Food Security Feasibility Study

November 24, 2020

Project Overview

Purpose	To help Somerset West Community Health Centre (SWCHC) establish the feasibility of implementing promising-practice models for providing affordable, accessible and culturally appropriate food to economically vulnerable residents in West Centretown.
Input	The initial SWCHC Food Security Research Report, best practice research, key stakeholder interviews and the input received in 4 sessions held with the core team.
Methodology	This work is guided by a design thinking philosophy that identifies a customer on the basis of what they are trying to get done – the task they are trying to complete, the problems they are trying to solve, or the needs that are trying to satisfy.
Confidentiality	This document contain information that is commercially confidential. As such, SWCHC may not wish to share all of this information with others.

Project Problem

What problem is SWCHC trying to solve through its investment in food security?	Since 2006, West Centretown has been identified as a food desert, meaning that area households have difficulty buying affordable or good-quality fresh food. The problem is particularly acute for the community's high proportion of low income households which must travel further to reach full-serve grocery stores (outside the community) or shop at smaller grocery and convenience stores (in the community) which are likely to be higher priced, have lower quality and selection, and are less likely to offer culturally appropriate food choices. A community grocery store feasibility study conducted in 2008 did not proceed to the implementation stage and more recent initiatives by SWCHC and other community organizations to address the food desert while helping to address the problem, are not seen as a permanent or the entire solution.

Project Context

What is the context of the problem/opportunity that SWCHC is trying to address?	Food insecurity has a significant impact on human health and mental well-being. Adults and children living in food-insecure households are more likely to have poorer diets, nutrition and physical health, and are more vulnerable to a wide range of chronic conditions. The loss of the community's only full-serve grocery store in 2008 has meant that households are forced to shop at small grocery and convenience stores which are likely to have less selection, reduced quality and be less affordable. The redevelopment of several Ottawa Community Housing developments in West Centretown (811 Gladstone, Rochester Heights and Gladstone Village) may present the opportunity to incorporate a community grocery store or other food related initiative into the design. While a proven leader and community catalyst, SWCHC does not necessarily wish to lead the implementation of the food security solution(s) that arise from the feasibility study, instead preferring to play a strong catalyzing role.

Project Ambition

What is the project's ambition and why is this the right opportunity?	Addressing West Centretown's status as a food desert would mean that low income families (as well as residents more generally) would have access to affordable, accessible and culturally appropriate food. This would lead to significant improvements in human health outcomes. SWCHC hopes the food security solutions evaluated through the feasibility study will have enough promise and community support to be further advanced towards implementation.

Preliminary Food Security Options Matrix

Option	SE Potential	Geographic Coverage	Range of Food Options	Cost		Alignment with	
				Capital	Operating	Community Orgs	Businesses
Community Grocery store	Yes	Low (would serve local area within West Centretown)	High	Very high	High	Medium – High (depending on range of supporting services)	Low (seen by some as competition)
Food Kiosk (within an existing convenience and/or small grocery stores)	Yes	High (potential for multiple locations)	Medium – Low	Medium – Low (depending on offering and number of locations)	Medium	Low (less space available)	High
Mobile Food Service	Yes	Medium	Medium	Medium	Medium	Medium	Low
Grocery Pick-Up /Delivery Service	Yes	Very high	High	Low (capital) Low (operating)	Low	Medium	Medium
Prepared Meals Service	Yes	Very high	Low	Low (capital	Medium - Low	Medium	Medium (if sourcing from restaurants) Low (if independent)
Food Vouchers/Cards	Unsure	Very high	High	Very low	Low	Low	High

After reviewing the options, it was decided to focus on community grocery stores and food kiosks.

