CASE STUDY
Developing Sustainability and Exploring Expansion

Client Profile
Fair Food is a non-profit organization that was founded in 2001 to bring locally grown food into the Philadelphia marketplace and promote a humane, sustainable agriculture for the Greater Philadelphia region. Fair Food has implemented many programs to promote this mission, including operating a Farmstand in the Reading Terminal Market. The Farmstand carries a variety of products from over 90 sustainable farms and food producers in southeast Pennsylvania and southern New Jersey. Launched in 2003, the Farmstand offers the product mix of the best farmers markets with the convenience and accessibility of a grocery store.

The Project
Fair Food engaged Fox Management Consulting (Fox MC) to assess the current Farmstand model and identify possible expansion opportunities in under-served Philadelphia neighborhoods. While the Farmstand has seen significant sales growth in its seven-year history, profitability has been elusive. Consistent and verifiable financial and operational data for the existing Farmstand were unavailable for review. The team needed a stronger understanding of the internal operations and external view of existing customers in order to determine the sustainability of existing Farmstand and the feasibility of expansion.

Recommendations
After analyzing research, Fox MC found four key findings:
- The Farmstand run rate of gross profit was projected to be insufficient to cover labor and fixed costs at their current level.
- Improved Farmstand economic performance could be created through retailing efficiency and merchandising.
- Sales per square foot and customer penetration at Reading Terminal Market suggested that effective marketing could improve profitability at the existing location.
- Nonetheless, an underserved neighborhood location with a large proportion of Faird Foods’ customer demographics (high income and high education) was identified.

Fox MC recommended exploring a Farmers’ Market option (i.e. no bricks and mortar) in the identified area now as a low-cost, low-risk demonstration of the expansion’s potential, all while primarily focusing on improving the profitability of the existing location.

Results
The Fair Food Foodstand is still in business and the organization has fulfilled its mission since 2011.