

2024

# Grocery Retail For All:

Affordable,  
Nutritious Food  
in Every  
Neighborhood



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# Executive Summary

## Introduction

Low-income rural and urban communities face many challenges in accessing brick-and-mortar retail food shopping opportunities. These challenges have been extensively studied, landscaped, documented, and discussed by community advocates, academics, political leaders, and experts from across the grocery retail community.<sup>1-3</sup> Store closures across rural and urban America—where locally-owned independent grocery retailers are disappearing from main streets—are impeding food justice and have been documented<sup>4-6</sup> and comprehensively discussed in public conversations, workshops, and webinars. Rather than further illuminating these legitimate, well-trodden concerns, the landscape study and this report sought to identify and publish “the secret sauce” behind successful grocery retailers who have opened and are operating stores in low-income urban and rural communities, where other grocers have closed or declined store opening opportunities.

The rapidly changing grocery retail landscape in the United States (U.S.) could potentially create a significant increase in the number of urban and rural communities without retail food stores. The time is ripe for identifying, publicizing, and scaling tactics that will make affordable, nutritious food available in every American community. The landscape assessment and this report focus on regional, independent, and community grocery retail operations. The report highlights the variety of retail formats that exist, the innovative models that are emerging, and their strategies and tactics to succeed—thereby remaining in business and serving their communities,

including their customers, staff, neighborhoods, and suppliers.

The assessment included interviews with dozens of grocery retailers. Though they were diverse with respect to model type, setting, geographic location, and customer base, many shared similar stories regarding operational issues, including the difficulty of maintaining financial success, stemming primarily from high inventory costs related to insufficient purchasing power; increased competition from discount chains and online sales; small customer basket size resulting in insufficient sales volume; challenges with inventory management, and resource-intensive security needs. Yet amid these challenges we identified examples of grocery retailers and community entrepreneurs crafting strategies and implementing tactics to address, if not overcome, each of these issues. As a result, they are better able to build resilient customer-focused businesses and keep their doors open.

Despite the laudatory success across business models and geographic areas, these retailers typically operate without significant recognition. Consequently, little documentation of their tactics, lessons learned, and strategies for success exists, limiting the opportunities to scale and spread their innovative ideas. This report, while far from exhaustive, shines light on these stories and presents them in the context of related societal and policy issues and opportunities, with a hope of inspiring entrepreneurs, policymakers, funders, and other community members in better supporting a sustainable grocery retail landscape.

## Scope of Report

To affirm the landscape assessment study design, monitor the interview process, and review the report prior to publication, Food Systems for the Future (FSF) convened a group of stakeholders—including The Food Trust, Reinvestment Fund, Harvard Food Law and Policy Clinic, and the Greater Chicago Food Depository<sup>(1)</sup>. Together, this team worked to identify specific examples of diverse food retail operations<sup>(2)</sup> in low-income urban and rural communities across the U.S. and to understand key factors contributing to their success.

The initial goals of the endeavor were to:

**01**

Identify creative solutions to persistent challenges faced by grocery operators in low-income urban and rural neighborhoods

**02**

Identify opportunities for innovation, collaboration, policy change, and funding

**03**

Increase opportunities for grocery retail success to better ensure accessibility of nutritious food in every community

To achieve these goals, FSF, with support from their partners, completed the following tasks:

- Identified exemplary grocery retail operations and interviewed operators that were willing to participate
- Interviewed expert stakeholders working to advance the grocery retail field
- Augmented the interview findings with data from peer-reviewed and gray literature
- Interpreted, analyzed, and synthesized the interview findings with input from a team of grocery retail experts<sup>(3)</sup>
- Compiled this report

The content presented in this report is both timely and relevant given the current landscape of U.S. grocery retail, particularly the consolidation of national retail chains, the increasing grocery sales of online operators, and the expansion of food offerings in both large and small discount retailers. It reflects:

- Generalized throughlines as well as environmental and ecosystem-level challenges faced predominantly by independent, community, and some regional grocers operating in low-income rural and urban communities
- Successful strategies to address identified challenges
- Contextual requirements and opportunistic elements for enhancing success

Notably, the report is not intended to present an exhaustive list of retailer types or solutions—nor is it intended to be prescriptive in recommending solutions for addressing particular challenges experienced by any grocery retailer. Rather, it is intended to offer a menu of potential solutions—each of which could be implemented by a retailer in sequence, combination, or even in isolation—to generate excitement, create momentum, and offer ideas and examples for others to pursue. The multifactorial nature of the problem of insufficient access to affordable nutritious food in every neighborhood requires actions from a diversity of stakeholder groups. Therefore, this report also offers potential implications and actions for a variety of audiences including independent grocers, funders, policymakers, researchers, distributors, community organizations, and consumers.

## Summary of Findings

### Strategies for Success

Feedback from the set of 45 exemplary and diverse grocers operating across urban and rural settings in the U.S. and 22 industry experts highlighted that given the increasingly competitive grocery retail landscape, it is not sufficient for a grocer to compete solely on price. A given store may be the only grocery retailer in its neighborhood, but every customer maintains myriad food access options. In contrast, a variety of grocery retail access options may exist within a given community, yet some community members may still lack access. Thus, it is critical that businesses understand the competition and identify key reason(s) for existing and serving a specific customer base—identify the customer, delight the customer, and achieve customer loyalty. Independent and community grocers operating in low-income urban and rural communities must find a niche and develop a differentiated and defensible strategy.



<sup>(1)</sup> The Global Food Institute (GFI) at George Washington University subsequently joined this team and offered invaluable input and served as a critical reviewer of the report data, findings, and recommendations. <sup>(2)</sup> National retail chains were not included in the landscape interviews. <sup>(3)</sup> The experts included Bruce Efir, Donald Fitzgerald, David Ockleshaw, and Larry Stablein.

