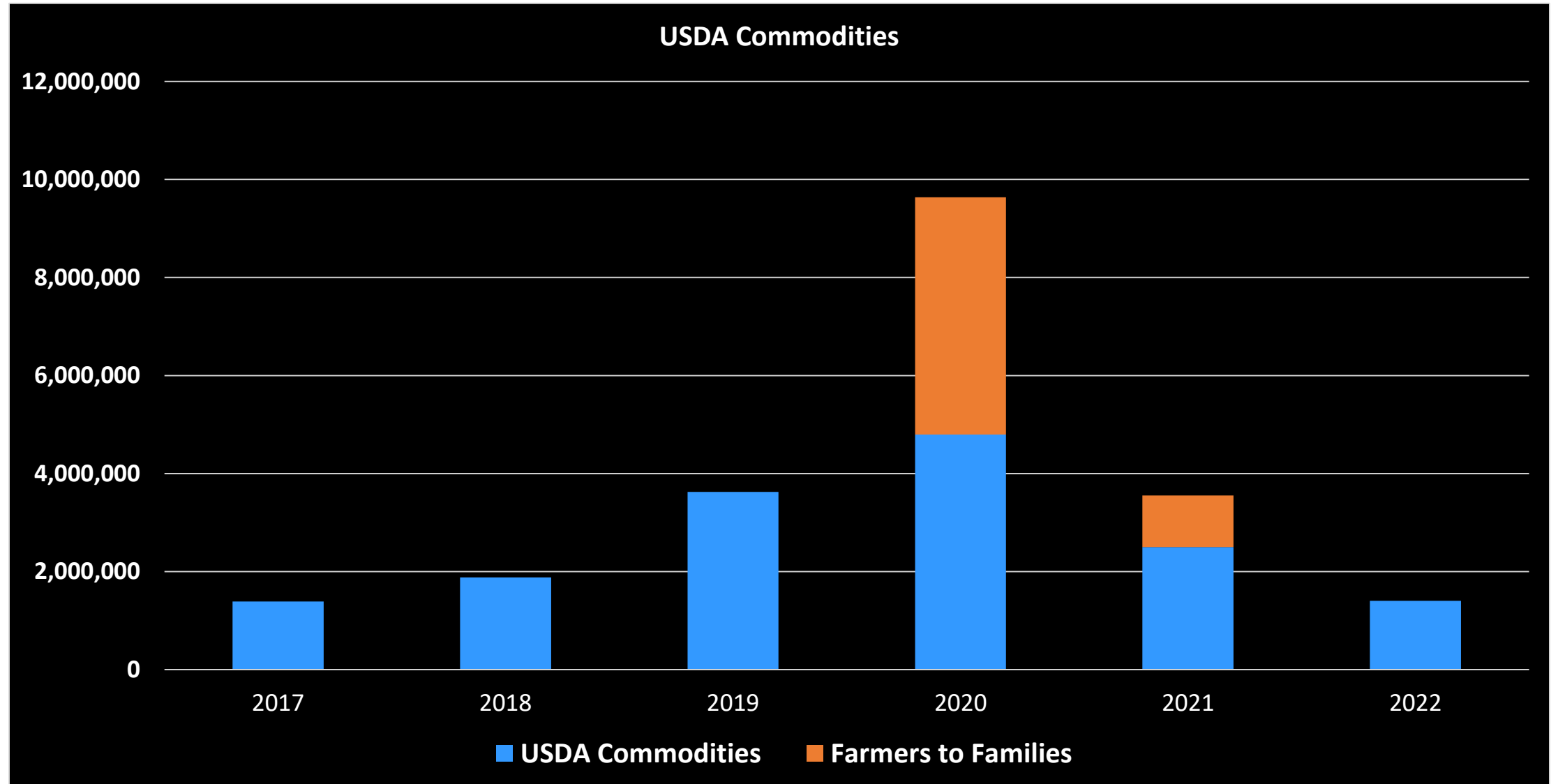
A Rapidly Changing Landscape

Food donation and distribution growth will slow to 2% annually in the next 5 years.