Market & Customer Analysis

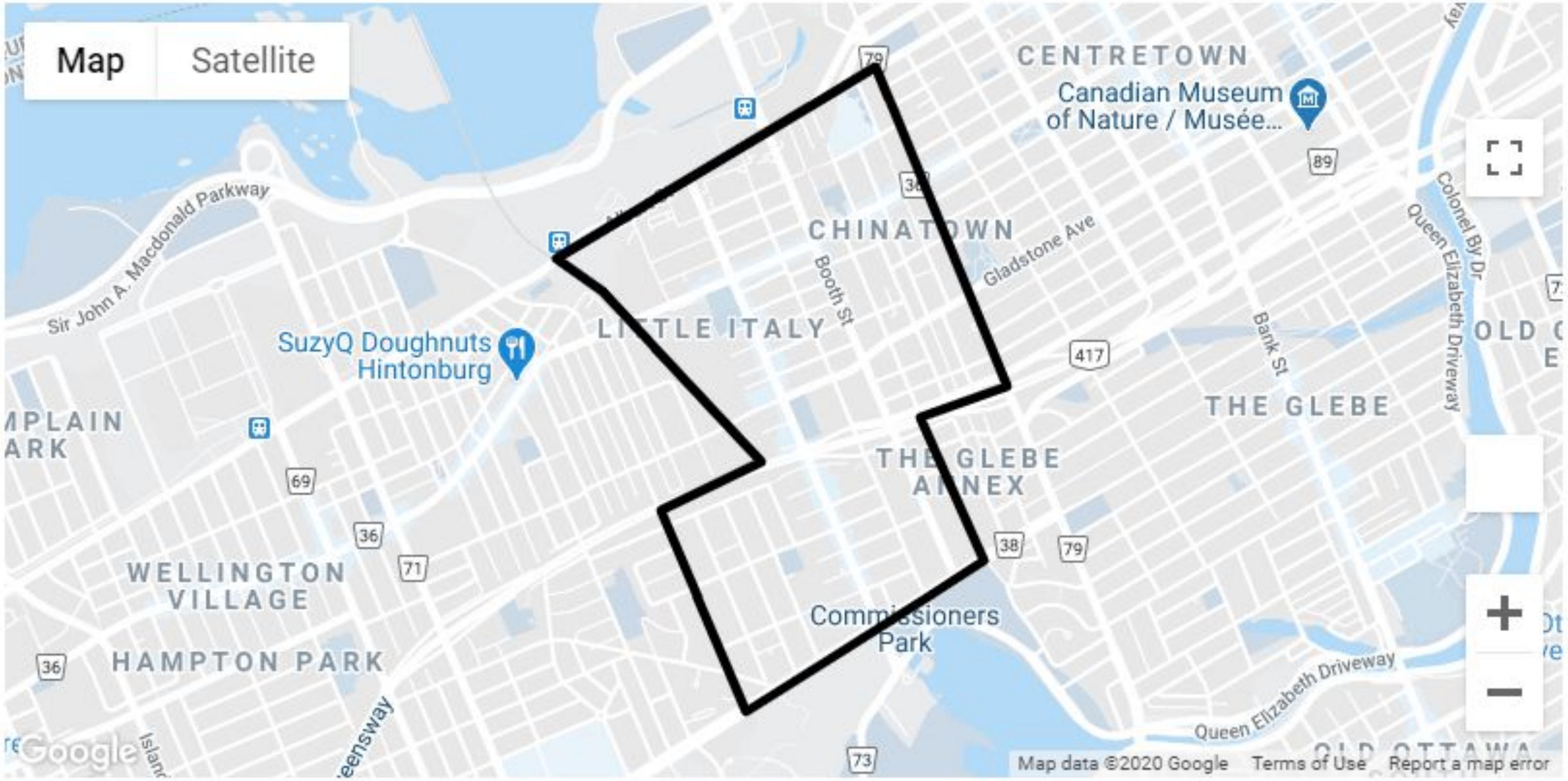
[redacted]

West Centretown Profile

Neighbourhood Demographics

At a Glance

- 12,992 population
- Higher proportion of local income prevalence
- Ethnically and culturally diverse



West Centretown Profile

Neighbourhood Profile

Boundaries	Lies to the west of Bronson Avenue, east of the O-Train Trillium Line, north of Carling Avenue, and south of Nanny Goat Hill , which is an escarpment to the north of Somerset Street West.
Neighbouring areas	To the east lies Centretown, to the north lies Lebreton Flats, to the west lies Hintonburg, and to the south lies Dow's Lake. Much of the neighbourhood makes up what is also called Dalhousie.
Composition	Largely low-density residential commercial properties and some light industrial use.
Walkability and Cyclability	Walk Score: 90; Bike Sore: 90.3, Perceived Walkability: 100
Socio-economic Index	5 (Ottawa Neighbourhood Studies)

West Centretown Profile

Demographic Analysis

Median Age:
36.3 years, relative to 39.5 years across other neighbourhoods

Low Income Prevalence:
West Centretown - 28.2, Ottawa - 12.6
Almost twice the Ottawa average, with high percentages in children Youth and Older Adults.

Household Tenure - Renters Vs Owners:
Owners: 29%, relative to 65.7% across other neighbourhoods
Renters: 71%, relative to 34.3% across other neighbourhoods
Subsidized Housing: 24.6%, relative to 15.9% across other neighbourhoods

Composition:
Largely low-density residential commercial properties and some light industrial use.

West Centretown Profile

Demographic Analysis Contd.

Total Population: 9460
Children - 11%, Youth - 12.7%, Adults - 61.4%, Seniors - 15%

Population Mix:
Indigenous: 2.6%, Immigrants: 53.1%, Refugees: 8.2%, Non-Permanent Residents: 1.7%, White: 34.4%

Language Spoken:
Both English and French: 33.8%, relative to 37.7%across other neighbourhoods
English only: 59.7%, relative to 59.4% across other neighbourhoods
French only: 1%, relative to 1.7% across other neighbourhoods
Neither English nor French: 5.5%, relative to 1.5% across other neighbourhoods

West Centretown Profile

Food Environment

Food Retail Options:
Convenience Stores: 8
Grocery Stores: 11
Speciality Food Stores: 10
% residents within 15 min walking distance: 100, relative to 53.4%-78.3% across other neighbourhoods
(Fast food outlets and restaurants not considered, no supermarket identified)

Avg Distance to nearest convenience stores (km):
West Centretown - 0.5, relative to 1.7 across other neighbourhoods

Core Customer Segments

West Centretown individuals and families seeking…

A convenient location for food purchase	residents that identify distance to convenient food purchase location as principal barrier for access to affordable and/or good-quality fresh food.
Fresh/healthy food choices	residents that identify available range of options as principal barrier for access to affordable and/or good-quality fresh food.
Culturally appropriate food choices	residents that identify availability of cultural food options as principal barrier for access to affordable and/or good-quality fresh food.

