As an innovative and newly emerging sector in the food supply chain, shared kitchens enable diverse local food businesses to produce, store, and sell their products through a wide range of channels. They provide a valuable resource to communities who seek to address potential barriers to business development, including access to facilities and capital.

Shared kitchens are defined as "licensed commercial spaces that provide a pathway for food entrepreneurs—ranging from chefs, caterers, food truck operators, and bakers, to value-added producers and packaged food and beverage makers—to launch and grow their businesses."  

Given their relatively recent growth, little is known about the types of operators using these facilities and the dynamics of their business growth. In 2021, Colorado State University and the Food Corridor, funded through a cooperative agreement with USDA’s Agricultural Marketing Service, conducted a survey of food business owners operating out of shared kitchens to learn more. Survey responses were collected from April through October 2021 with a total of 179 complete responses. Questions focused on business operation characteristics, motivations, and challenges they face.

For more details on the sample, see the Survey Overview research brief.
An Overview of Products Sold and Sales Channels Utilized

Most food businesses surveyed sell one to two types of products. The most common were Consumer Packaged Goods (CPGs), closely followed by food items developed for catering, prepared meals, and baked goods. Beverages and other items were less commonly sold by businesses using shared kitchens (Figure 1a), which is not surprising as special bottling and canning equipment is rarely available in shared kitchens.

These businesses sell their products through an average of three sales channels. The top outlets are farmers markets, sales to individuals, events (community or private), retailers, and online marketplaces (Figure 1b). Other categories, including food trucks, contracts, and restaurants, are far less common.

Figure 1a. Types of Products Sold by Food Businesses

![Figure 1a](image1a.png)

Note: N=179, respondents could select all that apply, so totals may exceed 179.

Figure 1b. Sales Channels

![Figure 1b](image1b.png)

Note: N=179, respondents could select all that apply, so totals may exceed 179.

Terms

**Consumer Packaged Goods (CPGs):** CPGs are anything that is packaged and intended for immediate use. Examples of CPG produced in shared kitchens include jams, salsas, beverages, baked goods, etc.

**Mobile Vending:** Mobile vending operations include food trucks, food carts, and other businesses that sell products from a self-contained mobile unit.

**Sales Channel:** The places businesses sell their products to. Examples of sales channels include farmers markets, retail stores, or events.
Shared kitchens create value by providing production space for vendors who market through sales channels that do not typically have food production facilities on site. Simultaneously, food trucks or restaurants have "on-site" production space and do not need to utilize shared kitchens as frequently. In those cases, kitchens can still provide value in the form of additional workspace, provision of specialized equipment, and storage space.

Digging into the Role of Various Market Channels

While businesses had a wide range of total annual sales (See Business Viability and Growth research brief for a more detailed explanation), looking at this variation across sales channels provides additional useful information.

Figure 2a shows some of the places where surveyed food businesses sold their products in 2020. We wanted to show how the size of business and the market channels related, so we broke out responses into three categories based on reports of 2020 annual sales. Most businesses with small sales numbers reported selling into farmers markets. This represents 64% of businesses with less than $40,000 in annual sales. Businesses reporting high sales numbers, by contrast, were more likely to sell through grocery or retail outlets. This represents 50% of respondents reporting annual sales over $80,000. We expected to see these relationships between sales, scale, and market channels, and the results suggest that there are some common pathways to food business growth. Most notably, shared kitchens serve businesses that sell into many different markets. This is significant as each type of market has different requirements vendors must meet in terms of food safety, production, and packaging standards.

Figure 2a. 2020 Sales by Sales Channel

Note: N=179, Respondents could select all that apply, so totals may exceed 179.

Figure 2b shows how much of a businesses’ total sales, on average, fall into each market channel if they sold into that channel. For example, if a business indicated that they sell through farmers markets, sales at farmers markets are on average accounting for 52% of their total annual sales. Both retail and farmers markets sales represent around 50% of sales for businesses that sell into them. This data shows that most businesses choose channels that fit their scale best, while also diversifying by selling into more than one sales channel.
How Did Covid-19 Impact Use of Sales Channels?

The impacts of Covid-19 were felt across the food system and agricultural supply chains in 2020. Businesses using shared kitchens were also impacted. While many businesses surveyed saw their sales increase in 2020, the source of their sales shifted as mentioned in the Survey Overview. Specifically, sales to community events dropped swiftly, while online sales and “other” sales to individuals increased significantly (Figure 3). Of the businesses surveyed, half reported selling through online marketplaces in 2020. Most of those sales occurred through dedicated websites, instead of third-party sites such as Etsy or Amazon. Grocery store or retail sales increased somewhat in 2020, paralleling broader market trends as people increased the amount of food they were preparing and consuming at home. Farmers market sales also increased a bit, which aligns with stories shared by farmers markets across the country throughout the pandemic. Restaurant and private event sales decreased, as expected due to pandemic closures.

Figure 3. Market Channels Utilized in 2019 vs. 2020

Note: N=179, Respondents could select all that apply, so totals may exceed 179.
These findings reinforce the fact that shared kitchens effectively serve businesses selling a variety of products, at varying scales, and through diverse market channels. Further, significant shifts in sales channels in a single year reflect the ability of shared kitchens to support their customers when they needed to pivot quickly. This evidence shows that shared kitchens are an important factor in ensuring resilient food systems and food businesses.

Endnotes


2 Those in the category “Other” state that 89% of their sales came through those channels, but this was not reported because it had a small number of respondents (n=7) and there is little information on those channels.