



Shared Kitchen Survey Insights

Business Dynamics of Regional Food Start-Ups

Strategic Positioning Among Shared Kitchen Food Businesses

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.”¹

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.

Food Business Types

Survey respondents were asked to choose a category that best described their food businesses. The options included baker, beverage, consumer packaged goods (CPG), food truck, meal prep, producer, and other. We also asked respondents how long they had been in business. To understand how business type and age are related, we grouped the responses by the number of years in operation. Most respondents had been in business five years or less. Most businesses categorized themselves as bakers, food truck operators, and CPG producers which ranked as the most popular option regardless of the age of the operation (Figure 1).

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.

Figure 1. Business Type by Number of Years in Operation

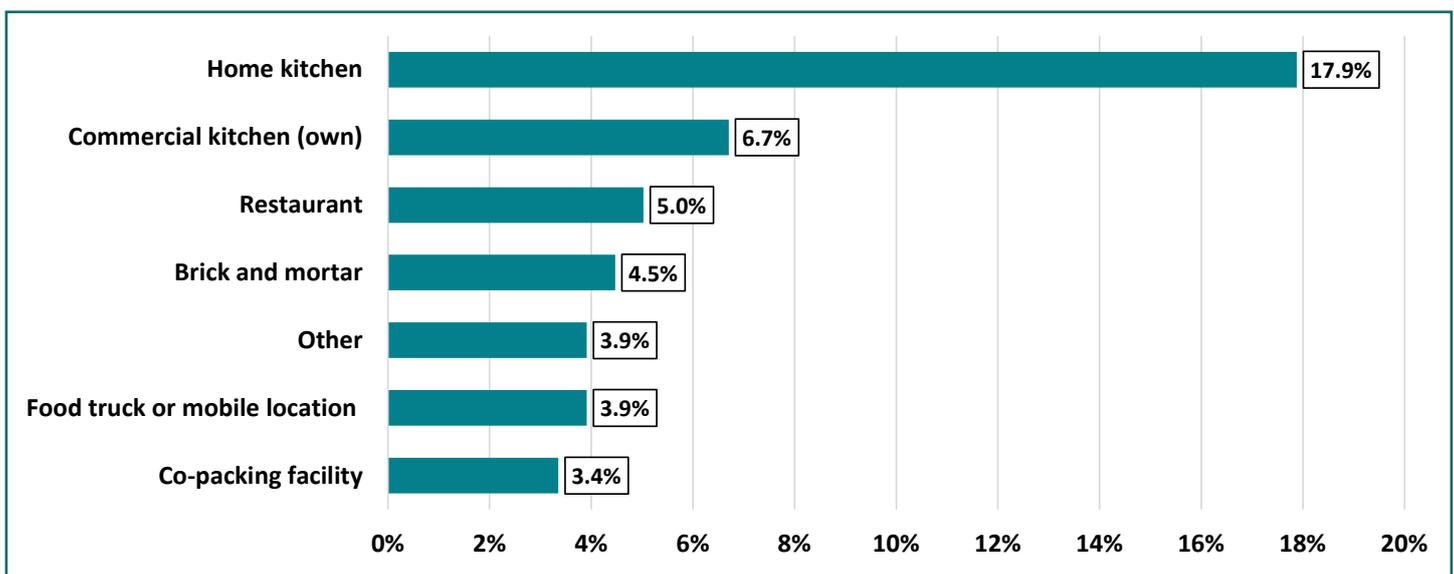
Food business	0-6 months	1-2 years	3-5 years	7-12 years	More than 12 years	Total
Baker	11	11	9	6	5	42
Beverage	2	2	5	2	3	14
CPG	6	21	15	9	9	60
Food truck/ mobile vendor	5	11	8	5	4	33
Meal prep	6	7	6	0	2	21
Other	0	6	8	3	1	18
Producer	0	5	2	0	0	7
Total	30	63	53	25	24	

Note: N=179. Respondents could select all that apply, so totals may exceed 179. "Not applicable" is not shown.

Similarly, when categorizing their products, 23.5% of all respondents chose CPG, with at least 22 other businesses choosing CPG in addition to something else, like prepared meals or catering. Baked goods were the next highest single product response. We also analyzed the data to see if businesses who sold more than one type of product usually sold the same combination of products. We found a correlation between CPG sellers and caterers and also between CPG sellers and food truck/mobile vendors. This means that CPG sellers often also ran catering businesses or food trucks/mobile vendors. A similar relationship was identified between food trucks/mobile vendors and bakeries.

