

ONWARD

**How the Domestic Trade Pilot Program is providing investment
and recovery for pandemic-impacted Maine industries**

June 2024

MAINE.
ECONOMIC & COMMUNITY
DEVELOPMENT

A letter from the Commissioner

Heather Johnson | Commissioner, Department of Economic & Community Development

Advancing Domestic Trade—selling more of Maine’s goods and services within the United States—is a key recommendation of the 10-Year Economic Development Strategy. The initiative received \$15M in funding through the Maine Jobs & Recovery Plan to promote economic growth and strengthen Maine’s business climate for startups.

The Maine Jobs & Recovery Plan funding is intended to grow Maine’s capacity to meet its own demands for goods, while also increasing the supply of Maine’s products to other states. Domestic trade is good for Maine’s businesses and communities, often leading to indirect jobs and increased commerce. The skills honed with domestic trade activities can result in increased capacity for international trade as well.

A cornerstone of the domestic trade program is direct financial and technical support to businesses to develop new market opportunities across the United States. Other components of the effort include assessments of the pandemic-impacted industries the program serves, detailed analyses for market expansion, and reinforcing Maine’s reputation for innovative, authentic, and well-crafted products and services through outreach. These initiatives are reinforced by annual economic data on domestic trade.

Annual economic data on domestic trade illustrates the value of these initiatives. In this mid-term report of the domestic trade program, we are already seeing momentum

- Maine’s total sales grew from \$157.6 billion in 2021 to \$173.2 billion in 2022, a 9.9% increase.
- The total value of domestic sales grew 7.2%, from \$88.0 billion in 2021 to \$94.3 billion in 2022.
- All major sectors (two-digit NAICS industry) experienced gross regional product (GRP) growth between 2021 and 2022.

for Maine’s businesses. Funding has resulted in increased sales, national exposure in television, social, and print media, and new wholesale agreements to cite just a few examples. This program builds on the success we see in the economic trends for Maine’s economy.

The domestic trade program is part of Maine’s commitment to our state’s vibrant entrepreneurial community. The tools and skills gained during this pilot initiative have already provided Maine businesses with the skills they need to succeed, generate long-lasting impacts, and contribute to a prosperous economy.



Maine's momentum by the numbers

A look at the domestic trade growth of pandemic-impacted industries



Retail

(+10.4%)

\$7,296,712,085



Construction

(+8.5%)

\$4,593,808,744



Advanced Manufacturing

(+11.2%)

\$3,703,930,049



Food*

(+11.5%)

\$3,455,593,675



Information Technology

(+17.8%)

\$3,259,103,636



Biomedical Manufacturing

(+10.2%)

\$2,511,449,707



Forestry & Forest Products

(+7.0%)

\$2,251,605,222



Transportation, Warehousing & Logistics

(+11.9%)

\$1,514,801,366



Clean Energy

(+11.4%)

\$1,203,574,566

% = Growth Rate

\$ = GRP



\$77.77B

Maine's 2022 GRP

\$29,790,579,051

Pandemic-impacted industries accounted for **38%** of Maine's GRP in 2022.

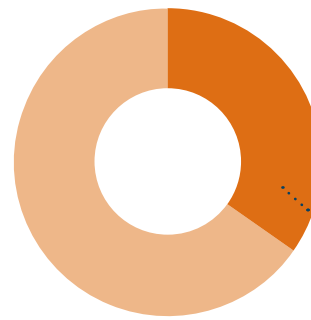
Defining Growth Rate

The growth rate in this report is the average annual growth rate from 2020-2022. This gives us a view of pandemic recovery across pandemic-impacted industries. These numbers have been adjusted for inflation.

Data represented here comes from the November, 2023 Domestic Trade Industry Market Analysis, prepared for the Maine Department of Economic and Community Development by Camoin Associates.