Consumer Trends

- Most Canadian consumers shop for groceries on a weekly basis (more than 6X per month)
- Over 80% of Canadian consumers prefer to shop for their food in-store (vs 70% globally)
- Grocery e-commerce is growing
  - 24% of Canadians have purchased groceries online (up from 12% in 2015)
  - 90% of Canadian retail sales that occur in-store
  - 5 - 10 % global grocery sales occurring online
- Micro-trips
  - 10% of Canadians do daily or even more frequent micro-trips
  - 26% go 2-3 times per week
  - 23% make weekly trips
- The traditional check-out is evolving - mobile shopping technology is being adopted rapidly and 43% survey respondents are interested in invisible check-out services

Consumer Trends (cont'd)

- Buying behaviours of Gen Z consumers (18-22)
  - more digital shopping - 35% buy their groceries online at least one-half the time (vs 10% for boomers, 55-73)
  - expect faster delivery times - 68% expect to receive purchases with 24 hrs (vs 35% for boomers)
  - more affinity for microtrips (5 minutes or less) - while paused, Gen Zs are interested in microtrips for things like fresh products, ready-to-eat or specific ingredients to prepare a meal

- grocery stores have faced a sudden surge in demand for e-commerce and delivery services
- Consumers feel most comfortable returning to the grocery store (58%) as compared to restaurant (33%), and plane travel (14%)

Source: PWC Canadian Consumer Insights, 2020

Direct and Indirect Competition

Store Type	Locations	Within W-C
Full-service grocery stores	Food Basics, 667 Kirkwood Ave. (near Queensway) Massine's Your Independent Grocer, 296 Bank St.(at Somerset) Metro - 345 Carleton Ave (east of Island Park) Real Canadian Superstore, 190 Richmond Rd. (at Kirkwood) Marche/market Hintonburg, 1059 Wellington St. W. (east of Parkdale)	n n n n n
Small Grocers	Kowloon Market, 712 Somerset St.W. Lim Bangkok Grocery, 794 Somerset St. W. Luciano Food, 114 Preston St. Manphong Supermarket, 775 Somerset St. W. Phuoc Loi, 797 Somerset St. W. Saigon Meats & Vegetables, 777 Somerset St. W. Shiraz Food Market, 725 Somerset St.W.	y y y y y y y
Discount Stores	Dollarama, 1050 Somerset St.W. GTXpress, 1085 wellington St. W.	n n
Online	various companies	n/a

Project Models

Community Grocery Store 	● community-led, neighbourhood scale, full-serve grocery store ● offering fresh and healthy food choices plus other grocery and dairy items ● could also include coop ownership model
Food Kiosk  	● community-hosted, accessible kiosks that provide a variety of healthy food choices ● could be self-hosted or automated (high upfront vs high ongoing cost) ● could support highly customized offerings depending on the physical location/hosting partner

Model 1:
Community Grocery Store

Community Grocery Store Concept

Model Concept

A neighbourhood scale grocery store which seeks to provide local households, particularly those with low incomes, access to:

- nutritious fresh fruits and vegetables, along with
- main staple food/grocery product lines
- secondary convenience/impulse elements

Potential Locations

- Ottawa Community Housing community, either Rochester Heights (phase 2) or Gladstone Village

Store Size

- ~5,000 - 6,000 sq.ft.

Products and Services

The desirability of the products and services should be tested through further customer research.

- Produce section - well stocked that includes an assortment of fresh fruit and vegetables as well as complimentary items
- Meat & Deli section - range of choice along with some prepared foods
- Grocery section - frozen foods, dry goods, bakery items, dairy products, canned goods, etc.
- Bulk food section - responding to increasing interest in home cooking
- Prepared Foods section - grab-and-go meals, cooked food, frozen pizzas, etc.
- Health & beauty products - limited selection
- Convenience/impulse products
- Other things that should be considered include:
  - delivery service
  - incentive/discount program
  - community space (e.g. meal prep workshops/demos)

