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# BUYING LOCAL FOR UBC FOOD SERVICES

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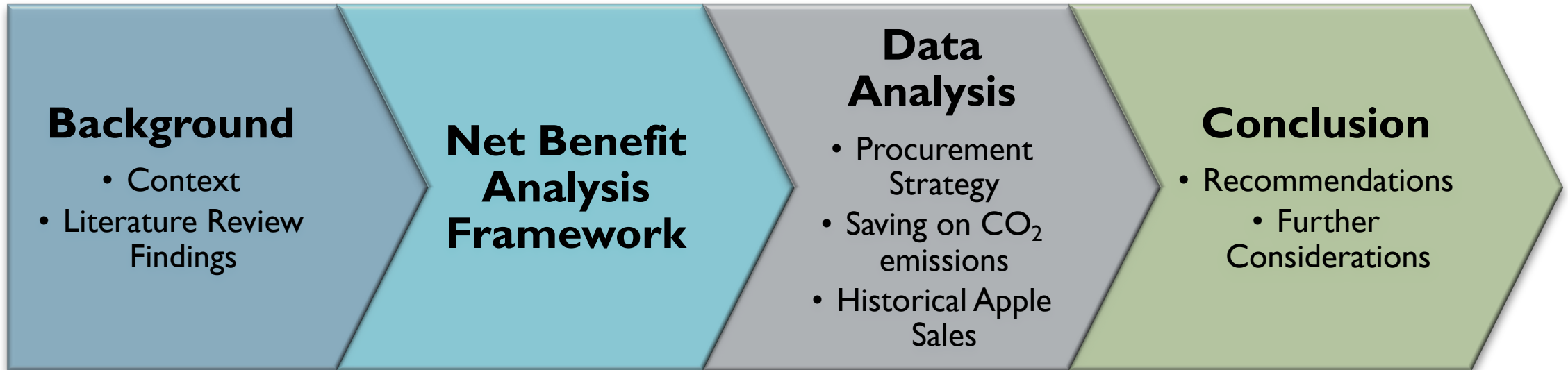
*IN COLLABORATION WITH  
SEEDS SUSTAINABILITY*

*SUPERVISED BY  
PROFESSOR JOSHUA GOTTLIEB*

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Should UBC Food Services shift up to \$500K in annual produce spending towards Vancouver Farmers' Market Direct?

# OVERVIEW





# BACKGROUND



# UBC FOOD SERVICES: SCOPE AND MANDATE

- UBCFS provides 85% of on-campus food options, including 2 restaurants and 3 residence dining halls.
- UBCFS has stated in their Food Vision and Values a desire to source more locally-produced, ethical and sustainable foods
- **Mandate:** To provide a for-profit service to UBC

OPEN  
KITCHEN

# CURRENT SITUATION

- UBC Food Services (UBCFS) purchases \$2M from FreshPoint
  - \$32,000 from Vancouver Farmers' Market Direct (VFMD)
- VFMD anticipates strong growth
- 25 producers in the Metro Van, Abbotsford, and Okanagan regions
- Many of VFMD products are more expensive

# RESEARCH QUESTIONS

## Economic

- Is it feasible for UBCFS to shift a major proportion of their produce procurement to VFMD?
  - If so, what is the estimated timeline to reach a \$500k partnership?
- How much more are customers willing to pay for locally sourced produce?

## Environmental

- What will be the change in transport related carbon emissions generated by switching to local produce?

## KEY FINDINGS IN THE LITERATURE REVIEW

- Grebitus et al. (2013) : Consumers place additional value on locally-produced goods (unless they have an exotic factor).
  - Estimate of 30-40%
- Conflicting evidence as to the overall environmental impact and economic efficiency of local production
- Carbon price of \$35 per tonne (Parry, Veung, and Heine, 2014)