Maine jobs at a glance

Retail leads as the top pandemic-impacted industry for Maine workers, followed by construction and food. Meanwhile, biomedical manufacturing emerged as the fastest-growing pandemic-impacted industry, followed by information technology.



743,031

Jobs in Maine (2022)

35% of those jobs were in pandemic-impacted industries.

Pandemic-impacted sectors see employment growth; tech industries leading in job growth

A total of **250,873 jobs** in Maine in 2022 came from various pandemic-impacted industries.



85,349 (+2.8%)

Retail



49,369 (+2.5%)

Construction



27,937 (+3.2%)

Food



26,163 (+3.4%)

Advanced Manufacturing



16,024 (+2.0%)

Logistics, Transportation & Warehousing



14,001 (-2.0%)

Forestry & Forest Products



13,784 (+8.2%)

Information Technology



10,828 (+4.6%)

Clean Energy



7,418 (+15.4%)

Biomedical Manufacturing



Success Stories

The numbers above tell an exciting story of domestic trade recovery, growth, and momentum across Maine — but they don't tell the stories of the people *behind* those numbers. Read more about the ways individual Maine businesses, leaders, entrepreneurs, and workers have adapted and advanced with the help of domestic trade funding in the pages that follow.

Maine's greatest economic advantage is, simply put, Maine.

In a 2023 study, the University of Maine found that U.S. consumers are willing to pay 22% more for Maine products and services. Back at home, Maine people are proud of their state and their communities, and thus the Maine brand contributes to the attraction and retention of a skilled workforce. The resurgence and growth of Maine's pandemic-impacted industries, which is outlined in both data and specific stories in the following pages, is due to both the power of the Maine brand and to our state's committed support of its in-state entrepreneurs.

In the wake of the COVID-19 pandemic, many Maine businesses faced unprecedented challenges — as well as surprising opportunities. In July of 2021, the Maine Jobs and Recovery Plan (MJRP) was passed in the Maine legislature. The Plan created a significant funding opportunity for the Department of Economic and Community Development (DECD), which launched the Domestic Trade Pilot Program (DTPP). The Program had been proposed as part of Maine's 10-year economic plan to help Maine's small- and mid-sized businesses sell more goods and services within the United States and help Maine entrepreneurs gain access and expand into new markets. Through the DTPP, Maine businesses have been able to adapt, recover, and grow.

The case studies that follow give context to the benefits of state support for pandemic-impacted industries. For instance, the DTPP provided \$1 million to the Maine Technology Institute (MTI) to support the Maine Entrepreneurs Resource Corps (MERC), part of MTI's mission to stimulate the growth of technology-intensive companies that create quality jobs across Maine. MERC has been able to provide technical assistance to businesses

expanding into new US domestic markets — as it did with Kinotek, a biotech company developing new ways of assessing human movement health that's been able not only to win further MTI funding, but has fully gone to market. MITC funding has allowed backpacking food company Good To Go to reach new audiences in Maine and beyond, while an APEX grant is helping Waldo County manufacturer Pieceworks charge ahead in a new direction.