# Summary of Findings

## Proven Tactics to Overcome Challenges

Despite variation in model, size, external competitors, customer population, and other factors, the analyses of interview data indicated that the grocers in this research—primarily independent and community grocers in low-income communities—were implementing a set of 12 cross-cutting tactics to address persistent challenges. To help the stores remain open, offering affordable, healthy options to their communities, these tactics aimed to achieve two objectives: identifying and caring for the customer and optimizing operations. Specifically, the tactics corresponding to each objective include:

OBJECTIVE	TACTIC				
Identify and Care for the Customer	✓ Cater to the customer's unique needs	✓ Know the community	✓ Access the hard-to-reach customer	✓ Engage the community	
	✓ Deliver a diverse affordable offering	✓ Identify the community champion	✓ Commit to marketing the business		
Optimize Operations	✓ Grow the basket size	✓ Increase purchasing power	✓ Attain funding	✓ Reduce shrink	✓ Reduce costs

## Additional Opportunities and Unresolved Issues

Moreover, various federal, state, and local policies are facilitating opportunities to increase access to affordable, nutritious food in every neighborhood through grocery retail, and many are described in this report. Policy changes that could enhance and expand the impact have also been described.

Notably, several related factors remain unresolved—namely, there is divergence across definitions of success among the various stakeholders, there is a lack of awareness and understanding of the factors that cause unpredictable timeframes to open and operate stores, and there are insufficient tactics to support selling and promoting nutrient-dense foods, as opposed to nutrient-poor foods, to earn a profit. We anticipate that future creativity and research will help to spread solutions that address these challenges, as well.



## Next Steps and Future Opportunities

Transforming our food system, especially achieving universal access to affordable, nutritious food through grocery retail, cannot be accomplished overnight or through any single report. Publishing this report to disseminate findings from our research serves as the first step in a comprehensive approach to improve the grocery retail landscape for regional, independent, and community grocers. The many experts and related grocery stakeholders leading retail food access initiatives and innovative changes across the country should inform and guide next steps. Together with GFI, FSF will host a Grocery Retail for All Summit on December 13, 2024. Stakeholders, including retailers interviewed as part of the landscape, will present their success stories and lessons learned. After, we will continue to seek avenues for sharing the report findings.

We thank you for reading this report and for engaging in the effort to promote more resilient grocery retail operations in every community across America. We hope and believe this report will inspire and guide the efforts of key stakeholders, advance equitable collaboration, scale the number of sustainable grocery retail operators, and increase nutrition security among underserved populations. If you are interested in joining the movement, by learning more and engaging in next steps, please contact us at [info@fsfinstitute.net](mailto:info@fsfinstitute.net).



# Introduction

Grocers in the United States (U.S.), especially those in low-income communities, face many barriers to sustainably selling nutritious foods. Many stores have not overcome the obstacles, struggled, and closed. Others, however, have remained open, running sustainable businesses and fulfilling their core missions. These stores have confronted difficulties head-on, seizing opportunities to innovate within their operations and fostering collaboration—often with unconventional partners—to tackle these complex, multifaceted challenges. In many cases, the retailers operate at only a local scale, and their individual knowledge has not been shared or implemented broadly. Documenting their successes and the factors that contribute to their effectiveness in increasing access to affordable, nutritious food can empower stakeholders to replicate and scale these models, ultimately enhancing community stability and maximizing their positive impacts. By highlighting these successful stories—each of which is part of the solution, not the complete answer—and sharing the insights that we have gained, we hope to spark a movement that is fueled by optimism and encourages efforts to open new stores or stabilize existing stores, better ensuring access to affordable, nutritious food in every neighborhood.



## What Does This Report Aim to Do?

The goals of the research and findings shared in this report aim to:

01

Identify creative solutions to persistent challenges faced by grocery operators in low-income neighborhoods

02

Identify opportunities for innovation, collaboration, policy change, and funding

03

Increase opportunities for grocery retail success to better ensure accessibility of nutritious food in every community

This research consisted of a comprehensive, mixed-methods landscape assessment to identify diverse grocery retail operations in low-income urban and rural communities across the country and to understand key factors that have promoted their resilience. Qualitative data were drawn from a set of more than 65 interviews with leaders from grocery retail operations as well as ecosystem stakeholders involved in research, investment, and the pursuit of innovative solutions in this field. This input was complemented by a review of available literature—including peer-reviewed research, op-eds, and news stories. The research concluded with interpretation and synthesis of these findings by FSF staff and a team of grocery retail expert advisors (refer to [Appendix 1](#) for a complete description of methods). This report presents the research findings, including key throughlines, environmental and ecosystems factors to consider in future investment and innovation, successful strategies to address identified challenges, and contextual requirements and opportunities to enhance success.

Notably, this report does not establish or augment the evidence base for the many economic, health, and environmental sustainability challenges faced by consumers and stores. It also does not simply describe the challenges being faced and present a call to action to policymakers and funders to better bolster independent and regional grocers for the sake of equity and a viable economy. Rather, it takes a next step in identifying the latest examples and patterns of success in the U.S. and offers tactical means for various groups of stakeholders to advance the provision of affordable, nutritious food in every neighborhood in the U.S. through grocery retail.



## Who Should Read This Report?

This report is not written to provide recommendations to any single audience. Through our research and publication of this report, we aim to share information about the current retail environment for grocers in low-income communities and innovative ideas that are pertinent to the various stakeholders across the U.S. grocery landscape. We envision that different stakeholder groups will utilize and take away different key findings.



