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TOP BOX FOODS

Illinois Grass-fed Value Chain Case Study: Direct Marketing

Developed by Delta Institute and Pasture Project

“Feel better about your food”

Overview

Top Box Foods is a non-profit that began operating in 2012 in three locations in the US, including Chicago. Currently there are six operating locations. The Chicago location implements four different programs - pre-order food boxes for underserved communities in Chicago/Cook Co locations (serving 18 locations), pre-order express in Rockford and Roseland/Pullman (serving 8 locations), wholesale delivery/food-share for community anchor institutions such as churches (4-5 organizations, started organically, now in development as a strategic priority), and the Farm 2 Neighbor (F2N) program which focuses on local and sustainable products. This case study will focus on the F2N program, which started in 2017 and offers a subscription to four different meat boxes and provides a Consumer Supported Agriculture (CSA) program with delivery to employees through corporate partners. F2N program profits support the other programs offered by Top Box Foods. The Chicago office employs three full-time, and three part-time staff and relies on several long-term volunteers for day-to-day operations. About 100 volunteers also help assemble boxes.

Operation

As F2N launched in 2017, Top Box Foods began sourcing beef, pork and poultry products from This Old Farm. This Old Farm is in Indiana and aggregates and processes meat from 150 local producers). Sourcing has been reliable due to a strong working relationship with

the farm. Almost all the meat that goes into F2N boxes comes from This Old Farm, which offers a variety of beef products including 100% grass-fed, pasture-raised, organic, and grain-finished product. Top Box Foods purchases a pallet, approximately 1000-1500 lb, of beef twice a month wholesale, selecting pasture-raised (~95% grass-fed tier products, 2nd highest grass-fed standard available from This Old Farm). The beef products include ground beef/burger patties, roasts, stew meat in the winter and some steak cuts, which is a newer option.

F2N started the program by marketing through local high schools, then transitioned to the corporate model. Marketing through schools was challenging because materials had to go through students to their parents and the link was often unreliable. The logistics of delivering the boxes to schools did not work out - again, students would not reliably pick up the food box and deliver the product home.

F2N offers four local meat boxes (variety, poultry, beef, and pork), with prices starting at \$45/box. Beef is the most popular item among the meat products offered. F2N's current corporate clients are Rush University Medical Center and Medline Industries. The food boxes are sold to employees at those companies. The meat boxes are delivered in insulated bags for ease of handling and storing.

F2N marketing materials focus on food-miles and social impact, e.g. supporting family-owned farms and serving food deserts. F2N also utilizes its non-profit status for trust building. Customers are likely to trust the service because the organization is mission driven. Grass-fed is mentioned in marketing materials, but it is not the top marketing point. More globally, marketing of grass-fed, sustainable, or local food products is challenging because they may mean different things in different contexts.

According to staff, some customers share that they prefer the taste of grass-fed beef, but it is a challenge for the program to sell new customers on that point during tabling events as the taste is most noticeable in freshly cooked dishes. F2N sometimes does offer tasting of cured products during outreach events.



Motivation

The F2N program is the driver for introducing grass-fed products. The program was launched with seed funding from a philanthropic grant (from Food:Land:Opportunity). The most important factor in starting the F2N program is rooted in ethical business practices and decision making. This means not only considerations about environmental impacts, but also social impacts such as providing healthy food options to underserved communities and supporting local farmers. Health considerations are also important, as there appears to be demand among consumers for healthier

options (e.g. products that are produced with less chemicals and hormones).

Financials

In 2019, F2N generated approximately \$65,000 in revenue. The F2N program takes up about 20% of staff time and generates approximately 8-10% of the revenue for the organization. F2N's meat boxes sell at about a 19-23% markup from wholesale prices. F2N is more profitable than some other programs run by Top Box Foods given how much staff time is required to run it. The pre-order program requires about 50% of staff time and generates 30% of total revenue; the pre-order express program represents 10-15% staff time and 10-15% revenue; and the food-share program requires about 10% of staff time and generates 25-30% of total revenue.

Challenges and Barriers

Market access is one of the biggest challenges for F2N - building out a customer base, based on demand, price point, convenience, etc. F2N hopes that eventually the CSA model can be simplified and made more mainstream so consumers can easily get the products they want without having to go to the farm, but also having knowledge of and confidence in the products they consume. Access to capital is another major challenge. In the first year, F2N used the grant as seed funding to develop the program infrastructure - handling logistics and inventory, providing a delivery platform such as the website. Now in its second year, the program is being refined as it's implemented on the ground. Such a model could be self-sustaining when it hits the stride with a growing customer base.

Growth

F2N is focused on growing its customer base and investing effort into marketing. The team is continuing to target corporate clients and tabling at organizations such as Wintrust and Allstate. F2N is also interested in expanding to residential buildings in addition to the corporate CSA model. F2N is planning to explore an à la carte approach to ordering to allow customers to have more control in terms of product selection and allow customers to order directly from the website to reduce logistical barriers and reach more customers.