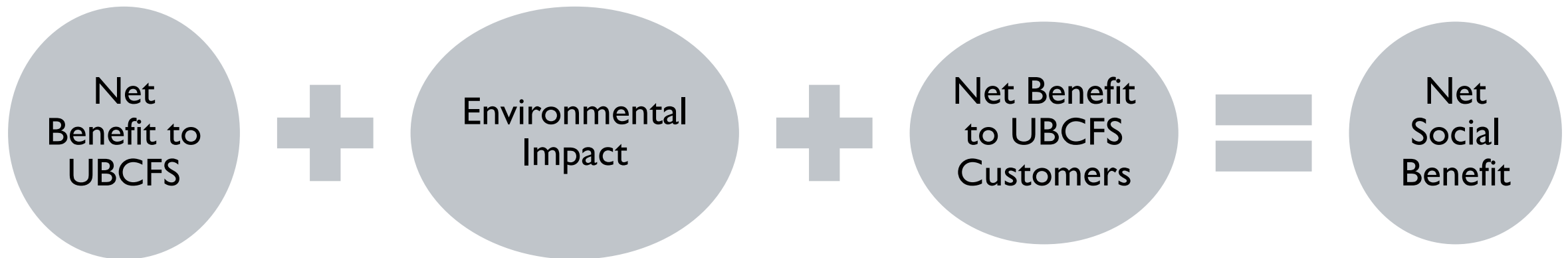




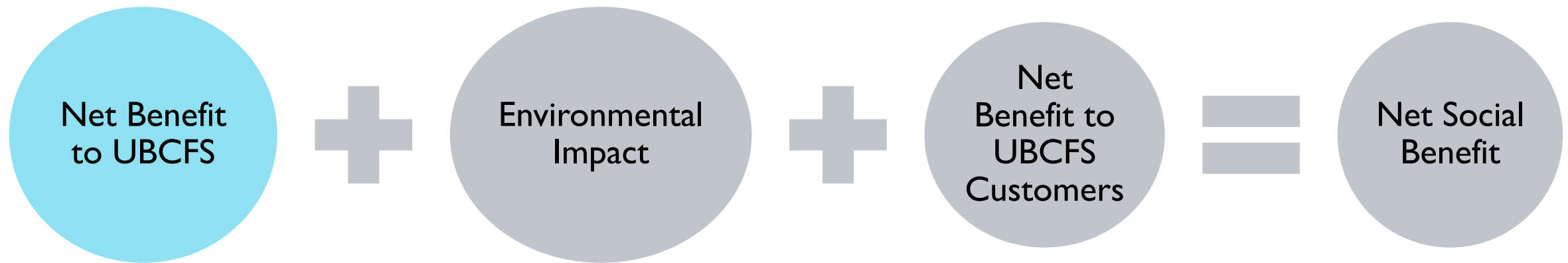
# NET BENEFIT ANALYSIS FRAMEWORK



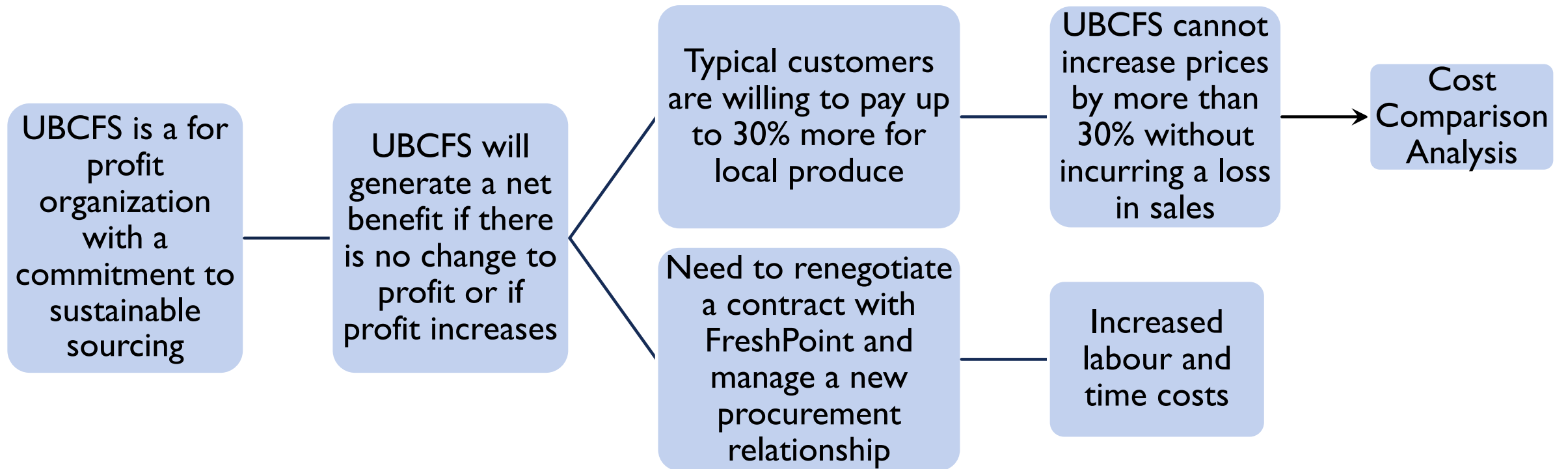
# FRAMEWORK



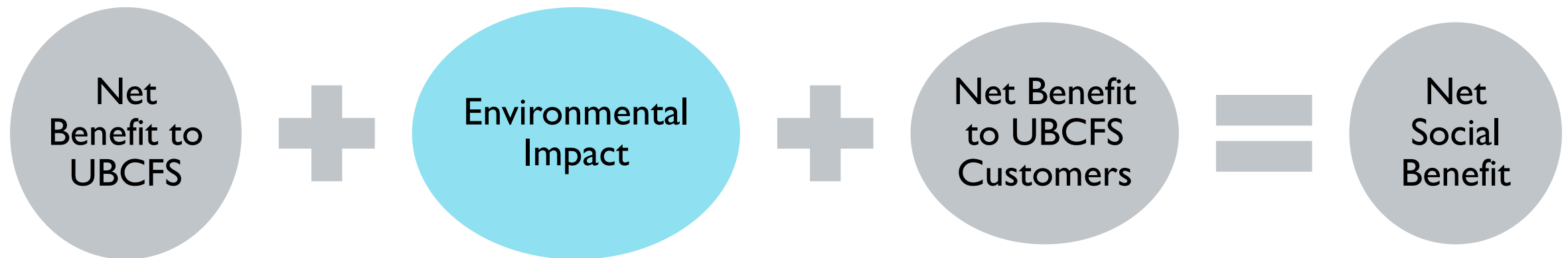