Most operations responding to this question were still affiliated with a shared kitchen. As a result, most reported that they did not operate outside of the shared kitchen. For those that had another location, it was likely to be in a home kitchen (Figure 2).

Figure 2. Where Respondents Operate Outside of the Shared Kitchens

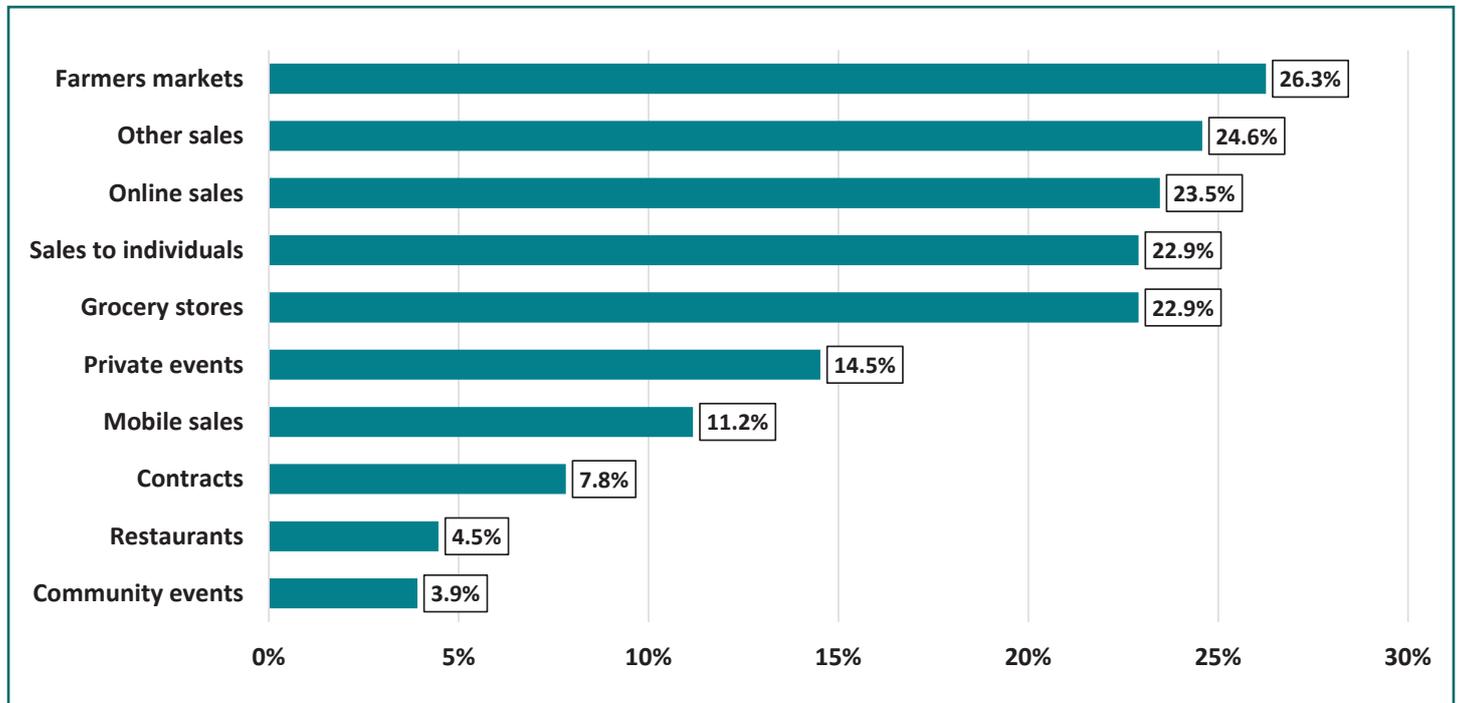


Note: N=179, respondents could select one option. 115 respondents chose "not applicable."

Marketing Strategies

The survey asked respondents to report where they sold their products in 2020. Not surprisingly, more than 26% of respondents sold their products at farmers markets. Other top sales venues in 2020 included: online sales (23.5%), sales to individuals (22.9%), and grocery stores (22.9%). Sales to restaurants (4.5%) and community events (3.9%) were particularly low, likely due to the Covid-19 pandemic causing restaurant closures and limiting community events.