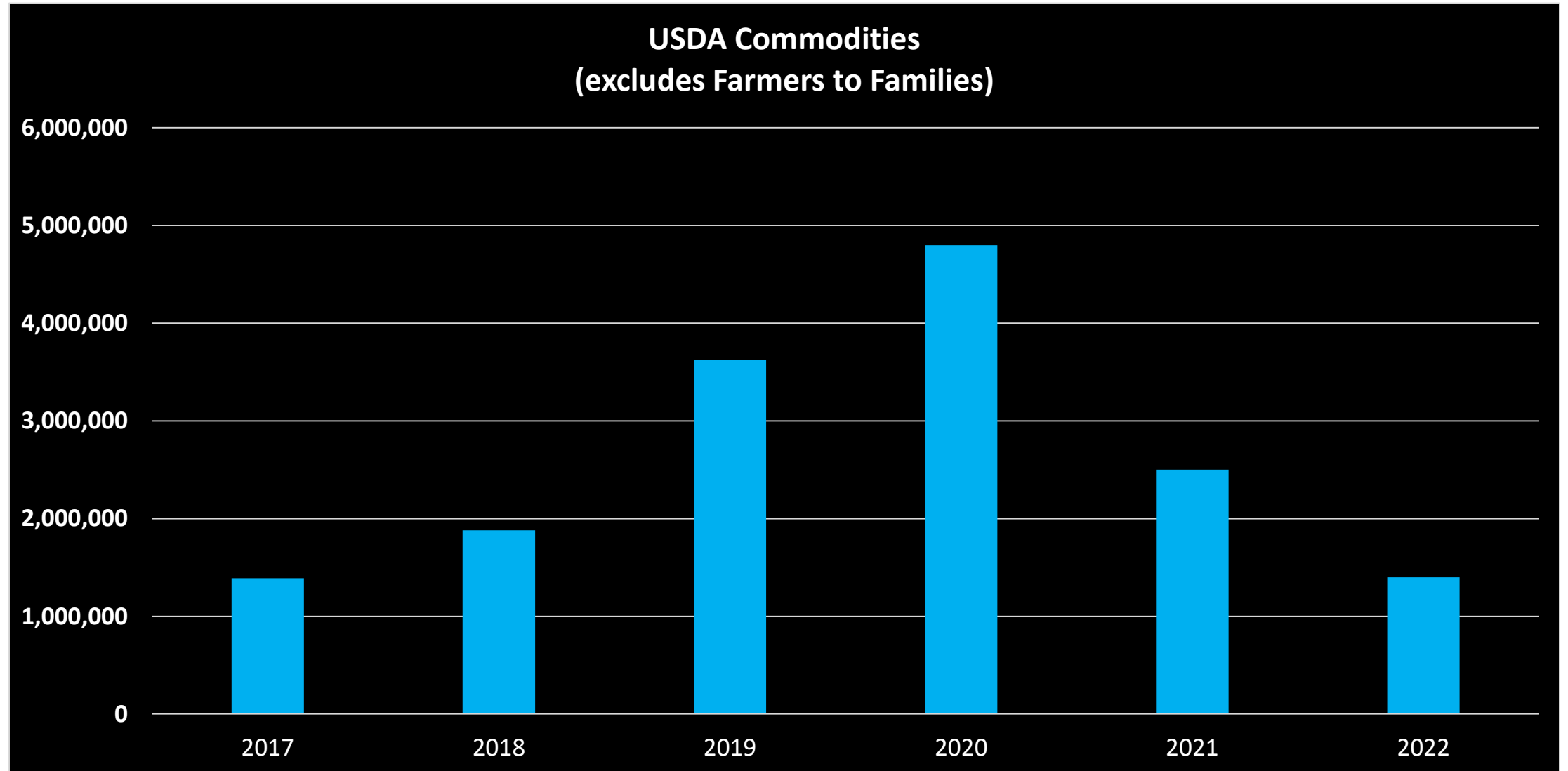
- There are still opportunities for more significant growth in the short-term
- Steve could be the latest prognosticator to be wrong

- Opportunities to grow produce
- Opportunities to grow purchased products
- Opportunities to grow retail store donations
- Even 2% annual growth is 250,000 meals

Commodity Cliff



Commodity Cliff



Commodity + COVID Cliff

Without New Food Resources

☐ Service Area Distribution

- 2017: 12,100,000
- 2018: 12,500,000
- 2019: 13,300,000
- 2020: 19,600,000
- 2021: 15,000,000 Projected
- 2022: 11,600,000 Projected