# FRAMEWORK: UBC FOOD SERVICES



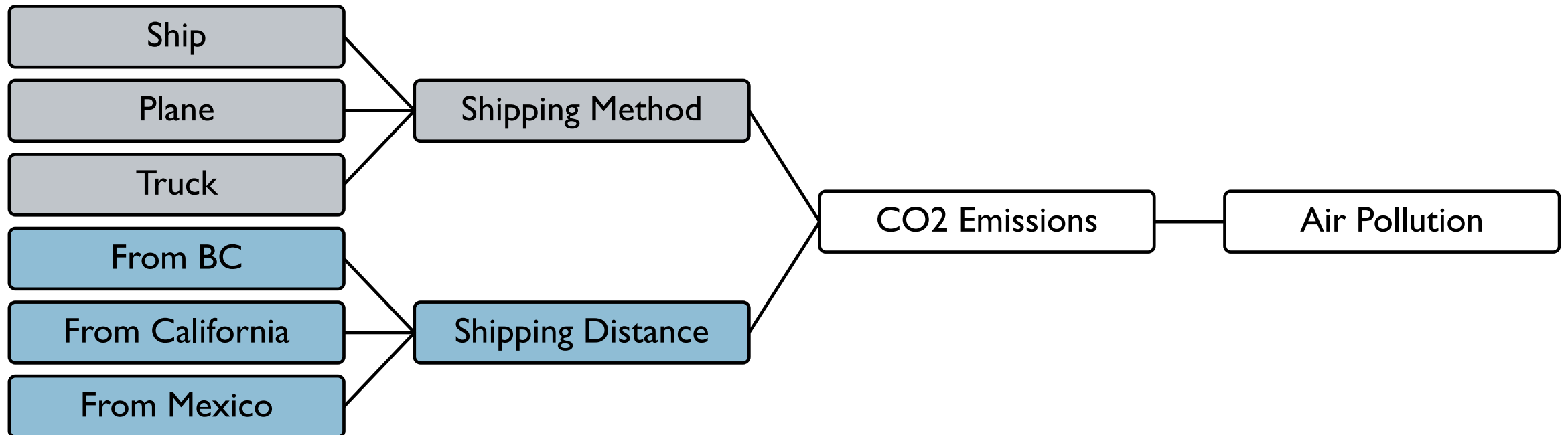
# IMPLICATIONS OF THE PROCUREMENT SHIFT: UBCFS



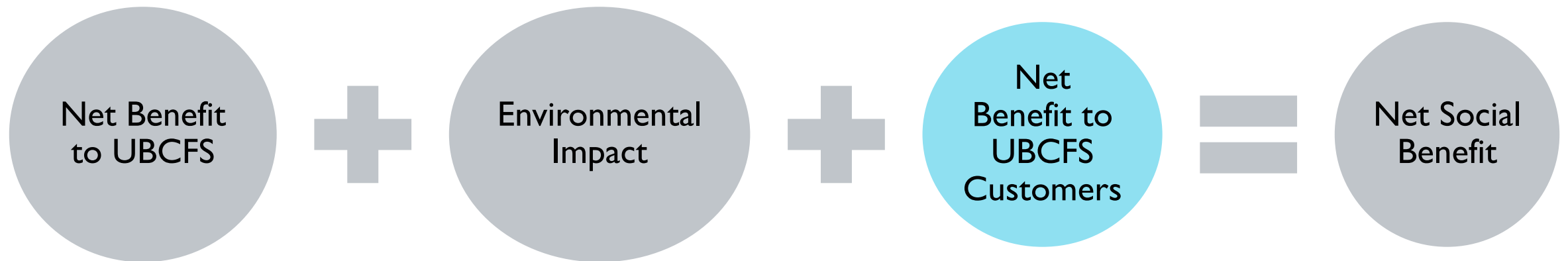
# FRAMEWORK



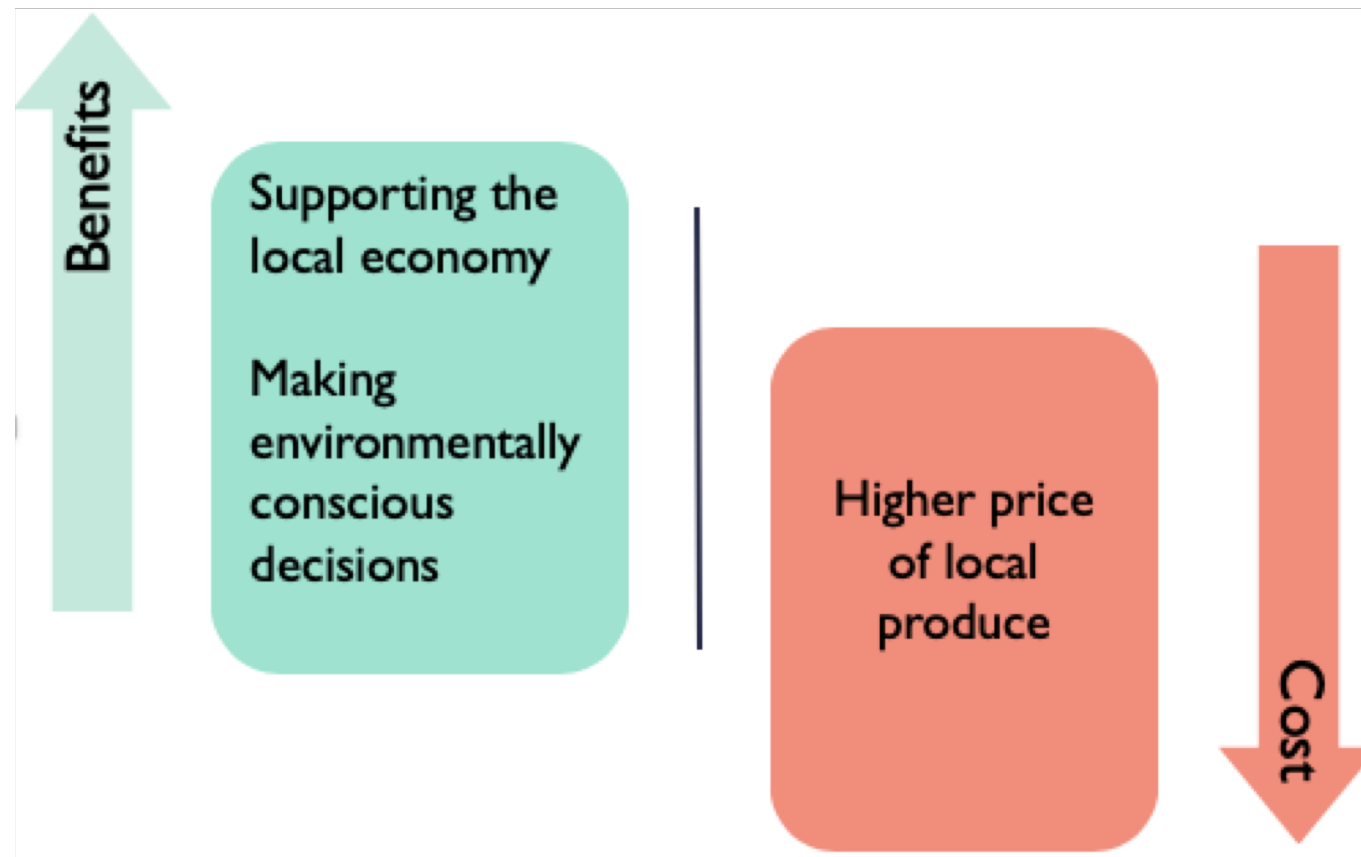
# IMPLICATIONS OF THE PROCUREMENT SHIFT: ENVIRONMENT