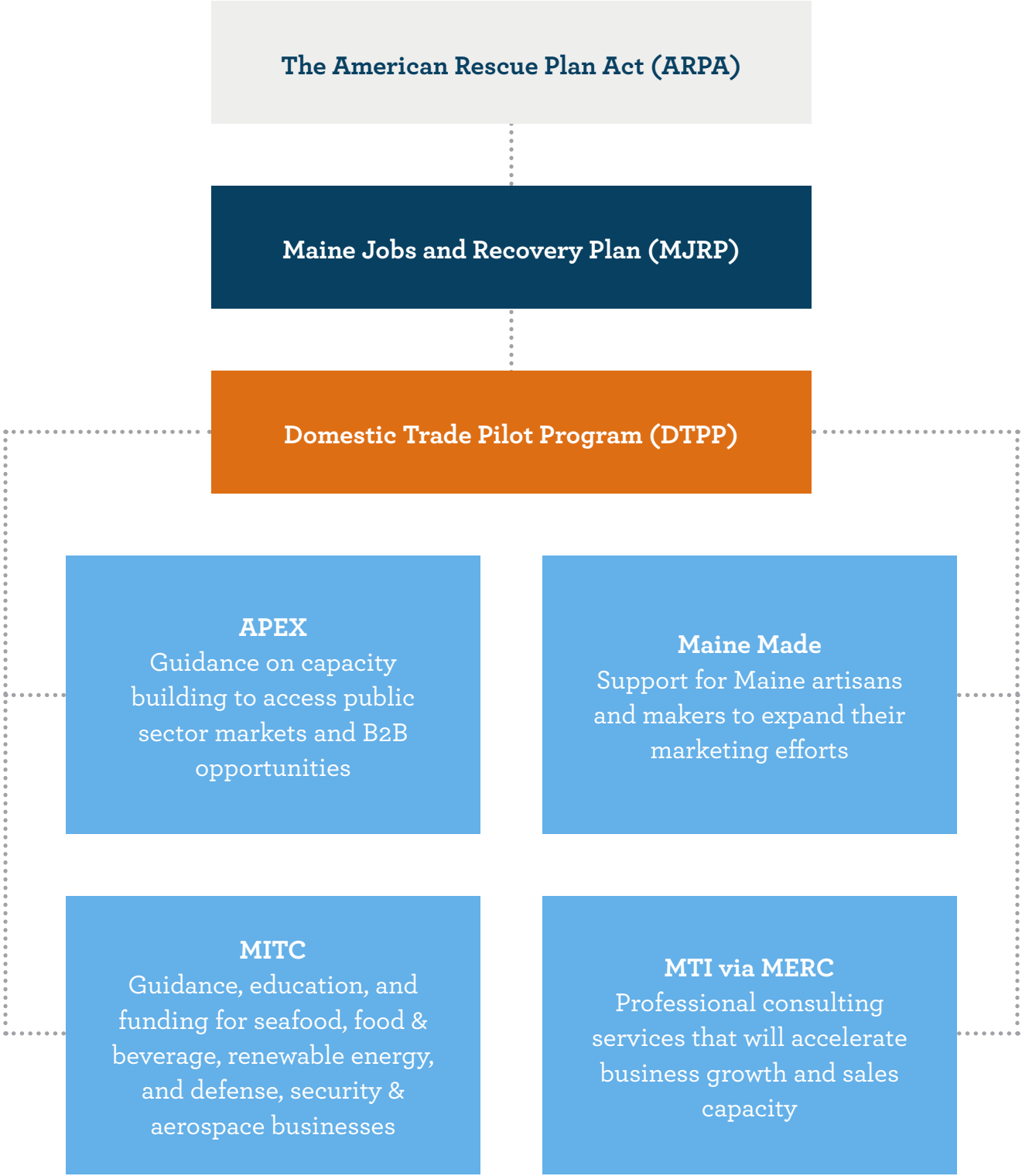
Other successes highlight the importance of the Maine brand to the state's economic growth and impact. We have seen time and again that the Maine brand is an advantage for Maine companies selling to local, national, and international markets. MJRP funding allowed the DECD's Maine Made program to support small apparel businesses like Governor Baxter in Sagadahoc County, where Phinney Baxter produces high-quality, rugged outdoor clothing and accessories that have become sought after by consumers across the country.

Thanks to the MJRP funding, hundreds of Maine businesses have been able to get back on their feet, make exciting new pivots, and accelerate their own growth and the growth of Maine's economy at-large. From an ice cream sandwich maker who's bringing Maine-produced grains and milk to a wider audience, to help farmers who are turning Maine's natural resources into sustainable skincare, to biomedical engineers unlocking new life science technologies — Maine businesses are accessing unprecedented momentum, adapting to a changing global landscape, and continuing to make Maine a great place to live and work. These are their stories.