Community Grocery Store Examples

East End Food Co-op (Vancouver, BC)	● offer a wide selection of organic, non-GMO, unprocessed, and natural foods, as well as a range of conventional products in order to provide staple foods at prices that are as accessible as possible. ● Vancouver’s only community-owned grocery store, 40 year history ● has had financial difficulties in recent years, but profitable in FY20 ● currently exploring the opening of a second store (would require new investment)
North Market (Minneapolis. MN)	● a full-service 20,000 sq.ft. grocery store, a centre for wellness services and a community gathering place, all under one roof. “Good food at affordable prices, programs in nutrition, fitness and mindfulness, all in the company of your neighbors.” ● a unique project of a non-profit social service organization, in partnership with a health system, that rose out of a community design process, opened in 2017 ● single price for all (low income & non low income) with targeted weekly sales ● generates small surplus after tenant lease revenues factored in
Olympia Food Co-op (Olympia, WA)	● a member-owned natural foods grocery ● 2 small format stores with a variety of products selected to meet a diversity of dietary needs and approaches. Dedicated to selecting high quality foods and keeping our prices as low as possible. Size and popularity lends itself to building community. ● members shop at shelf prices; non-members pay +10% ● opened in 1977. Have survived and innovated for 40 years!

Community Grocery Store Examples (cont'd)

Scarborough Co-op Market (Scarborough, ON)	● non-profit, community-led online and in-person marketplace made for improved access to good food and products. Goal is to make fresh, ethical, locally grown and made food accessible to all residents of Scarborough and to create a space for community gathering, for events and education, for celebrating good food. ● Members get 15% off orders ● Opened August 2020
Good Food Junction Saskatoon, SK	● co-op grocery store serving the city's core west-side neighbourhoods, co-located in a community enterprise centre ● full range of fresh produce, meats and dairy items, along with frozen foods, canned, bottled and bagged goods, health and beauty items, and household cleaning supplies ● open for 3½ years before it closed (Sep 2012 - Jan 2016) due to low sales ● had grown to 1,800 members ● cited inability to meet product offering and price expectations, and inability to overcome complex challenges of running an independent grocery store

Financial Benchmarking - Cdn Grocery Stores ($233k - 641k)

Revenues and Expenses (thousands of dollars) - Averages		
Total Revenue	$413.0	100.0%
Cost of Sales (direct expenses)	$274.3	66.4%
Operating expenses (indirect expenses)	$123.0	29.8%
Labour	$ 49.6	11.2%
Amortization	$ 6.1	
Repairs and maintenance	$ 3.8	0.9%
Utilities	$ 10.1	
Rent	$ 24.2	5.9%
Interest & bank charges	$ 3.4	
Professional & business fees	$ 3.7	
Advertising & promotion	$ 1.8	0.4%
Delivery, shipping & warehousing	$ 0.6	
Insurance	$ 3.0	
Other expenses	$ 16.7	
Total expenses	$397.3	96.2%
Net Profit	$ 15.7	3.8%