Figure 3. 2020 Sales Channels



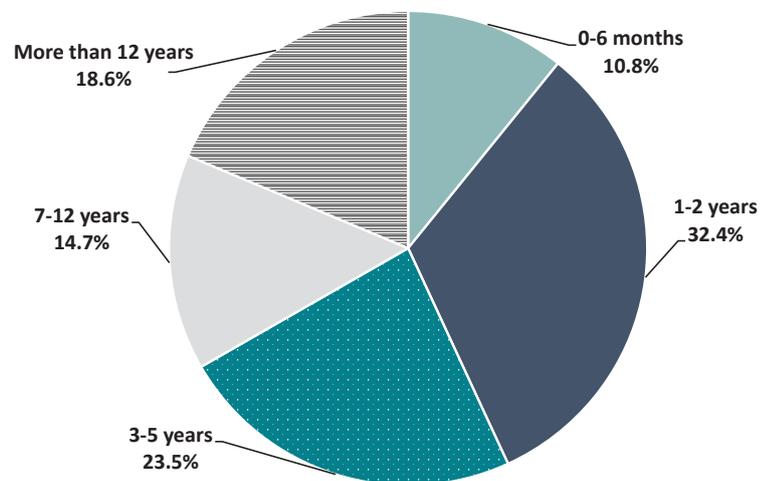
Note: N=179, respondents could select all that apply, so totals may exceed 100%; 12.3% of respondents chose “no business,” which is not shown in Figure 3.

We Mean Business.

We wanted to understand how these food operations impacted the work and livelihood of their operator, so we asked a question about primary versus secondary occupation. This helped us better understand whether individuals operate their food businesses full-time, or if they have another job as well. More than half of the 179 total respondents stated that the businesses they operated in the shared kitchens is their primary occupation, while 34.1% stated it was supplementary. Only 3.4% called it a hobby. Of those who call it their primary occupation (n=105), 10.5% had been in operation for less than six months (Figure 4). Additionally, more than 50% of all respondents (n=90) reported that this work was their primary income.

Yet, primary income does not necessarily translate to profits. The average profit of all respondents is only \$4,684 per year and 68.7% of respondents responded their profit is zero. When we looked only at the 56 respondents who did report profits, the average profit rises to \$14,972 per year. We broke out the data for both the full sample and those who reported profits for comparison.

Figure 4. Years in the Shared Kitchen, When Operators Reported It Was Their Primary Occupation



Note: n=105, all respondents who chose “primary occupation” to the question on one’s role in the business. Other options included: supplementary occupation, hobby, other, and don’t know.

We can also group businesses by their relative performance. The shifts here become even more distinct (Figure 5). Businesses in their start-up phase generally have low expectations but seeing evidence of strong performance among those who have arrived at a profitable stage is important to note. In Figure 5, you can see that only the top half of all reporting businesses made profits (the average is \$0 below that level), but the profit margin increases to \$9,500 if we consider only those with profits. Among the top 10%, ranked by profitability among those that reported profits, operators averaged \$40,000 in profits for 2020. For more information on the economics of these food businesses, read the *Business Viability and Growth* research brief.

Figure 5. Profits by Percentiles, by All respondents and Only Those Who Reported Profits

Percentiles	Respondents that reported profits	All respondents
25%	\$2,866.5	\$0
50%	\$9,500	\$0
75%	\$18,500	\$2,300
90%	\$40,000	\$15,000

Note: N=179 total respondents, and N=56 respondents that reported profits.

Figure 5 reveals that when all respondents are included, the individuals at the 50th percentile (when ranked by profits) were not yet profitable in 2020. Through conversations with food business owners, we found that many do not pay themselves a salary or are investing earnings back into their business. This indicates that the profits (or lack thereof) reported here do not necessarily correlate with whether the business owner is pulling a salary, reinvesting sweat equity and/or earnings back into growing the business, or whether the business is lucrative.

These data present a snapshot of the population they represent. These shared kitchen respondents were more likely to operate CPG and baked goods businesses or were food truck/mobile vendors. Most businesses were somewhat young, mostly under four years old, and may feel fortunate to remain in business especially facing a significant setback such as a global pandemic. Farmers markets were the top location to sell products and were used by over a quarter of respondents, with other sales channels close behind.

Endnotes

1 Meader McCausland, Dawn, Rachael Miller, Ashley Colpaart, Meghan King. 2018 Shared Kitchen Toolkit: A Practical Guide to Planning, Launching and Managing a Shared-Use Commercial Kitchen. Fort Collins, CO: The Food Corridor. Retrieved from <http://www.thefoodcorridor.com/resources/>.



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