### Examples of the potential value of this report for different stakeholder groups include:



#### Grocery Entrepreneurs

inspiration for new initiatives, affirmation of ideas for progress on current initiatives, concrete resources to tackle intractable challenges, shortened learning curves for inexperienced operators—which can prevent costly missteps



#### Policymakers

evidence of barriers that continue to hamper retailers' resilience, ideas for programs to support through grant funding and other forms of incentives and technical assistance in diverse communities



#### National Retailers

ideas for collaborating with regional, independent and community grocers in support of broader social stability and the well-being of neighbors and customers, tactics to tailor operations to create more community-oriented experiences, motivation to share non-proprietary best practices, inspiration to play a leading role in disruptive solutions



#### Funders

ideas for future requests for proposals to address identified barriers, strategies to better support current grantees through technical assistance and additional resources



#### Consumers

inspiration for how to spend dollars, understanding of individual roles in supporting a resilient food system, awareness of the challenges facing local grocers and their efforts to increase access to nutritious foods



#### Producers

ideas for ways to connect with grocers and expand markets, identifying triple-win (producer-grocer-consumer) solutions to better manage or prevent excess production and reduce waste



#### Distributors and Large Food and Beverage Companies

approaches for streamlining supply chain logistics to reduce transportation costs for grocers, motivation to offer flexible payment options or discounts for independent and community grocers in low-income communities sourcing nutritious, lower-cost products, rationale for aligning with nutrition incentive programs, inspiration to help independent and community grocers identify demand trends and stock appropriate products at accessible prices



#### Community Organizations

awareness of the complexity of the grocery retail industry and the many stakeholders that need to be involved to operate a business that provides nutritious food at affordable prices to its community; recognition of their vital roles in delivering essential support—whether by reducing the barriers of entry, advocating for those providing solutions, or by promoting patronization of community grocery retail stores



#### Trade Organizations

ideas for ways to leverage platforms and partnerships to raise awareness of the vital role independent and community grocers play in providing affordable, nutritious food to low-income communities and the holistic support they need for success



#### Technology Companies

ideas for ways to streamline operations across the value chain for grocers and the shopping experience for consumers in low-income communities



#### Academic Researchers

indications of areas that require stronger evidence, means to more precisely measure access to nutritious food

# Background

Traditional brick-and-mortar grocery stores provide immense value to their customers and communities, including the provision of good quality, healthy, and affordable food; space for socialization and a sense of belonging; accessible facilities for community events; access to other services such as pharmaceuticals or rent assistance through co-location with nonprofits or other businesses; economic benefits with job creation and financial reward to local producers; health and wellness promotion through the product mix, events that feature health services, or food as medicine programming; among other offerings.<sup>1,2</sup> However, as evidenced by the rising prevalence of diet-related diseases and rising rates of food insecurity, too many Americans are struggling to access affordable nutritious food in their neighborhoods.<sup>3,4</sup> Store owners and operators are facing challenges that make it increasingly difficult for them to sell nutritious food through traditional brick-and-mortar models in many low-income urban and rural communities.



## Changing Grocery Landscape

The landscape of American grocery stores has changed immensely in recent decades.

Half a century ago, Americans obtained most of their groceries from supermarkets. Since then, the rise of online shopping and the growth of discount and national chain grocers has transformed the suite of modalities for purchasing food. Today, supermarket grocers hold about one-third of the U.S. grocery market, while national and discount grocers—predominantly Walmart—including the online and home-delivery options, hold the remaining two-thirds.<sup>5</sup> Walmart is the top-selling U.S. grocer, with roughly three times the market share of the second and third top-sellers, Kroger and Costco. It is notable that the Federal Trade Commission does not include these larger retailers in its definition of a “supermarket” for the purpose of regulating their operations and mergers. However, their impact on the grocery industry, particularly relating to independent grocers’ purchasing power and sales leakage (i.e., when actual sales are less than potential sales) within a community, is undeniable.<sup>6</sup>

Change is also occurring inside grocery stores. Recent research findings from the Food Industry Association (FMI) showed that 79% of food retailers—a higher percentage than in 2023—plan to increase space for on-site food service, with 29% expanding made-to-order stations and 44% allocating more room for fresh produce.<sup>7</sup> This trend is evident not only in high-end, organic, or specialty stores, but also in large grocery and dollar stores (also not typically classified as grocery stores, yet often the only place to buy essentials in communities with low access to grocery stores). For example, more than 5,000 Dollar General stores, representing more than 25% of all their stores, now sell fresh produce.<sup>8</sup> Accommodating these changes requires grocers of all sizes to restructure store layouts and reconfigure ordering and inventory management processes.

## Challenges Facing Independent and Regional Grocers

One significant strain is the increasing economic pressure from online grocery retail and from the merger of large chain supermarkets and big-box retailers, which leverage their economies of scale to offer lower prices and a wider variety of products than independent or regional grocers can offer. This pricing advantage makes it difficult for independent and regional stores to compete, often forcing them to either charge higher prices or struggle to maintain profitability with more competitive prices. The continued consolidation of big-box stores and spread of discount stores further amplifies these challenges. It is noteworthy that many independent grocers often turn to buying products at retail prices from large chain supermarkets, big-box retailers, and online competitors because their prices are lower than what they would pay through traditional distributors. Independent store owners must then mark up the products for sale, factoring in the time, travel, and other resources involved in procuring the goods.

Another challenge confronting all brick-and-mortar grocery retailers, but particularly detrimental to the operations of independent and regional grocery stores, is the rise of online shopping and delivery services. According to a 2022 report by the Brookings Institution, 93% of Americans have access to rapidly delivered groceries or prepared foods through at least one of the top four platforms. In fact, 90% of Americans in low-income, low-access areas have access to at least

Grocery stores in America face a multitude of challenges in today's retail landscape.

one of these services.<sup>9</sup> To compete with the convenience and efficiency of these modern alternatives, independent and regional grocers would need to invest in technology to offer online ordering and delivery. However, with comparatively thinner margins and less capital, the installation and maintenance costs can be prohibitively expensive for independent and regional operations. By forgoing the investment in the necessary digital infrastructure, these stores may struggle to attract and retain younger, time-stressed, and tech-savvy customers who prioritize convenience.

Additionally, independent grocery stores often grapple with supply chain issues that impact their inventory and customer satisfaction. Due to limited purchasing power, these stores may face difficulties securing a reliable and consistent supply of popular products, leading to stock shortages or higher costs. In contrast, national and even regional retailers have extensive tailwinds behind them, including more robust supply chains, larger customer bases, faster product movement, increased delivery frequency, in-store storage space, and better technology for inventory management. Without many, if not most, of these advantages, independent locations face challenges in managing inventory, maintaining product freshness, and minimizing waste. These logistical issues not only affect operational efficiency but can also diminish revenue, as well as customer trust and loyalty, especially if shelves are frequently empty or if customers perceive that products are not meeting competitive standard.