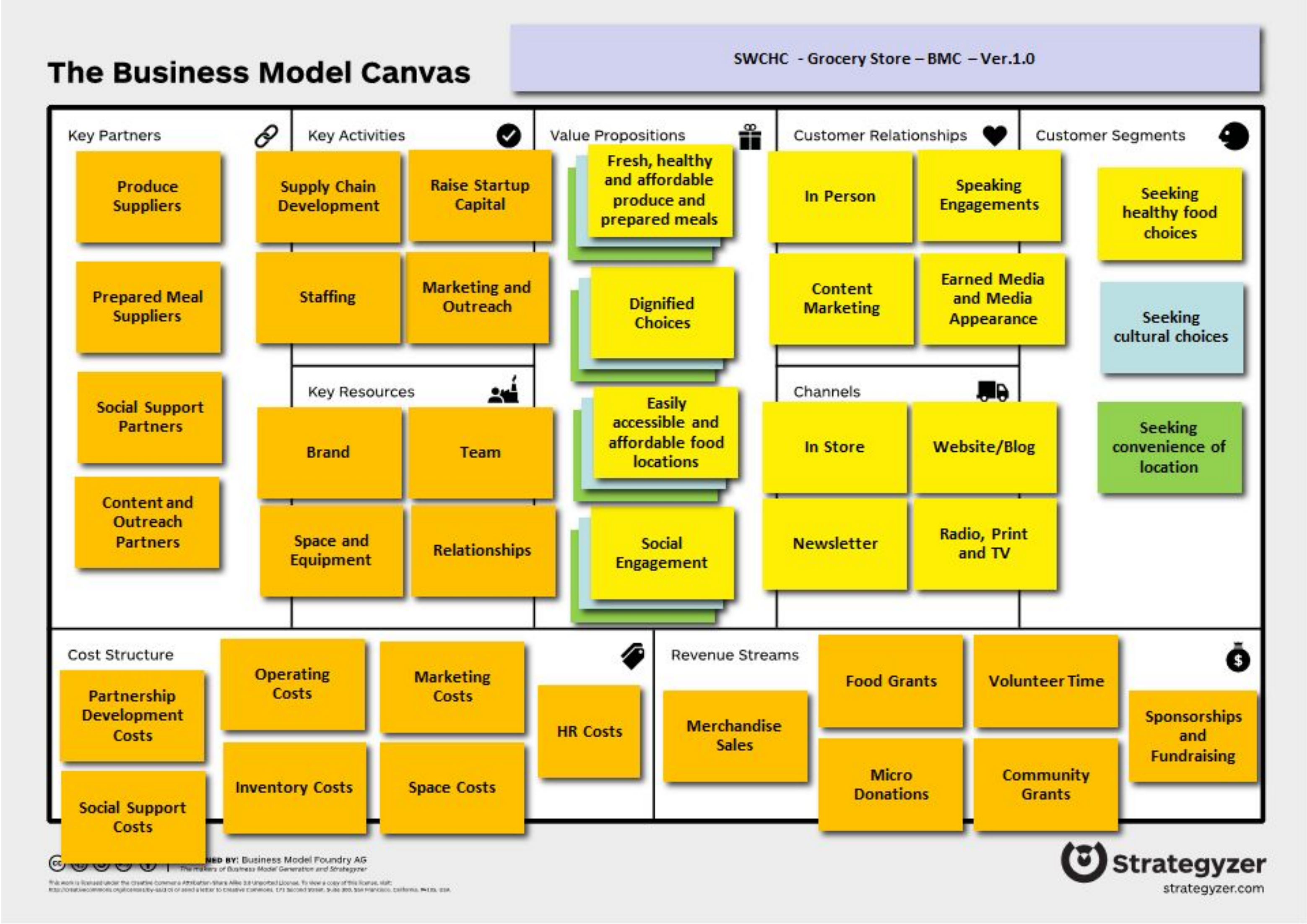
=$7,942 / week

Best Practice Research - North Market, Minneapolis

North Market (Minneapolis. MN)
 	
Adair Mosley
President & CEO
Pillsbury United Communities
	• 15,000 sq.ft. full-service grocery store set within a 20,000 sq.ft. community hub
	  ○ a centre for wellness services and a community gathering place, all under one roof. "good food at affordable prices, programs in nutrition, fitness and mindfulness, all in the company of your neighbors."
	• opened in 2017 after a 2-year engagement/design process
	• partners
	  ○ Pillsbury United Health
	    ■ overall lead organization; run grocery store; health/fitness classes
	  ○ North Memorial Health System
	    ■ health integration - 2 staff (community health navigator and nutritionist)
	• customers: 40% low income / 60% non low-income
	• ~$2.5M annual revenue
	• notable features
	  ○ one price for all (have weekly low price specials)
	  ○ grocery store operates at a small loss
	  ○ breaks even with tenant rent & other subsidies
	  ○ closed loop - produce grown by another SE / unsold F/Vs go to Food Shelves
	• advice
	  ○ be clear on who you want to serve
	  ○ do more marketing in advance to saturate community awareness

Grocery Store Business Model Canvas

An at-a-glance expression of how the community grocery store business model creates, delivers and captures value.



Community Grocery Store - Key Observations

- The grocery store and supermarket industry is exceptionally competitive. In 2018, the net profit margin of stores with annual sales from $233k - $641k ranged from -0.5% to 1.6% (StatsCan). To compete, stores typically rely on high volume of sales and rapid turnover of stock.
- While the social impact of the community grocery stores reviewed for this study is laudable, their financial sustainability is a challenge. Most struggle to generate a small profit or break even, and many had at some point been faced with closure.
- To maximize the likelihood of success, the community grocery store will need:
  - strong community buy-in - developed and nurtured through a robust design process that engages the community in the co-development of the grocery store, building excitement and momentum both pre- and post-launch
  - community partnerships - that leverage the strengths of key organizations in terms of project leadership, marketing and financial support
  - financial strength - sufficient to support upfront capital requirements and on-going operations

Model 2: Food Kiosks

Food Kiosk Concept

Model Concept	Multiple food kiosks implemented with the active support of local community organizations and for-profit businesses to provide local households, particularly those with low incomes, access to: ● nutritious fresh fruits and vegetables, along with selected ○ main staple food/grocery product lines ○ secondary convenience/impulse elements Potential Location(s) ● Various (depending on partners) Options ● Automated vs Self-Managed ● Fixed vs Mobile ● Seasonal vs Year-round Kiosk Footprint ● ~80 - 200 sq.ft.

Products and Services

The desirability of the products and services should be tested through further customer research.

	Much smaller footprint; limited options can include: ● Grocery offering - frozen foods, dry goods, bakery items, dairy products, canned goods, etc. ● Limited produce offering - selection of fresh fruits and vegetables ● Prepared Foods selection - grab-and-go meals, cooked food, frozen pizzas, etc. Key Criteria: ● Equitable Use ● Flexibility in use ● Simple and Intuitive Use ● Perceptible Information ● Tolerance for Error ● Low Physical Effort ● Size and Space for Approach and Use