# FRAMEWORK



# IMPLICATIONS OF THE PROCUREMENT SHIFT: UBCFS CUSTOMERS







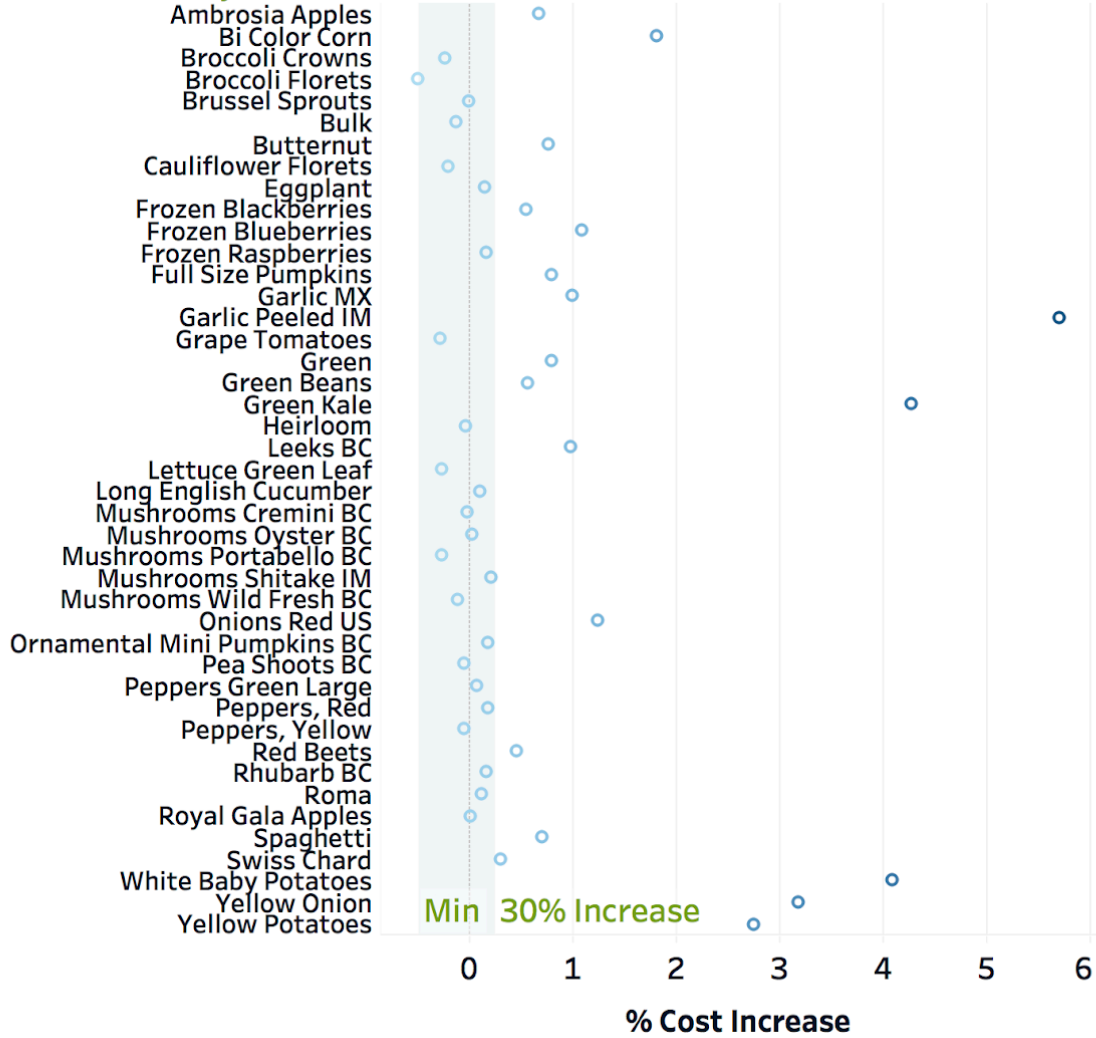
# BENEFITS TO UBCFS & COST ANALYSIS



# COST ANALYSIS

- We calculated the change in UBCFS' surplus as the percentage change in costs that UBCFS would incur if it switched to sourcing produce locally from VFMD
- Available Data
  - UBCFS' velocities and the prices of goods sourced from FreshPoint in October 2017
  - VFMD's product offerings and current prices
- Assumptions
- Methodology