The Domestic Trade Pilot Program at a glance

Maine businesses have been able to apply for funding through subawardees of the MJRP through the DTPP, allowing them to adapt, recover, and grow.



Ice cream is my jam.

Embden, Somerset County

After a career working in small-scale agriculture, on dairy farms, and as the Chief of Staff at Maine Grains, Emily Eckhart founded Afterglow Ice Cream with a brilliantly simple idea: Combine two of Maine's best food products, dairy and grains, into one (delicious) ice cream sandwich.

Emily was able to get her foot in the door selling directly to Maine stores like Rosemont Market and Bakery, but after a year of wholesale work she still hadn't tried any traditional marketing — she didn't have the money. So she looked into options for help getting a website going, and that's when she found out about Maine Technology Institute (MTI) funding through the Maine Entrepreneurial Resource Corps (MERC), an initiative of MTI that connects vetted consultants with businesses who need specialized technical services. "The whole MTI application process was so straightforward and easy," Emily says. "It didn't put a burden on me."

The MTI funds allowed Emily to hire a website developer. She'd been eager to highlight her ability to do weddings and events — to sell directly to customers. She had a sense of what she needed and where she could grow, and she was ready for funding. "The MJRP funding allowed me to put a laser focus on the things I've been trying to grow," she says, "And now I've seen that growth."

Emily has already booked half a dozen summer weddings and counting, all through her new site. "I have felt so supported," she says. "Starting a business is no small feat. It's a big deal and it's intense and really hard at the beginning, and to have people that have your back is a huge deal. I appreciate the financial support from MTI. It's been a game-changer."



**"I have felt so supported.
Starting a business is
no small feat."**

—Emily Eckhart, Founder



\$2K

for a new website

MTI funding via MERC



Upcycling with intention.

Bath, Sagadahoc County

Kate and Nick Bergmann have always been eco-conscious — but once they became parents, they realized their children grew so quickly that their favorite clothing was often outgrown before it fell apart, or it fell apart before becoming a hand-me-down. With Kate's background in studio art, sewing, knitting, and crafting, the pair saw a future in building a business around producing quality children's clothing with an emphasis on upcycling. They created an LLC and started Peace House in March of 2020. A week later, COVID hit.

Kate and Nick's plans slowed, almost to a halt. They had bolts of fabric to make prototypes, but couldn't order more to take their prototypes to market because of COVID's effect on the supply chain. They missed the e-commerce boom during the first year of the pandemic. Reinvigorating their business after nearly twelve months of stasis was a difficult task — but they found support in the form of funding provided through Maine Made.

That money went toward building a new website, developing product blueprints ("tech packs") to help scale their production, and creating promotional materials to give out at trade shows — all of which helped Nick and Kate build the skills they needed as new business owners. As Nick puts it, "The funding isn't just about money, it's about the experience of using an investment to advance our goals. We've learned a lot from it." Now the pair have an expanded vision for Peace House and they aim to continue growing in Maine.

"It's allowed us to be more intentional," Kate says of the funding. "It gave us the bandwidth to figure out how to do our business right — and instilled the confidence we need to dream even bigger."



"The funding isn't just about money, it's about the experience."

—Nick Bergmann, Co-founder



\$6K

for wholesale development

\$10K

for digital marketing

Maine Made funding

From seaweed to skincare.

York, York County

Longtime friends Inga Potter and Krista Rosen are all about learning — from each other, and from the Maine business community. As a marine biologist, Inga became fascinated by the health and ecological benefits of aquaculture, like kelp farming. On one of their daily walks, Inga shared her interest with Krista, a former lawyer, who immediately started researching the applications of seaweed in skincare. That was the start of Cold Current Kelp, a women-owned kelp farm and skincare company in Southern Maine.