Food Kiosk Examples

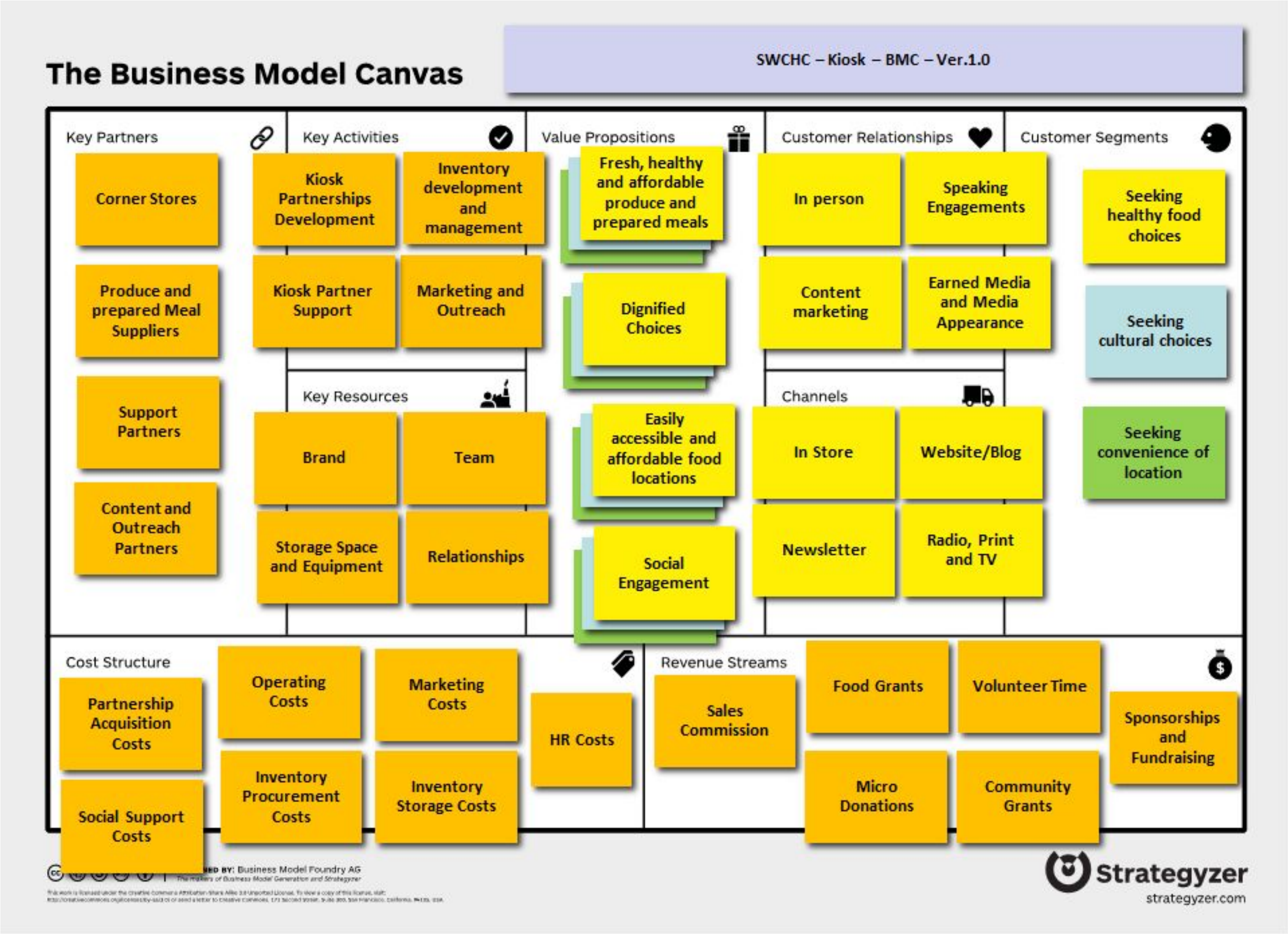
Homefull Fresh Produce Kiosk (Dayton, OH)	● in collaboration with Dayton Children Hospital and Hall Hunger Initiative ● kicked off in August 2018 with limited offering with a defined window of access ● produce sourced from Homefull's urban farm and local growers
Fresh Corner Kiosks (Philadelphia, PA)	● launched in Philadelphia as an extension of the Health Corner Stores Network, an initiative led by the Philadelphia health department and The Food Trust ● Healthy Corner Stores Network has enlisted about 650 of the city's 2,000 corner stores ● kiosks located in community convenience stores ● aims to teach residents about nutritious eating through grocery promotions ● investing in outreach efforts like cooking demonstrations and food sampling
Link Market Fresh Food Kiosk Pilot (St Louis, Missouri)	● 18 month pilot program that offered transit riders and nearby residents convenient access to fixed-location fresh food kiosks at two metro transit stations ● Concluded that the fixed-location food kiosk model did not have long-term sustainability without additional grants or another viable funding source.
Santropol Roulant (Montreal, PQ)	● non-profit organization in Montreal, runs pocket markets in summer ● produce grown at the organizations' urban farm sites. ● focus on vulnerable populations
FoodRoots (Victoria, BC)	● not-profit co-op distributor of local certified organic and naturally grown produce and foods processed locally ● unique model: community groups or sponsor organizations provide the location and insurance