**White Baby Potatoes**



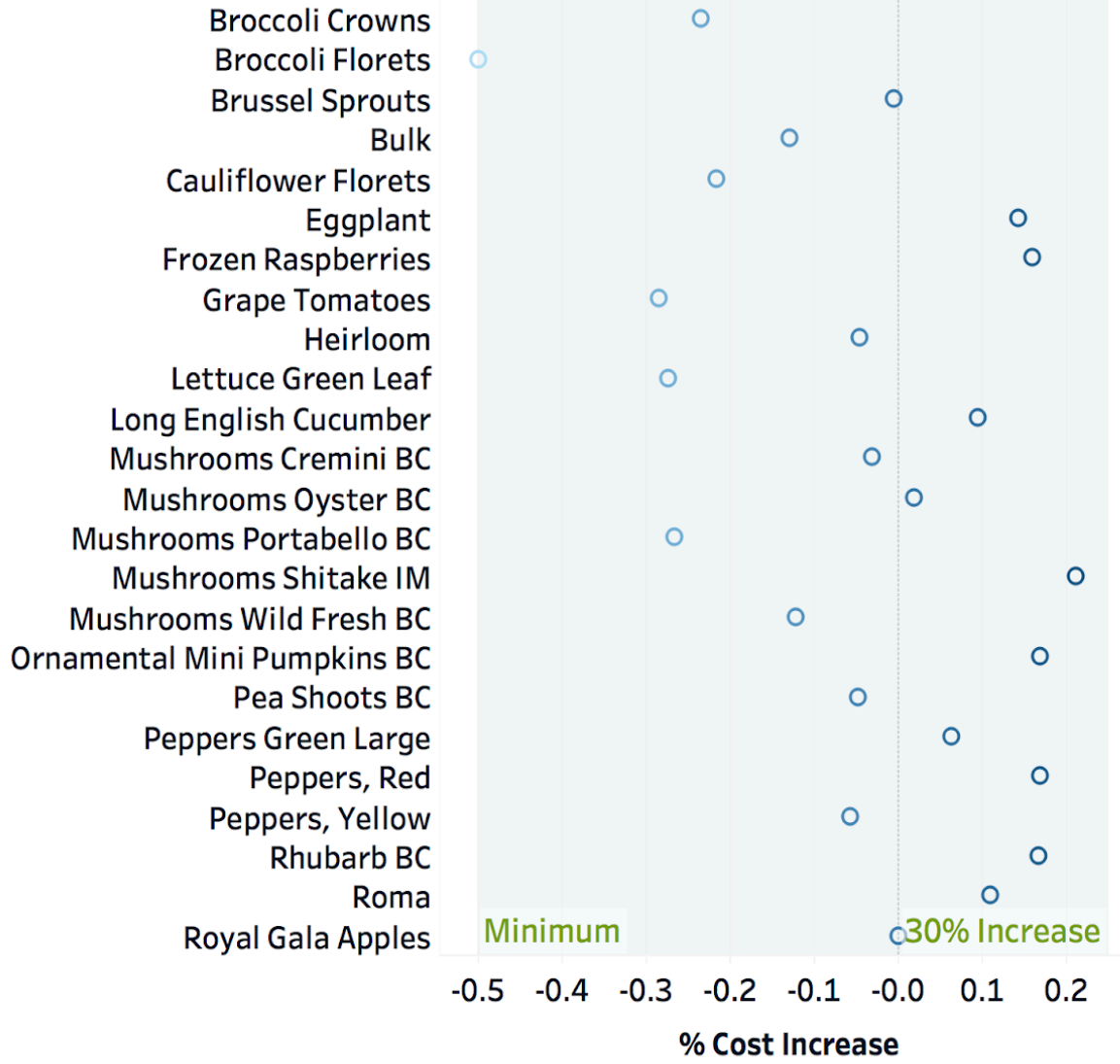
**Total Savings**

**Switching Cost**      \$31,293

**% Increase in Cost**      48%

**PERCENTAGE INCREASE IN COSTS IF SWITCHING ALL AVAILABLE VFMD PRODUCE**

**White Baby Potatoes**



**Total Savings**

**Switching Cost** (\$5,602)

**% Increase in Cost** -11%

**PERCENTAGE CHANGE IN COSTS IF