As soon as Inga and Krista decided to go into business together, they started the groundwork: they learned how to farm from mentors like a local Harbor Master, got their permits, and started networking. They made calls, went to webinars, and attended conventions. They began to make connections and started to feel like a part of Maine’s aquaculture community. But they realized they needed support. As two first-time business owners, they were looking not only for funding but for guidance. In MTI’s Maine Entrepreneur Resource Corps (MERC), they found both.

With their initial round of funding, the pair were able to hire an experienced consultant who could guide the company into the world of cosmetics. They were also able to apply for and win federal grants with the guidance of MTI’s Technical Assistance Program (TAP). As Krista puts it, “I’d never written a grant in my life,” Krista says, “And I found myself writing two proposals. TAP was invaluable, right up until the moment we hit submit.”

Inga and Krista are continuing to grow their business, with another phase of funding incoming to help with new marketing efforts. “I’ve never done this before,” Inga says of starting a business, “The amount of support is so valuable. Maine’s commitment to the blue economy and aquaculture, the number of people championing you — it’s pretty incredible.” With the help of their MERC funding and TAP guidance, Inga and Krista are changing the skincare landscape as they continue to grow their climate-forward, planet-friendly business.



“Maine’s commitment to the blue economy and aquaculture, the amount of people championing you — it’s pretty incredible.”

—Inga Potter, Co-founder



\$1K
to hire a consultant

Projected ~\$3-6K
to hire a marketing team
MTI funding via MERC



Made in Maine.

Topsham, Sagadahoc County

Phinney Baxter White launched his rugged upcycled outdoor clothing and accessories company Governor Baxter in 2012. His great-great uncle was the Governor Baxter — Maine’s fifty-third governor. “Uncle Percy,” as Phinney’s family called him. “I think he would like my brand,” Phinney says, “Since I’m making it right here in Maine.”

Phinney is a longtime member of Maine Made, an arm of the DECD that promotes hundreds of small Maine companies and their products. Fitting, as Phinney sources his materials exclusively in Maine. In 2021, Phinney was at a crossroads — he had an exciting collaboration on a vest with Filson, a long-running outdoor clothing retailer. Their announcement of the partnership was about to bring Phinney’s work to a bigger audience than he’d ever had before. But his website was barely functioning, and never turned up in search results. “I’m not a tech guy,” Phinney readily admits. He’s a solo operation, as small as a small business can be. He needed a new site, but he couldn’t afford one — he hadn’t started turning a profit yet. When Maine Made offered their Domestic Trade funding, Phinney jumped at the opportunity.

“It was a super positive experience,” Phinney says. “I can’t thank the Maine Made program enough. They not only alerted me to the funding opportunity, they also helped me with the grant process and encouraged me along the way.”

Phinney applied for a grant of \$10,000 and was awarded \$8,000. He immediately hired a web developer and built a brand-new site on Shopify’s platform. The site went live days before the Filson vest announcement, helping Phinney show his new audience a site that matched the quality of his products. “It could not have happened at a better time,” says Phinney.

Now Governor Baxter is profitable. Better yet, when you google the words “Governor Baxter,” Phinney’s site is the first result.



“I can’t thank the Maine Made program enough.”

—Phinney Baxter White, Founder



\$8K

for a new website

Maine Made funding



Pivoting to success.

Portland, Cumberland County

Kinotek co-founder and biomedical engineer David Holomakoff set out to create a motion assessment tool that's accurate, fast, portable, affordable, and immersive. His road to bringing that product to market was paved with resilience, adaptability, and the support of MTI's Maine Entrepreneur Resource Corps (MERC).

Back in 2018, Kinotek received its first phase of pre-MJRP MTI funding to build an initial prototype and prove the viability of their concept. A year later, they hired their first employees. Then, in 2020, the pandemic forced Kinotek to pivot. Up to that point, their product had relied on sensors to be worn by the user — but COVID made people rethink their comfort with touching, well, anything.