Best Practice Research - Healthy Corner Stores, Philadelphia

Philadelphia (Pennsylvania, PA)	● Corner Store: < 2000 sq feet; Four aisles or less; One cash register ● Kick started by Food Trust, a national nonprofit committed to improved food access. ● Principally driven by: ○ Commitment to leverage existing community resources ○ Hub and spoke modelling, with shared responsibilities, that left last mile delivery to a community partner ○ Strong community dependence on corner stores ○ Few healthy food options in most corner stores ● Success was driven by: ○ In general, with the right training and technical assistance, willingness on part of the store owners to introduce healthy food ○ Strong marketing focus; especially to youth and adults to encourage healthy eating ○ Micro-investments in store equipment significantly impacted the willingness and capacity of store owners ○ Linking store owners to community partners and local suppliers ○ Intentional focus on gradual growth: 4 healthy products (2 products from 2 healthy categories) ○ Wrap around programming: community cookings, chef tastings ○ Participation incentive, free training, certification ● Key activities supported by Food Trust: ○ Training for store owners, including inventory changes, community outreach ○ Support for marketing materials ○ Supply chain and partnership agreements

Food Kiosk Business Model Canvas

An at-a-glance expression of how the community kiosk business model creates, delivers and captures value.



Food Kiosk - Key Observations

- The food kiosk model is a lower cost and low risk way to address the identified social outcomes.
- Food kiosk model can be implemented in a phased way through pilots that gradually increase engagement of the corner stores in the community.
- The model through co-option of local businesses also easily integrates with the existing community infrastructure without creating a perception of undue competition.
- The model can also be integrated with initiatives like the Good Food Market. Potential synergies include shared marketing and outreach, supply chain efficiencies, and consolidated back end functions.
- To maximize the likelihood of success, the food kiosk model will need:
    - a defined strategy to support corner store owners with costs incurred on new equipment and to enhance their in-store setup
    - a strong focus on in-store programming and animation. with key events and activities planned to drive beneficiaries to the kiosk locations
    - a defined commitment to supporting the corner store owners with marketing and outreach, including support for printed materials
    - buy-in from local BIA and other agencies supporting local businesses in the neighbourhood

Analysis and Recommendations

Success Factors (both Models)

Factor	Description	Grocery Store	Food Kiosk
Sales	• generating sufficient sales to ensure high turnover of stock, thereby covering operating costs and generate a small surplus that can be reinvested back into the operation	***	**
Food retail experience	• the management team should have direct food retail experience to minimize learning curve and ensure that the grocery store/kiosk can be effective on day 1	***	*
Marketing/Advertising	• having a well thought out marketing strategy along with a regular/sustained advertising program (e.g. weekly flyers, social media) will keep the store top of mind with customers	**	***
Product Mix	• an appropriate mix of products will need to be found that meets the needs of customers while dealing with limitations of shelf space	***	**
Attracting & retaining customers	• the store will need to find ways to attract and retain a variety of high volume customers that include both the target low-income segment as well as those that can pay market prices	***	**

*low, **Medium, ***high

Success Factors (cont'd)

Factor	Description	Grocery Store	Food Kiosk
Technology infrastructure	● ensuring that there is an appropriate point-of-sales payment system and associated technology back-end to support customer convenience and those that purchase online	***	*
Community building & momentum	● develop the model(s) in a way that engages community members, particularly low-income families, to build a sense of ownership and loyalty, so that ultimately there is a strong customer base that is motivated to shop there	***	***
Cost control	● with razor thin margins in the grocery sector (~1-2%) and the project's smaller scale relative to full size grocers, it is critical that project costs be tightly controlled. One way to help do this would be establish a volunteer pool given the community support we expect to generate.	***	*
Strong secure local supply chain	● ability to secure a dependable local supply is critical to the initiative. Most successful initiatives have a local producer as a core partner.	***	*
Local government support	● most identified initiatives had active local government champions, most often the City Health Department.	***	**
Committed leadership	● the presence of a fully committed organization who will act as the project champion and provide overall leadership is absolutely essential	***	***

Prioritizing Framework: Food Kiosk Vs Grocery Store

On a scale of 1 to 10, where ‘10’ is the most optimal and ‘1’ is the least optimal.

Criteria	Kiosk Model	Grocery Store Model
Speed (time to market)	10	6
Cost (to start-up)	10	4
Effort (amount of work)	10	4
	30	14

Food Kiosk - Potential Business Models

Platform Model	Flow Through Model	Direct Purchase Model
● a broker or facilitator role which facilitates the exchange between two or more interdependent groups (demand and supply) ● e.g. Air BnB, Uber	● an intermediary model where the intermediary takes possession of the goods and generates revenue through final sale commissions ● e.g.	● an intermediary model where the intermediary buys and takes possession of the goods, and distributes the goods to the retailer, at a profit e.g. any wholesaler or distributor

The choice of the model depends upon numerous factors, including:

- ability to support core offering;
- SWCHC process ownership and touchpoints;
- overhead costs;
- start-up costs;
- price/product flexibility;
- supply consistency;
- buy-in from kiosk partners.

