LIMEHOUSE PRODUCE: CASE STUDY OF A LOCALLY OWNED WHOLESALE FOOD BROKER

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Critical Role of Limehouse

- Business started in 1940
- Charleston has become regarded as one of the premiere travel and culinary travel destinations in America
- Limehouse Produce has participated in that growth
- Distribution area is primarily within the Charleston, SC Metropolitan Statistical Area (CMSA)
Hypothesis Regarding Limehouse

• Our contentions:
  – by creating a dependable high quality supply of local and regional produce, Limehouse Produce has enabled many businesses to grow and thrive
  – enables local growers by providing readily available access to local markets
  – helped to develop low-cost strategies for growers to meet food safety requirements
  – a positive image among most producers and buyers.
Literature

• Local food sales were estimated to be $4.8 billion
• include direct-to-consumer marketing, as well as local farm products sold to local by restaurants, grocery stores, and regional distributors
• Very small % but increasingly rapidly.
Buyers and Local Sourcing

• local sourcing has become part of their firm’s identity and is promoted in the firm’s marketing efforts

• effort to offset standard procurement challenges, such as speed of delivery
Barriers to Local Sourcing

- local product seasonality,
- variable and sometimes inadequate product supply,
- time required to process raw food products, misaligned payment and other business practices
- By serving as a means of aggregating, quality control, and basic processing, wholesalers such as Limehouse Produce can help overcome barriers.
Source: USDA, Agricultural Marketing Service
Survey Results

Currently 12 buyers, only 2 suppliers, so analysis primarily limited to buyers
Perception of Suppliers

• Mixed level of satisfaction
• Exclusive contracts with Limehouse have forced suppliers with too much produce to take a loss
• Others suppliers indicated that they could not continue operations without Limehouse
Perception of Buyers

• 12 responding buyers have been in business an average of 10.8 years and on average have done business with Limehouse that same length of time.

• Typical buyer is supplied by several firms, although several rely on Limehouse exclusively for local sourcing.
Degree of Local Sourcing

• 3 indicated they sourced 25-50% of their produce purchases from local sources
• 2 respondents indicated they sourced 1-5% of their produce locally
• 1 indicated they sourced 15-25% of their produce locally
• 1 indicated they sourced 50-75% of their produce locally
Degree to Which Buyers use Limehouse and Import of Limehouse

• Responses ranged from minor (5%) to complete (100%)
• 6 of 11 respondents sourced at least half of their local produce through Limehouse and the numeric average across all respondents was 50%.
• But 3 indicated no decline and 4 indicated only slight declines, while only 3 indicated major declines in local sourcing if Limehouse ceased operations.
Extent Relationship with Limehouse has Contributed to Your Business Success

• Once again mixed results:
  – 2 respondents indicated to a small extent
  – 5 indicated to some extent
  – 3 indicated to a large extent.
  – None of the respondents indicated that “our success is due to them”.

Limehouse Produce has played a major role in growing the local food system in Charleston

- Survey respondents also had differing opinions
  - 2 disagreed with that statement while 1 respondent neither agreed nor disagreed
  - 3 respondents agreed, and 3 respondents strongly agreed with the statement

- Bottom line: generally seen as a major player in the local food system in Charleston and an important element in that growth
Future Work

• Greater efforts to obtain responses from growers
• Will feel growers may see Limehouse as being more important than buyers.
• But, also a situation will there is more potential for conflict
• Continue efforts to increase # of responses from buyers