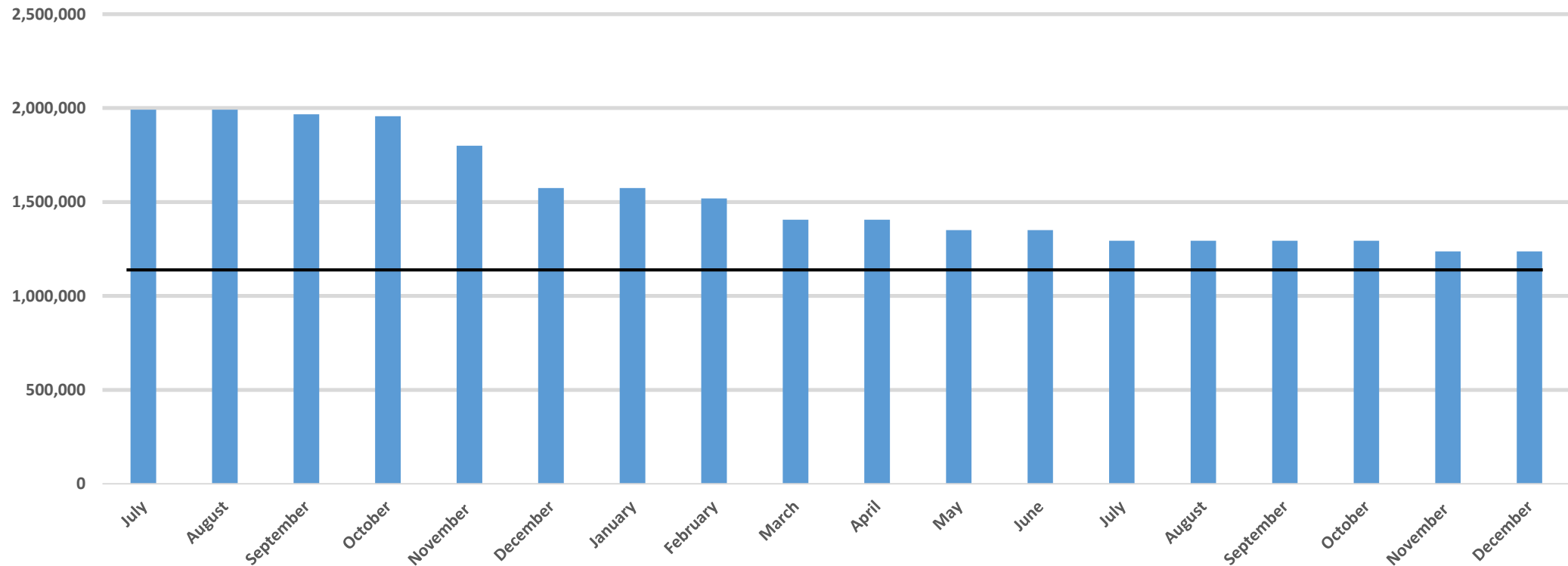
With New Food Resources

☐ Service Area Distribution

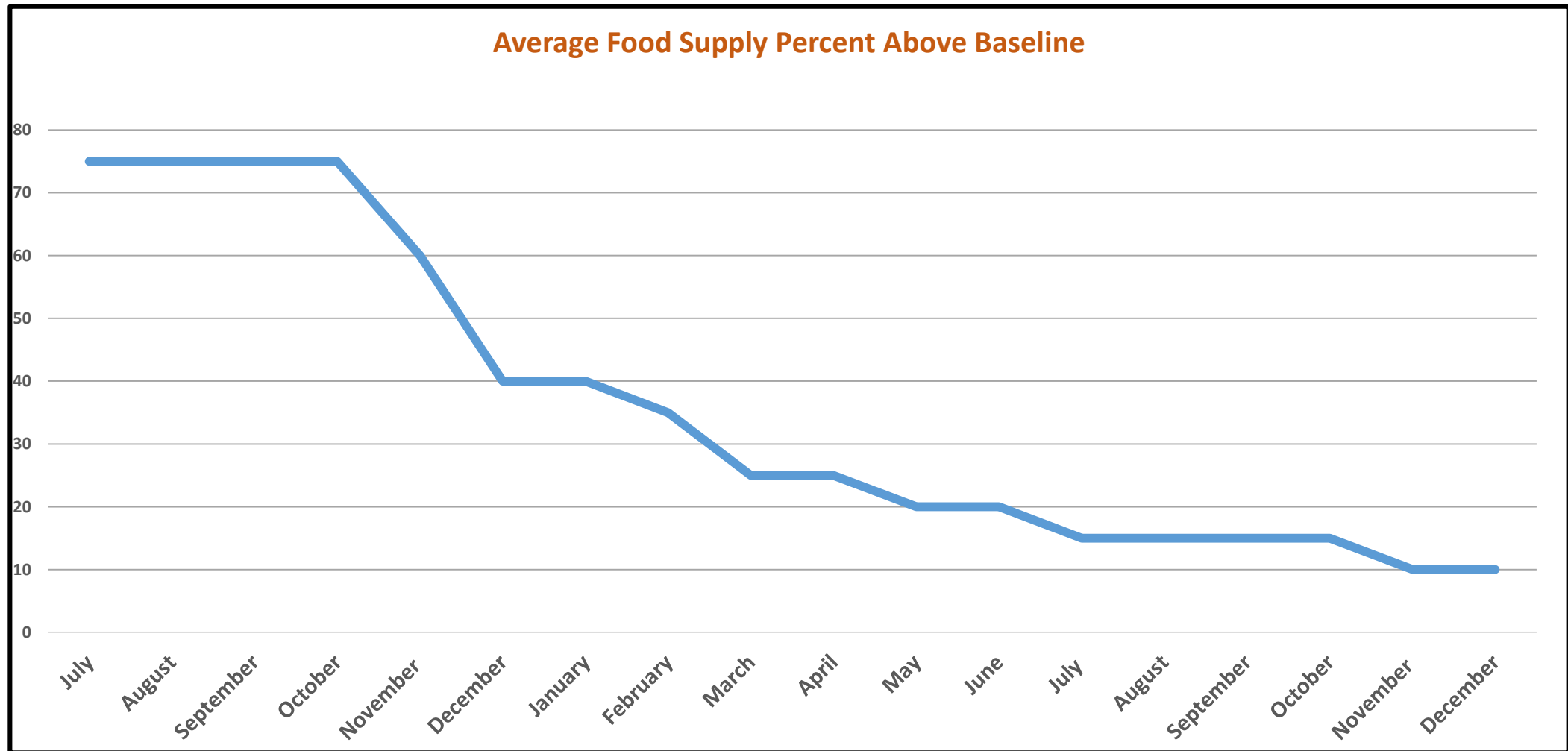
- 2017: 12,100,000
- 2018: 12,500,000
- 2019: 13,300,000
- 2020: 19,600,000
- 2021: 16,000,000 Projected
- 2022: 14,000,000 Projected