Food Kiosk - Potential Business Model 1 - Platform

Platform Business Model	● Creates value by facilitating exchanges between two or more interdependent groups. ● Harnesses and create scalable networks of users and resources that can be accessed on demand. ● Facilitates exchanges by reducing transaction costs and/or by enabling externalized innovation, e.g. ability to provide healthy food choices. ● Focus on creating communities and markets with network effects that allow users to interact and transact. ● Doesn’t directly create and control inventory via a supply chain the way linear businesses do, i.e. typically does not own the means of production and instead emphasis of operation is to create the means of connection. ● Success is largely determined by the ability to understand and create the whole business and how it will create value for and build a network.

Food Kiosk - Potential Business Model 2 - Flow Through

Flow Through Model	● Allows for rapid flow of products and a quick turnover of inventory, with food produce usually coming in and shipping out in less than 48 hours. ● No risk of buying and the model would allow SWCHC to distribute staples (produce) as well as value-added (prepared meals). ● Could be sustained with a small service offering, primarily storage and delivery. ● Could be modeled to support a customer base comprising lower volume retail outlets. ● Would require an investment in storage, delivery, sales and marketing. ● Proposed revenue model is based on a commission mark up 5-10% on every sale

Food Kiosk - Potential Business Model 3 - Direct Purchase

Direct Purchase Model	• Involves direct purchase of a large quantity of product from local producers up-front. • Success would be contingent on the operators capacity to manage cash-flow. • Onus would be on SWCHC to preserve and protect inventory for longer periods of time, and would also create the pressure of selling the stock completely before best-before dates. • Would need a larger service offering, including washing, sorting, freezing, labelling, tracking and delivery. • Could be modeled for smaller as well as larger retail outlets. • Would require an investment in storage, inventory management and fulfilment systems, delivery, sales and marketing.

Food Kiosk - Recommended Business Model - Flow Through

Recommended Business Model **Flow Through**	• The flow through model (model 2) was found to be the most relevant. • As identified, the flow-through model is a food distribution model where the food is not purchased from the producer but it is rather sold on behalf of local producers with the commission fee added to the price. • Attractive because of minimal start-up investment and its ability to support local producers. • With regards to cost modeling, it allows for predictable cash flow and, in general, allows a better coverage of financial risks. • It is also attractive for cost conscious initiatives, because it can be operationalized with lower/manageable margins. • Platform business model has limitations in terms of control but allows for cost efficiency/management. • Direct purchase model has relatively higher risks and substantial barriers to entry such as startup costs, cash flow challenges, and supply fluctuations.sales and marketing.

Food Kiosk - Financial and Operational Considerations

Financial	Operational
● Would need to minimize overhead ● Startup capital; principally refrigeration and storage equipment ● SWCHC will also need to continually invest in brokering and building relationships with producers and suppliers ● Marketing and delivery costs will be a consistent expense ● Cost incurred to comply with food regulations ● Transportation Costs	● supply less than demand ● health and safety regulations ● fluctuations in supply ● fair price for producers ● initial investment ● business model stability ● unforeseen fluctuations in operational costs

Study Recommendations and Next Steps

Study Recommendations

Key Recommendations	1. Advance to the next phase of social enterprise development based on the food kiosk. a. It is our position that SWCHC should adopt a low risk, flow-through model to start, focussing on supplying local corner stores with high quality produce by connecting them directly with local producers. b. This would also allow SWCHC to leverage and utilize the assets available through the local ecosystem to assist the social enterprise as it gets started. 2. Confirm the social impact framework with regards to the prioritization of social indicators and outcomes a. It is our position that SWCHC should adopt a phased approach that prioritizes “access” as the principal value proposition. b. Affordability is seen as a universal criteria across all value propositions. 3. Immediate Next Steps - develop a strategic implementation plan for a food kiosk pilot. This phase would including stakeholder engagement (producers, convenience store operators and other food security partners), business planning, and exploring funding support.

Food Kiosk - Strategic Implementation

Strategic Implementation Planning Process	• Validate the business model. • Validate the unique value proposition for each key stakeholder (customers and partners). Ensure that the identified model is a good fit with the business models of local producers. • Develop financial pro-forma and cash flow scenarios to establish potential margin. Include detailed financial projections and budgets as well as a financing plan • Develop a comprehensive operational plan and management structure. • Develop a clear marketing/outreach plan based on more detailed local market research. • Further elaborate on how the proposed model will address other related social problems. • Test the market throughout the business planning phase. • Raise funds to support business planning (near-term), infrastructure and back-end functions (mid-term) and program roll-out and growth, including programing and kiosk partner support (long-term). • Include information gleaned from additional research.

SOMERSET WEST COMMUNITY HEALTH CENTRE

CENTRE DE SANTÉ COMMUNAUTAIRE SOMERSET OUEST

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