## Exacerbated Challenges in Low-Income Urban and Rural Communities

Retailers serving low-income communities experience even greater difficulty achieving profitability. Consumers in these communities maintain less income for food resulting in smaller basket sizes per trip and more frequent trips per customer. Thus, the stores have commensurately lower sales volumes and higher operating costs. As a consequence, smaller basket size leads to less product turnover and the potential for increased spoilage of perishable items. Combined, these factors lead to higher prices, reduced availability in depth and breadth of product, and lower profit margins. These effects result in lower store profitability and less capital available to invest in necessary maintenance or seemingly optional, innovative operational solutions.

## Pioneering Initiatives

Many public and private initiatives have emerged in response to the growing recognition of the increasing burden of food insecurity and the lack of accessible grocery stores, too often driven by the closure of stores across low-income urban and rural communities. At the federal level, Congress established the Healthy Food Financing Initiative (HFFI) in 2014 to offer grants, loans, and technical assistance to food retail and other enterprises that aim to improve access to healthy food in low-income areas. The initiative was inspired by the state-level Pennsylvania Fresh Food Financing Initiative and is a public-private partnership in which federal funds allocated by the U.S. Department of Agriculture are administered by Reinvestment Fund, a mission-driven Community Development Financial Institution (CDFI). Applicants may include governments, nonprofits, co-ops, or for-profit businesses. To date, HFFI programs have facilitated more than \$320 million in grants and provided an estimated \$1 billion in additional financing through multiplier effects. They have supported nearly 1,000 grocery and other healthy food retail projects in almost every state.<sup>10</sup>

State-based initiatives have also been influential and have the potential to augment the financial and technical support from the federal government. For example, the Illinois Grocery Initiative aims to address inadequate access to fresh foods through two grant programs: one for energy-efficient equipment upgrades for existing stores and one for new stores in food deserts.<sup>11</sup> Applications for the first round of funding closed in the first half of 2024; thus, the potential impacts have yet to be evaluated. Beginning in 2019, the California legislature funded the Department of Food and Agriculture (CDFA) to implement the Healthy Refrigeration Grant Program.<sup>12</sup> This program has provided grants to corner stores in low food-access neighborhoods to purchase refrigeration units to increase access to California-grown fruits and vegetables. As of 2022, 79% of participating storeowners reported that the CDFA refrigeration increased their profitability, 78% said they had more customers after installing the refrigeration, and 94% said the programming increased their ability to sell produce.<sup>13</sup>

Cities have also implemented initiatives of their own. For example, the District of Columbia has pursued multiple strategies to build a more resilient, equitable grocery retail sector. To encourage development and investment in areas with limited access to groceries, particularly fresh foods, the District offers tax and fee waivers to grocery stores that locate in specific neighborhoods through the Supermarket Tax Exemption Act of 2000. Eligible stores

can receive benefits for up to 10 years after development or renovation. Eligible stores that accept certain federal nutrition benefits, conduct community listening sessions, and meet other requirements may apply.<sup>14</sup> Additionally, in 2021, the Office of the Deputy Mayor for Planning and Economic Development created the Food Access Fund Grant to support qualified businesses expanding into areas with low food access. This grant program funded four rounds of applicants before it concluded in 2023.<sup>15</sup>

Initiatives by the private sector are also supporting change. One example is an initiative by Partnership for a Healthier America and the International Fresh Produce Association, with support from Novo Nordisk, called Good Food Cities. These entities are building a collective impact model aimed at improving the supply and access to healthy food, alongside the awareness of the connection between food and health. They have created the first-ever playbook for establishing policies and procedures “where produce consumption is high and access is easy” using a suite of tactics.<sup>16</sup> To date, three cities—Denver, Indianapolis, and Chicago—have committed to doubling produce consumption by 2030.

These financial opportunities can provide a necessary boost for operations. However, they cannot support every independent retailer in the U.S. Those fortunate enough to receive funding awards must maintain resilience by subsequently achieving adequate earnings before interest, taxes, depreciation, and amortization (EBITDA) by selling sufficient volumes (and/or making sales from other services to earn revenue) to profitably cover operational costs. Thus, innovation and engagement of the broader stakeholder community to augment and sustain these sales is necessary. Descriptions of real-world solutions and key factors in their success, based on extensive interviews with grocery retailers across the U.S., are presented below. The examples are accompanied by descriptions of store models and a subset of case studies that bring the solutions to life. Finally, this report offers a menu of action items and resources relevant to the unique expertise and role of each reader.

## Defining Success

Traditional brick-and-mortar retailers define success by profitable EBITDA. However, different stakeholders in low-income urban and rural communities may likely define success in different ways, based on their own priorities and the aspects and scope of the problem witnessed or experienced. For the context of this report, success for stores, communities, and individual consumers will be defined as keeping the store doors open and operating while providing affordable components of a healthy diet.