Meeting Increased Food Insecurity do to COVID-19

Service Area Food Supply Projections (with pre-pandemic average distribution baseline)



Meeting Increased Food Insecurity do to COVID-19



Where Will New Food Resources Come From

- ❑ Perishable products, produce in particular, will comprise the majority of the change in food resources moving forward (90%)
 - Additional surplus produce brought in from around the country accessed through the Feeding America regional produce mixing center in Minneapolis
 - Increased utilization of produce donated in our service area
 - Other agri-donations (dairy, eggs, protein, USDA)
 - Retail store donations

- ❑ Purchased Product (10%)
 - Expanded co-op purchase program
 - Addition of purchased produce
 - Product purchased for GPFB programs



What Are We Doing to Prepare

- ❑ GPFB has significantly increased capacity over last 12 months
 - Added a semi-tractor, two refrigerated trailers, and a refrigerated straight truck
 - Opened the Regional Service Center in Bismarck which includes dry, refrigerated and frozen storage
 - Doubled frozen storage capacity at Fargo warehouse (room for 9 semi-loads)
 - Almost tripled refrigerated storage at Fargo warehouse
 - Increased staffing capacity (trade mitigation, COVID, perishables)
 - Planning by Rachel, Anna and Nancy and other GPFB staff

- ❑ Partners demonstrated both willingness and capacity to handle additional perishable product during COVID-19 response & beyond
 - Perishable distributions
 - COVID capacity grants



What Are The Challenges

- ❑ Cost to acquire additional produce in 2022 could reach \$400,000
- ❑ Capacity to pack bulk produce in retail size bags
- ❑ Capacity of partners to handle perishables varies
- ❑ Managing change
 - For clients – their boxes will look different and may not last as long with more perishables and less shelf stable products, possible changes in distributions
 - For pantries – physical layout, timing/method of distributions and other potential changes
 - For GPFB system wide

Still Lots of Unknowns That Could Impact Plans

- ☐ Will we get the pandemic under control as expected
- ☐ What will be the long-term impacts of COVID-19 on demand for food assistance
 - How long will there be additional pandemic food supplies
- ☐ Will the Farmers to Families program continue in some iteration
- ☐ Will the trade war with China continue, and if so will there be continued need to support prices by purchasing products for food banks
- ☐ Will consumers fully revert back to eating out habits
- ☐ As food banks across the nation look for additional resources post trade mitigation/COVID-19 will the availability of surplus fresh produce remain
- ☐ Are the resources for both GPFB and our partners available for shift (funding, infrastructure, staffing, volunteers, etc.)



Thank you for your time today!

We are happy to have further discussions with your team, volunteers, and/or board to discuss the trends of our world in the coming years. It is important to remember that this is all quite fluid and subject to change as the market and environment around us changes.



**GREAT PLAINS
FOOD BANK**