

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.

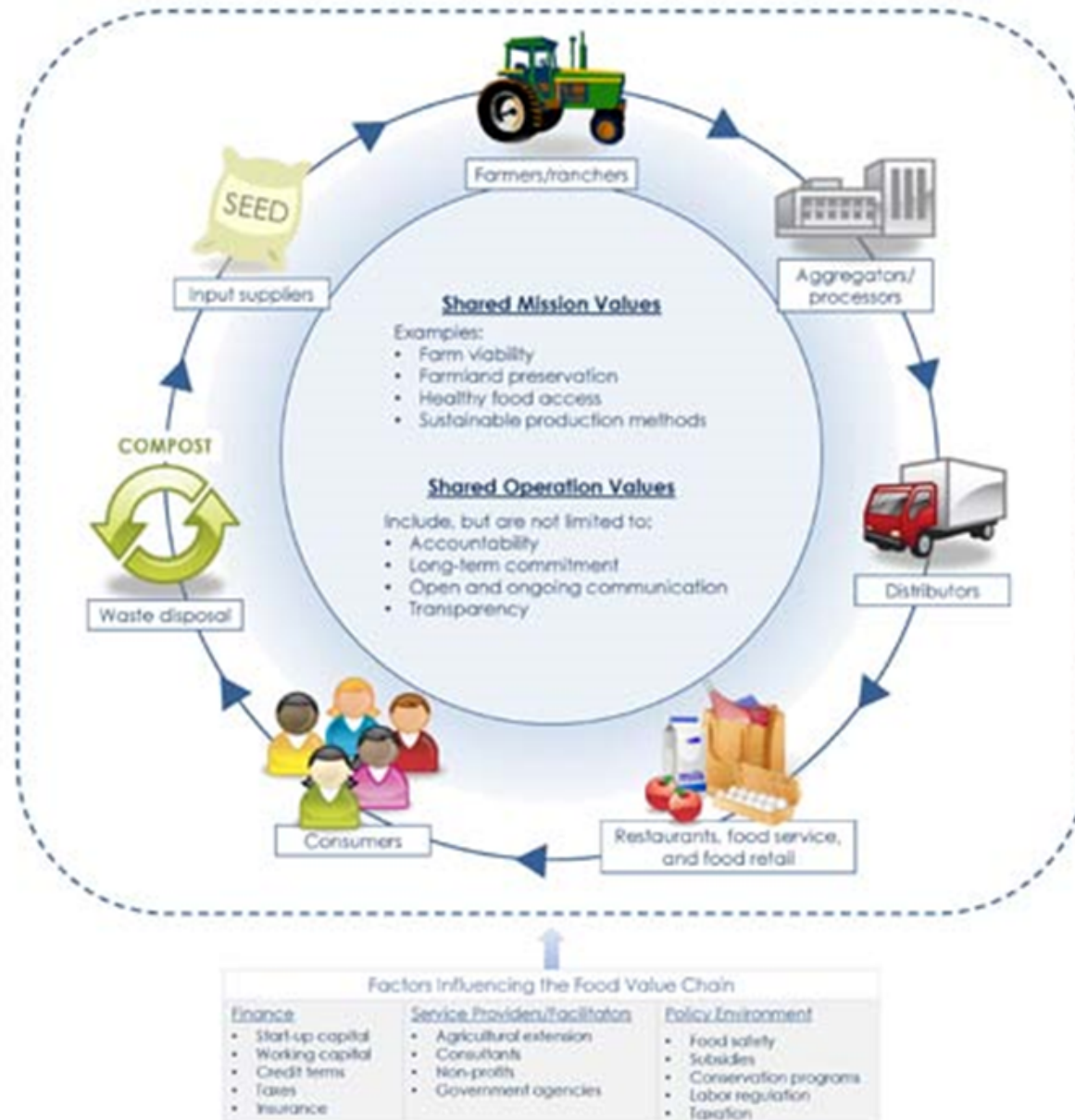
Buyers and Local Sourcing

- 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.

Food Value Chain



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