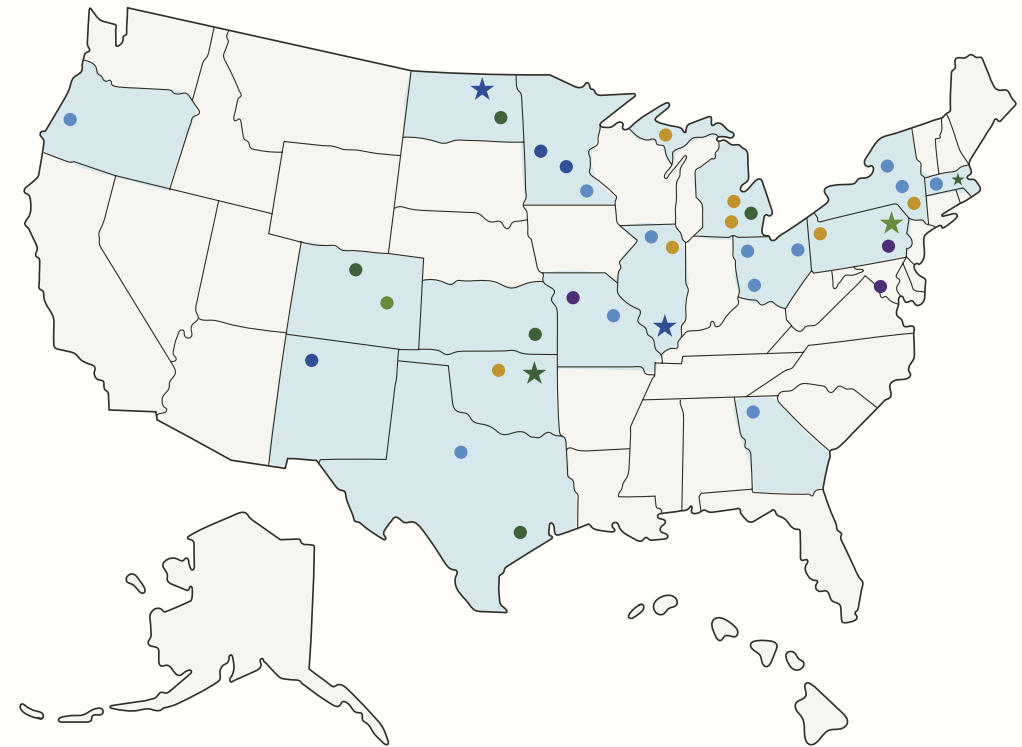


# Retailer Models

Grocers operate in diverse communities and settings across the U.S. The stores interviewed for this report (see map and table on opposite page for approximate locations and store types) provide examples of a variety of business models, each with its own benefits and ability to adapt to meet the needs of diverse operators, customers, settings, and geographic locations. Brief descriptions of models, including case studies of select interviewed stores, are presented below. Note that the models are not mutually exclusive—retailers can employ multiple models (e.g., a corner store may operate a for-profit business model). The case studies are intended to highlight operations that have innovated, persevered, and implemented creative strategies to keep their doors open and continue offering affordable, nutritious food to their communities.



## Map of Stores Interviewed



Notes: 1) Locations are approximate. 2) Stars indicate case studies. 3) Stores with a regional or national presence are not represented. 4) Colors indicate store type as described in the table below.

Types of Stores Interviewed		# Interviewed
●	For-Profit Independent	08
●	For-Profit Independent with Corporate Support	03
⊕	Co-op	05
◆	Nonprofit	12
🏠	Corner Store	04
👤	Omnichannel	**
🏠	Municipally or Publicly Owned	00
🏷️	Discounter	02
🌊	Other: Only Produce, Farm Stop, Mobile Market, Hub, or Only Online*	11

\*Stores in this category can employ one of the models defined by another category but are listed separately because of their distinguishing features.

\*\*Many stores offered omnichannel features but were more accurately categorized as one of the other store types.

# Defining Models

## For-Profit Independent

An independent grocer is privately owned or controlled and operates independently of larger corporate entities. While some independent grocers operate just one store, others may own a small group of stores. Most buy their inventory from wholesale distributors, but some are partially or fully self-distributing (meaning that they purchase goods directly from their manufacturers, store them, and transport them through their own networks). Some independent stores are publicly traded (with the family still holding controlling shares) and others are employee-owned.<sup>17</sup>

Though independent grocers may have fewer resources at their disposal to implement the latest advances in technology or high-cost solutions compared to larger chain grocers, their small, often local nature and autonomous decision-making ability enables them to be more flexible and adaptive to changing market conditions and to sell products chosen for their specific customer base.<sup>18</sup> These stores often help to ensure food access in

areas not being served by chain grocery stores, including rural counties and counties with a predominantly low-income consumer base.<sup>19</sup> Indeed, stores with a higher share of total sales from Supplemental Nutrition Assistance Program (SNAP) redemptions are more likely to be independently owned, especially those in rural areas.<sup>20</sup> (Note that these data are more than two decades old and thus indicate an important opportunity for research.) Independent stores typically have less bargaining power with suppliers than do chains.<sup>19</sup> To justify the price difference, these stores must provide added value through attractive features, whether it be the convenience of location, tailored product mix, or strong community relationships. Recognizing that many people shop at multiple venues, stores may not be required to provide a comprehensive shopping experience. However, to serve as a complementary player among a diversity of options, they must carve out a purpose and define what they intend to provide to their customers and community.

## For-Profit with Corporate Support

Many for-profit stores operate as part of a larger corporate network. These can be small, primarily local chains with just a few stores or national chains with thousands of stores. These retailers may be traditional grocers like Albertson's, Kroger, or any of their subsidiaries, or specialty grocers like Whole Foods or Fresh Market that offer more "natural" products.

Many of these stores can leverage economies of scale to their advantage. For example, many offer private label brands that can boost profitability and increase customer satisfaction by matching national brand quality at lower production costs. Private label products can also be rapidly tailored to meet shifting customer preferences or market trends. This is a benefit only available to large operators that have enough volume to support their production and distribution. Some also offer on-site and/

or virtual services, such as consultation with a registered dietitian, health screenings, and store tours. Most now provide the convenience of online ordering and delivery and/or pickup services. These stores are open to all customers, but some promotions may be targeted specifically at rewards members.

When executed for the customer and for the community, even in low-income communities, these stores have demonstrated their ability to keep their doors open and their stores operating while providing components of a healthy diet. With greater purchasing power compared to independent grocers, collaboration to identify mutually beneficial relationships regarding procurement or inventory management could be a win-win solution in providing access to affordable nutritious food in every neighborhood.

## Co-Op

A grocery cooperative (co-op) is a business owned by its members, often employees or customers, rather than by a single proprietor or corporation. Typically, community members must buy shares, purchase membership, or donate their time to gain ownership. In a year when a co-op makes a profit, members who own shares will receive dividends in proportion to their annual purchase volumes, thus providing an incentive for them to shop there regularly. Some co-ops also offer members discounts on their purchases. Membership is not usually required to shop at a co-op and non-members are highly encouraged to shop. This open approach fosters community involvement and enhances social capital by inviting everyone to contribute to the co-op's mission and success.