FILTERING BY A 30% COST DIFFERENTIAL**

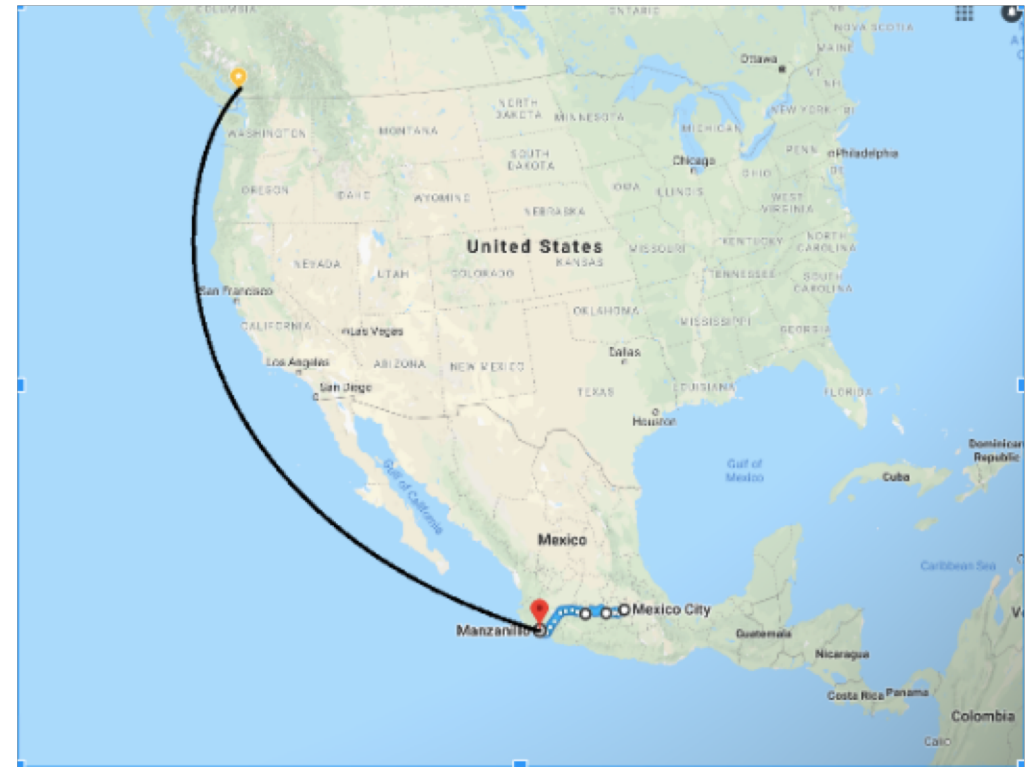


# ENVIRONMENTAL IMPACT ANALYSIS



# ENVIRONMENTAL IMPACT OF SHIPPING

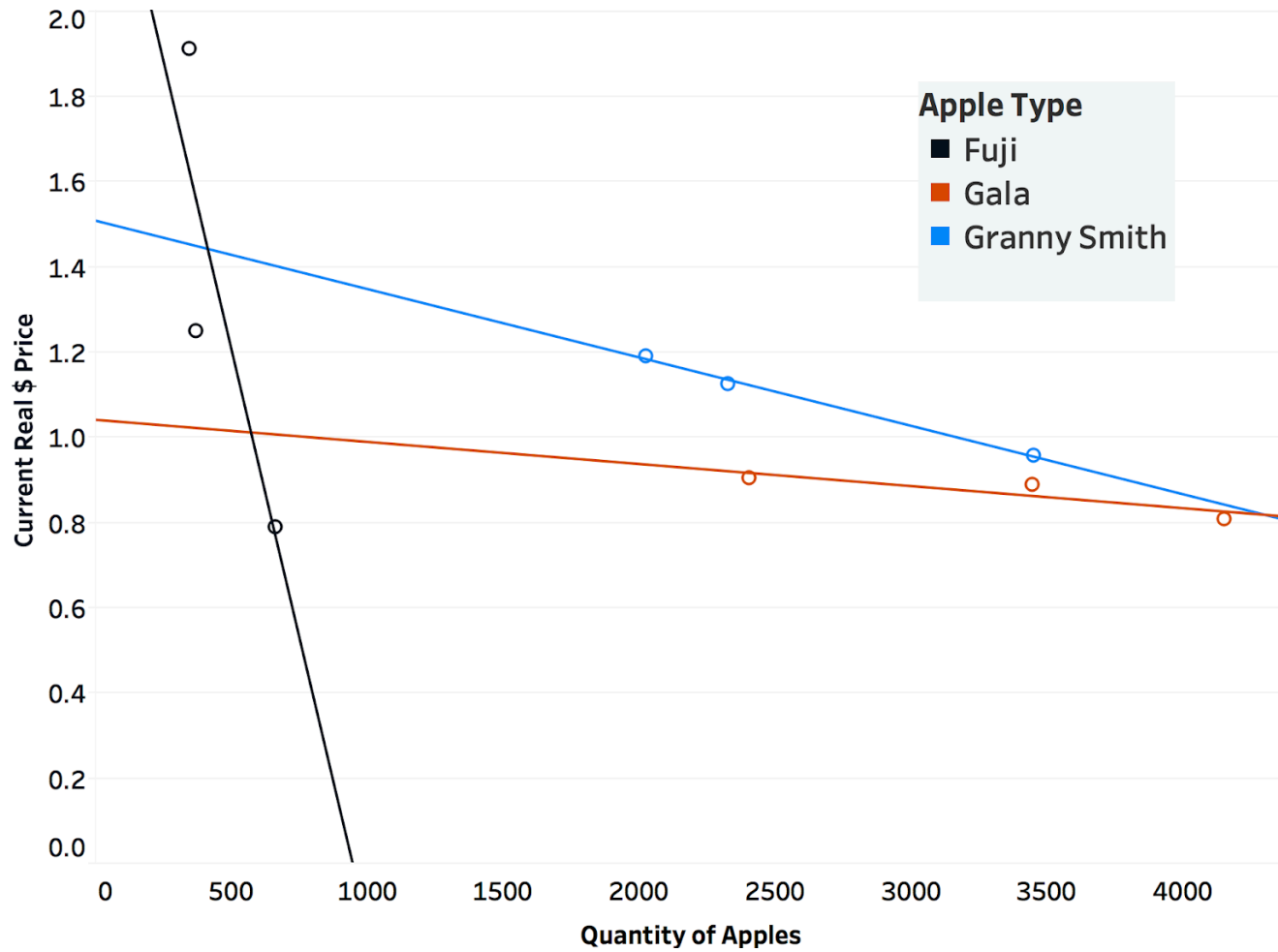
- Assumed farming locations
  - Mexico City, Mexico
  - Fresno, CA
- Carbon emissions per ton kilometer
  - 16g/ton kilometer by sea
  - 64g/ton kilometer by road