Kinotek ditched the sensor suits and began using a Lidar 3D camera to bounce light off surfaces, learning even more than they could with their previous prototype. Soon after, Kinotek earned a spot in an incubator program in Florida. It was a big leap forward for the company, but the product still hadn't been beta-tested. Enter Pat Panaia, an experienced leader in tech and former VP at IDEXX here in Maine. Pat knew how to get a product to beta testing and to market. Like MTI, she believed in Kinotek's vision. Panaia also knew the company needed financial guidance, especially coming off of their major pandemic pivot. That's where MTI's MERC grants became invaluable.

In the fall of 2022, Kinotek used DTPP-administered funding to retain Richard Clark, a highly qualified "fractional CFO," as Pat puts it. Clark guided Kinotek on their financials while helping institute a better inventory management system and process. He even served as a sounding board for Panaia as they worked through strategic issues. "Richard's experience, insights, advice, and connections, all because of MERC funding, were invaluable," Pat says.

Holomakoff echoes this sentiment. "I can safely say that without MTI, we wouldn't be here today," he explains. "We needed the bandwidth to find our way and hone in on the specific problem we were looking to solve."

As for those looking to follow in the footsteps of start-ups like Kinotek, Pat sums it up nicely: "Entrepreneurs in the state of Maine have a huge advantage."



"Entrepreneurs in the state of Maine have a huge advantage."

—Pat Panaia, CEO



\$7.5K twice
for expert consulting
MTI funding via MERC

A new direction.

Montville, Waldo County

For nearly three decades, Pieceworks has manufactured and provided parts for a wide variety of businesses. When the pandemic hit in 2020, supply chains were disrupted and many of their smaller clients no longer had the same kinds of needs. Luckily, President Cathy Roberts was able to pick up a contract with a manufacturer involved in shipping the Pfizer vaccine throughout the country. “We had to look at our production practices differently to accommodate a safe working environment,” Roberts recalls.

The contract kept Pieceworks busy — they never had to shut down during the pandemic — but eventually there was a dovetail between the ending of their largest-ever contract and a general winding-down of smaller business work, many of which didn’t survive the pandemic. To keep Pieceworks alive, Roberts had to find new ways to grow the company.

Roberts faces a challenge of an industry that’s becoming ever-more dependent on robotics. As Roberts puts it, “*People* have to touch the products we assemble. Our high quality control standards and excellent track record have been our most successful marketing tool.” Roberts’ employees have worked with her for years, and Pieceworks has incredible retention. “They are a big part of wanting to keep this business going into the future, so we can keep people employed locally.”

Roberts knew refocusing her business development would require marketing — they had always relied on word of mouth for new business. The team at APEX, who had toured the Pieceworks facilities many months earlier, reached out last year to let Roberts know about their grant. “This grant was an opportunity for us to look at new markets and expand in areas of manufacturing that we hadn’t considered previously,” says Roberts. She submitted a proposal with a marketing partner in mind, one who had previously created a promotional video for Pieceworks. APEX awarded Pieceworks a grant that the company is now using for website development and printed collateral for upcoming trade shows. Their marketing partner is also training Roberts’ employees to set them up to run future campaigns in-house.

For Pieceworks, after months of uncertainty, the right pieces are finally coming together. “The APEX grant has been incredibly helpful,” Roberts says. “I’m excited to move ahead in a new direction.”



“The APEX grant has been incredibly helpful. I’m excited to move ahead in a new direction.”

—Cathy Roberts, President



\$11.5K

**for marketing collateral
& website development**

APEX funding

Finding new markets.

Kittery, York County

In 2014, Good To Go became the first backpacking food brand to offer truly healthy options to the broader outdoor market. Their strong sense of purpose and high quality products steered them toward consistent growth in the outdoor industry. As Brand Manager Justin Hagen puts it, “Up until about 2019, our growth was a hockey stick.” Good To Go was going great.