Co-ops can have various ownership structures; consumer-owned co-ops are most common in the grocery industry. The co-op structure is highly flexible

and can address a wide variety of needs. National Co-op Grocers (NCG) estimates that there are 1.3 million co-op members across 161 co-ops in 39 states in the U.S.<sup>21</sup> The International Cooperative Alliance maintains seven principles that co-ops should follow to practice their shared values: 1) voluntary and open membership; 2) democratic member control; 3) member economic participation; 4) autonomy and independence; 5) education, training, and information; 6) cooperation among cooperatives; 7) concern for community.<sup>22</sup> Many grocery co-ops belong to NCG and benefit from the purchasing power that it offers.

While grocery co-ops have traditionally prioritized locally sourced products and organic and natural foods, many have expanded their product offerings and introduced needs-based discounts that encourage more diverse membership.<sup>21</sup>

## Nonprofit

Nonprofit grocers seek to improve access to nutritious food, often prioritizing affordable prices and community well-being over profit. They are often mission-based and operate in low-income areas. By aligning with a community-focused mission, these stores tend to build strong relationships with residents, attracting customers who rely on the services they provide and are drawn to businesses that prioritize social good. Though these stores are not profit-driven, they do not provide food for free, a feature that distinguishes them from food banks or pantries. Most need to earn sufficient revenue to cover a portion, if not all, of their operating expenses and are thus motivated to engage customers and instill loyalty.

While each nonprofit grocery store employs a unique combination of techniques to be able to offer nutritious, low-cost food to customers, they typically employ one or more of the following strategies<sup>23,24</sup>:

- **Requires membership:** Customers must pay a membership fee to shop, providing revenue to cover operating costs.
- **Receives donations:** Many accept financial donations from individuals, businesses, and philanthropic groups. Where regulation permits, some accept donated food, that they resell at or just above cost
- **Relies on public programs:** Some stores rely on discounts for operating costs such as rent or utilities, as well as benefits from public nutrition assistance programs like SNAP, to minimize operating costs and maximize value for customers.
- **Relies on partners:** Many stores have a reliable network of volunteers who are integral to their operations, while some receive assistance with grant applications from academic partners.
- **Social enterprise:** A for-profit store may reinvest most or all profits to advance the mission of a nonprofit partner.

## Corner Stores<sup>(4)</sup>

USDA defines a corner store as a small-scale store that sells a limited selection of food and other products.<sup>25</sup> Other common names for corner stores include convenience stores, bodegas, mom-and-pop stores, and other regional terms. These businesses often have convenient locations, enabling people to quickly purchase a wide variety of

goods and services. The National Association of Convenience Stores notes the following general characteristics: typical size less than 5,000 square feet, easy access by foot or car, extended hours of operation, a variety of products including beverages, snacks, foods, tobacco, and at least 500 stock-keeping units.<sup>26</sup>

Across geographical regions in the U.S., corner stores provide crucial food access to all communities. In some communities, these small stores are the only place to purchase food. Residents in these communities can use SNAP and The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits once retailers meet stocking requirements, complete the necessary application process, and receive authorization for the program (refer to the “Store Eligibility Requirements”<sup>27</sup> reference for information about stocking requirements). Even though most stores in the country fall into “convenience store” or “grocery store” categories, more than 80% of SNAP benefits are redeemed at “supermarkets” or “superstores,” which suggests a significant opportunity to increase access to nutritious foods if corner stores’ product selection and prices better aligned with the nutritional needs of SNAP consumers.

Corner stores have a reputation of selling and promoting primarily unhealthy foods, with only a limited selection of healthy foods that are often considered overpriced. Many corner stores are independently owned, which limits their purchasing power and makes it difficult

for them to compete with larger chain stores that buy for multiple locations. The ability to sell fresh foods can also be particularly challenging for corner store owners due to their smaller size and limited inventory. Despite these challenges, corner stores remain at the heart of communities. Residents often live near their local store and know the owner, employees, and neighbors who also shop there, imparting a sense of trust and familiarity.

A distinctly notable example that capitalizes on the infrastructure offered by corner stores is the Healthy Corner Store Initiative that The Food Trust established in 2004. The initiative helps store owners improve their ability to sell healthy foods by upgrading infrastructure, building knowledge, supporting marketing programs, or improving purchasing power. It also educates and markets to customers to increase demand for healthy foods, and supports nutrition incentive programs and other resources that increase the affordability of healthy foods.

## Omnichannel

An omnichannel retail strategy allows shoppers to interact with a retailer through multiple channels, such as social media, online browsing, in-store shopping, and website- and mobile app-based ordering, while maintaining a seamless and integrated experience. With the rise of online shopping (especially during the COVID-19 pandemic), this strategy has become very appealing for grocery shopping, especially for those who prefer or require delivery or pick-up methods, though additional fees may apply. Stores may have delivery services and technology in-house or may partner with third-party e-commerce and/or delivery services.

Employing multiple shopping methods can be cumbersome and resource-intensive to maintain. If capital allows, grocers can invest in advanced inventory management systems to synchronize online and offline inventories, preventing stock depletion or overstock and streamlining order fulfillment.<sup>28</sup> Advanced technology can also facilitate a personalized shopping experience. Data analytics that offer customer insights can be leveraged to tailor recommendations and promotions.