# HISTORICAL APPLE SALES ANALYSIS



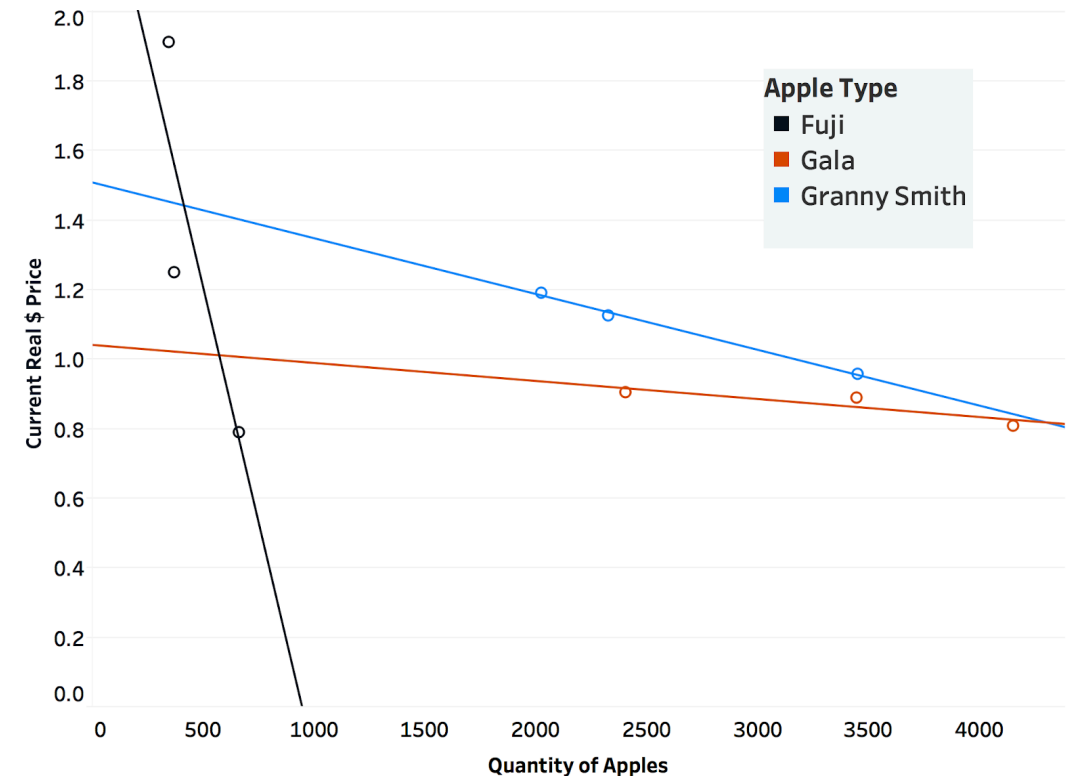


# CURRENT DEMAND FOR DIFFERENT APPLE VARIETIES

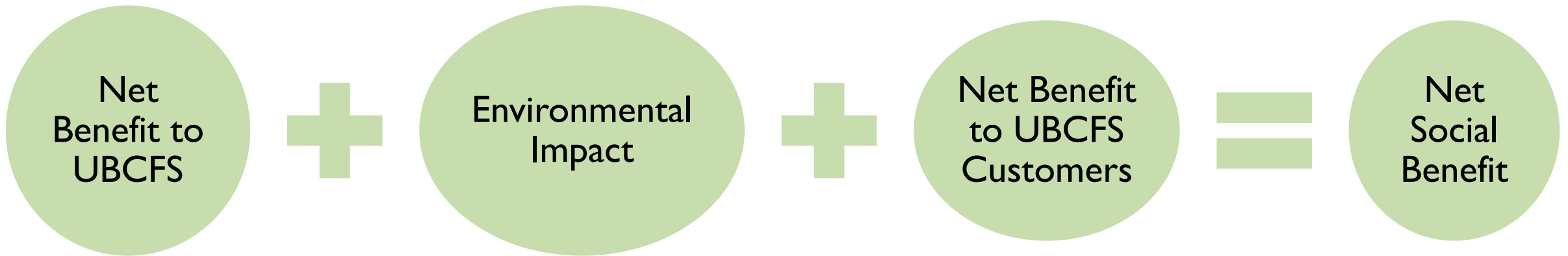


# APPLES ANALYSIS : KEY TAKEAWAYS

- Your customers are very sensitive to changes in price
- We cannot place a dollar value on the additional customer value for local produce
  - High variation in price sensitivity for very similar goods



# FRAMEWORK REVISITED



## LIMITATIONS AND FURTHER STUDIES

- An estimate for the value UBCFS consumers place on local produce
- What is the additional value that UBC consumers place on prepared dishes made with a specified portion of local ingredients?
- What are the logistical costs from the decision to source produce from VFMD?
- How do VFMD prices change over the year?
- Implications with FreshPoint contract

# VFMD CAPABLE OF MEETING THE INCREASED DEMAND FROM UBC

- **Feasibility**
  - \$100,000 for 2019-2020
  - \$500,000 by 2022-2023 academic year
- **Client Implication:**
  - Will require an upfront commitment

# RECOMMENDATION

- **UBCFS to engage in strategic procurement practices**
- **Client Implications:**
  - Evaluate VFMD prices and offerings on a month to month basis to determine which produce items should be sourced locally for that month
  - Flexibility required in FreshPoint contract

# RECOMMENDATION

- **UBCFS to minimize price changes**
  - Will ensure that customer gains are more evenly distributed
- **Client Implications**
  - Additional labour and time costs
  - Price won't necessarily reflect cost of the good



THANK YOU! QUESTIONS?



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Southern



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Jimena Salinas



Henry Polk