Then the pandemic hit. In March and April of 2020, every single one of their retail stores shut down — but their direct-to-consumer sales skyrocketed overnight. Everyone wanted to be outside. People who had never camped before were buying up gear, tents, and, most importantly, food for the trail. An influx of consumers meant an influx of competitors. New backpacking food brands popped up every day. “We expected those trends to continue, but the bottom dropped out,” Hagen says. “When you build a business model based around wholesale, going direct-to-consumer is a tightrope act.”

As the peaks of the outdoor trends returned to more normal levels, there were no longer enough consumers to go around. Good To Go needed to reestablish itself as a leader. That’s where funding became invaluable. Through a Maine Made grant, the company was able to support the launch of a brand-new line of products for grocery with a new website and an increased presence at national events.

As Good To Go now works toward growth into adjacent markets, Hagen says that it’s essential they have photography that speaks to their desired customer. As a backpacking meal company, their traditional photo assets fell short of resonating with potential customers who shop at hunt and fish retailers. Not long after their Maine Made grant came through, MITC awarded Good To-Go funds, allowing the company to obtain a complete set of hunt and fish-specific photo assets that will be featured on e-commerce product pages for both direct-to-consumer and retail channels.

“As a small business, grant funding can provide the resources to support our sales and marketing goals in areas where we may not have the budget,” says Hagen. “Maine Made and MITC were a pleasure to work with throughout the process.”



“As a small business, grant funding can provide the resources to support our sales and market goals in areas we may not have the budget.”

—Justin Hagen, Good To Go Brand Manager



\$25K

**for trade show assistance
& digital marketing**

Maine Made funding

\$2,250

**for content creation &
product photography**

MITC funding

A strategic shift.

Bucksport, Hancock County

PowerWise Systems Founder and CEO Carsten Steenberg is an optimist. Over two decades ago he took a leap of faith and moved his family to Downeast Maine, where he would eventually create PowerWise Systems, a company that creates, installs, and commissions weather stations for the commercial and industrial solar market. For the most part, the PowerWise journey was smooth-sailing — until the pandemic hit.

As office spaces across the country shuttered and remote work grew, Steenberg's commercial building monitoring arm was greatly reduced. This posed financial challenges, but also opened an opportunity for Steenberg: a strategic shift wherein he could begin targeting utility-scale solar plant needs over smaller commercial and industrial stations. To do so, he needed to create qualified leads. That's where the DTPP-funded APEX grant came in.

Inexplicably, PowerWise had already begun appearing near the top of Google and Bing results for a search of "utility weather stations." PowerWise was getting website visitors, but people weren't sticking around. They needed to tell their story, and demonstrate what makes them such a strong company. "We may be tiny," Steenberg says, "But I would challenge you to find a group with more experience than us."

Steenberg partnered with a marketing company in Bangor and applied for a grant with guidance from the team at APEX. He had sought funding years before, and though he hadn't won it, APEX got back in touch with him when the DTPP launched. In addition to a site update, the marketing company will create brochures for trade shows and digital collateral. "Everyone has been so helpful," Steenberg says.

The timing has worked out well, too. Not long ago, Steenberg reached out to Power and Energy Solutions (PES), a source for renewable energy news. Impressed, the publication ran a feature on PowerWise — adding to the momentum of their current moment. Steenberg has learned that sometimes, you just need to ask for help. "I've always been extremely impressed with what this state has offered to small companies," says Steenberg. "We are so lucky to be in Maine."



"I've always been extremely impressed with what this state has offered to small companies. We are so lucky to be in Maine."

—Carsten Steenberg, CEO



\$19K

**for website upgrades
and brochure design
& development**

APEX funding



**“Entrepreneurs in the state of
Maine have a huge advantage.”**

— Pat Panaia, CEO of Kinotek

MAINE.

ECONOMIC & COMMUNITY
DEVELOPMENT

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