Though many retailers are piloting new delivery models to decrease costs while providing convenience,<sup>29</sup> some obstacles to offering an omnichannel experience persist. For example, in rural settings, grocers must

typically deliver to farther distances and charge higher fees.<sup>30</sup> Yet for many of these consumers, fees are prohibitive, and federal assistance cannot be used to pay for them. It is noteworthy that grocer authorization for online SNAP redemption can be an instrumental step toward increasing access to affordable, nutritious food for low-income consumers. Resources are available to help independent grocers in achieving authorization and becoming operational.<sup>31</sup> For rural food desert tracts, lack of transportation has been cited as the most important predictor of low access.<sup>32</sup> This makes delivery an obvious component of the solution in accessing these consumers. As of 2022, data from four of the most prominent digital food delivery companies and platforms showed that 93% of all Americans had access to at least one platform; however, in rural areas, more than 60% did not have access to any.<sup>9</sup> Thus, the opportunity for these logistics and e-commerce powerhouses to help bring affordable nutrition to every neighborhood appears to be significant. Given the challenge of reaching many of these consumers, delivery methods could differ from those used in more accessible areas. These could include tactics such as fixed delivery days, a variable fee structure, the use of lockers, partnerships with local businesses or other shippers to consolidate orders, and milk-run style delivery routes.<sup>30</sup>



## Municipally or Publicly Owned

Public institutions may own and/or operate grocery stores to meet their communities’ identified needs. Schools are one type of institution that could operate a store. In small, isolated rural communities that have no grocery store and no prospects of developing one through any other ownership models, these stores can enhance both food access and school engagement.<sup>33</sup> While several approaches have been tested, no definitive solution has yet emerged. With the advancement of online ordering, it is possible that the best use of a school could be as a pickup location, utilizing some of the infrastructure that is already in place. To the best of our knowledge, this has not been tested.

Another example is a municipally owned, operated, or subsidized grocery store. The Chicago mayor announced a plan in September 2023 to open a city-run grocery store to help underserved neighborhoods that have become food deserts.<sup>34</sup> This model could be implemented in many ways, and there are advantages and disadvantages to each operating model. For example, the municipality

could own the space and rent it to the operator at a low cost. Alternatively, employees could own and operate it with employees on the municipal payroll. The city could open a network of stores, allowing higher-profit locations to subsidize lower-profit one, thereby increasing overall purchase volume and reducing per-unit prices. Municipalities could also pay for the provision of police detail to help the store manage shrink and enhance safety and approachability of the area. Though a few municipal markets exist in rural communities in other states, the Chicago example represents uncharted territory for a city of its size.

There are many critiques of this model—namely that they are not financially sustainable,<sup>35</sup> that they are subject to the effects of a change in administration, or that they could detract from the success of other grocers. However, in conjunction with other policy changes and actions, they could be part of a broader strategy to address insufficient food access in urban or suburban areas, particularly in communities with minimal disposable income.

## Discounters<sup>(5)</sup>

Discounters sell products below retail price. They rely on bulk purchasing; efficient distribution; private label product offerings; and streamlined, low-cost, limited-service operations to minimize their costs.<sup>36</sup> Despite not fitting the traditional definition of a grocery store, enormous competition for grocery sales has emerged from discounters—mainly from Walmart, dollar stores, and club stores.

Walmart operates primarily out of supercenters and through omnichannel solutions and is the largest U.S. grocery retailer with approximately 30% of all grocery sales.<sup>5</sup> It is known for its “Every Day Low Prices” achieved through tremendous economies of scale.

In contrast, dollar stores tend to be small, but are the fastest growing retail format in the U.S.<sup>37</sup> Dollar stores minimize their operating costs with their secondary real estate locations (i.e., outside major urban centers), few employees, limited assortment, small package sizes, and

no-frills atmosphere.<sup>38,39</sup> Customers living in both rural and urban food deserts will frequently have access to one or more dollar store(s) within or near their immediate area and may rely on them more heavily when other grocers pull out of their communities.<sup>40</sup> Dollar General, the largest U.S. dollar store chain, has more individual points of produce distribution than any other U.S. mass retailer or grocer.<sup>41</sup> The depth, breadth, and quality of its produce can, therefore, have a substantial impact on nutrition security across the U.S.

With Costco leading the industry, club stores are recognized for extremely low per-unit prices on a streamlined assortment of goods, typically sold in bulk sizes. These stores usually require an annual membership fee to shop. While the per-unit price is often low, access may be limited by the upfront cash required for larger purchases or the additional storage space needed for bulk items.

Other



As consumer preferences and behaviors change, and grocers continue to adapt and innovate to meet customer demands and carve out their niche, other successful models may emerge. These models may not fit a traditional definition of grocery retail, but they still provide access to affordable, nutritious food within the retail space—as was observed during interviews with select grocers.

**Mobile market<sup>42</sup>:** The mobile market is designed to bring fresh foods directly to communities that cannot otherwise access them, eliminating the need for residents to travel long distances. They typically use a vehicle such as a truck, trailer, bus, or van. Most follow a routine schedule so customers can plan when to shop. Vehicles range from long, enclosed trailers arranged like a one-aisle grocery store to produce-only trucks that open on one side. Mobile markets allow businesses to gauge demand, develop community relationships, and ease into operations before opening a brick-and-mortar location. Note, however, that obtaining SNAP and WIC authorization may be challenging with limited space to hold the required inventory.

**Corner store produce enhancement:** Capitalizing on the existing infrastructure of corner stores and gas stations to expand customers’ access to fresh produce, nonprofit businesses install equipment, deliver fresh produce to stores, and help store owners manage inventory to minimize spoilage. These businesses increase access to nutritious foods in places customers already shop, while also supporting other local enterprises.

**E-commerce platforms:** The e-commerce options for independent grocers continue to evolve. From connecting customers with local, independent grocers and delivery services<sup>43</sup> to helping independent grocers to accept SNAP/EBT payments online and offering discounts on near-expiration foods, these companies are helping grocers expand retail modalities and streamline access to affordable, nutritious food—particularly for independent grocers that may not want to invest in developing proprietary solutions.

**Farm stops<sup>44</sup>:** Evolved out of a desire to provide year-round access to a farmers market, farm stops are a cross between a farmers market and a traditional grocery store. Most farm stops source from local producers and operate on a consignment model,<sup>(6),44</sup> allowing producers to set and receive a fair price. Many farm stop owners prioritize educating customers about product differentiation and how they can use their dollars to support and strengthen the local food system and economy.

**Rural innovations:** Compared to stores in urban neighborhoods, grocery operations in rural communities often have smaller local populations and, as a result, lower potential sales volumes. Additionally, both customers and deliveries face longer travel distances. However, creative strategies to provide access to affordable and nutritious food in these communities are emerging. For example:

- Technology can support 24-hour, un-manned access to grocery store members.
- In various rural regions, competitive stores have united, consolidating orders to increase their purchasing power and to provide customers with increased variety and more affordable prices.
- Some retailers are utilizing drop shipping to deliver to most addresses across the continental U.S. (though extremely remote areas may incur higher fees or longer delivery times and some do not delivery to P.O. boxes).
- Grocery lockers are being placed in locations where residents can pick up pre-ordered groceries.



# Case Studies



(6) In a consignment model, a business (the consignee) sells merchandise on behalf of its owner (the consignor). The producer/supplier retains ownership of the goods until the retailer sells them to customers. The retailer then pays the supplier for the goods sold and returns any unsold items.



photo credit: Oasis Staff

### For-Profit Independent

## Oasis Fresh Market

Oasis Fresh Market opened in the heart of urban North Tulsa, Oklahoma, in 2021 as the area's first full-service grocery store in over 14 years. It is the first Black-owned grocery store to open in Tulsa in more than 50 years and the first and only in Tulsa County to offer Double Up Oklahoma, an incentive program of Hunger Free Oklahoma that provides Double Up Oklahoma Bucks for the purchase of fresh fruits and vegetables for SNAP shoppers. While the store operates as an independent, for-profit establishment, its nonprofit arm known as Oasis Projects was established at the same time to augment the services that could be provided through the store to its community. As of summer 2024, the operation offered a total of eight programs, each with its own funding mechanism. Examples include on-site health screenings offered in partnership with a local clinic, free legal assistance offered in partnership with a local law school, and employment services offered through embedded workers from the Oklahoma Employment Security Commission.

Located in a community with a high rate of poverty, Oasis Fresh Market has challenged itself to keep prices competitive to maintain sustainable sales volume. Examples of its creative tactics to increase revenue include launching the Double Up Oklahoma program to stretch customer dollars for produce (and expanding the in-house cut fruit program to meet the need for convenience—which increased produce sales from 13% to more than 20% of sales), procuring food for local

businesses, and participating in the federally subsidized Summer Feeding Program to feed children completely free of charge through the summer months.

To manage shrink and crime, an issue that all retailers face, Oasis Fresh Market has taken a community-first approach and has managed to overcome these challenges. The owner and management team prioritizes getting to know the customers, going door to door to meet family members and have outsourced site protection services. The armed guard employed by the store is a highly regarded member of the community. In-store protection, the store's highest operating cost after inventory, represents a significant yet necessary investment. Because the community respects the individual in this protective service position, this investment not only reduces shrink but also fosters customer support and loyalty. Key personnel with extensive grocery experience complement the team, primarily hired from the community. Management promotes a culture of respect for the role and value of each individual. Positive lived experiences are recognized, nurtured, and reflected in employees' living wages and full benefits.

The store achieved profitability by its second year of operation, something national experts said the store would never see. Due to dedicated commitment to perfecting and maintaining rigorous systems throughout store operations, management is now confident in the capacity and ability to scale.

### Case Studies

#### For-Profit with Corporate Support

## Brown's ShopRite

Brown's Super Stores, Inc., operates nine ShopRite stores and two Fresh Grocer stores in the Philadelphia metropolitan area. Brown's was founded by Jeff Brown, a fourth-generation Philadelphia grocer, and built upon four pillars: authentic products, affordability, community responsibility, and enjoyable shopping experience. ShopRite is an American retailers' cooperative of supermarkets with stores in six mid-Atlantic states. The company consists of 50 individually owned and operated affiliates with more than 300 stores that operate under the Wakefern Food Corporation. In this type of co-op, all independently owned businesses pool resources to purchase in bulk, providing great purchasing power, under the Wakefern name.

Today, one-third of the Brown's ShopRite stores are in low-income neighborhoods. While low-margin items comprise most sales, the overall high volume of sales generates the necessary revenue for profitability. The store manager attributes the high volume to Jeff Brown's commitment to the mission and Jeff Brown attributes it to the manner of catering to and respecting the customer.

The product mix is notably tailored to the community's cultural preferences. For example, the Parkside neighborhood in West Philadelphia has a predominantly African American as well as a substantial African immigrant population, so the store sells more halal products and African food staples to meet their preferences. The stores determine these preferences through efforts such as attending local meetings, conducting surveys, visiting houses of worship, and other means of active listening.

Brown's also offers additional services to attract people into the venues and to develop itself as a place of gathering. Every store includes a community room that groups can use for free—with some even including cooking equipment that can be used for nutrition classes. Banking services and nonprofit clinics (with a sliding fee scale for uninsured patients) also help to provide a comprehensive shopping experience that builds comfort, familiarity, and loyalty.

To further develop the community relationship, Brown's partners with local organizations. They collaborate with police and a local nonprofit called Legacy of Hope that serves local home-bound patients with cancer toward the goal of eliminating hunger and supporting healing. To

give local entrepreneurs the opportunity to introduce their products to customers, they host pop-up markets where local vendors can sell products. They have also partnered with local restaurateurs permitting them to set up kiosks on-site to serve their food.

Further demonstrating Brown's commitment to their communities is the partnership with the Uplift program, hiring formerly incarcerated individuals and providing training to help them build life skills and develop careers. Brown's invests heavily in training, and some costs for this endeavor have been offset through grant funding.<sup>45</sup> These initiatives result in a workforce of store champions.

Brown's is a prime example of a beneficiary of a state-level grocery initiative. The Pennsylvania Fresh Food Financing Initiative (PAFFFI) is the first statewide public-private financing program in the U.S. Established in 2004, it is overseen by the Pennsylvania Department of Community and Economic Development and administered by The Food Trust in partnership with state-based CDFIs. PAFFFI provides grants or loans to new or expanding grocery businesses throughout the state toward the goal of increasing access to healthy, affordable food and improving economic opportunities.<sup>46</sup>

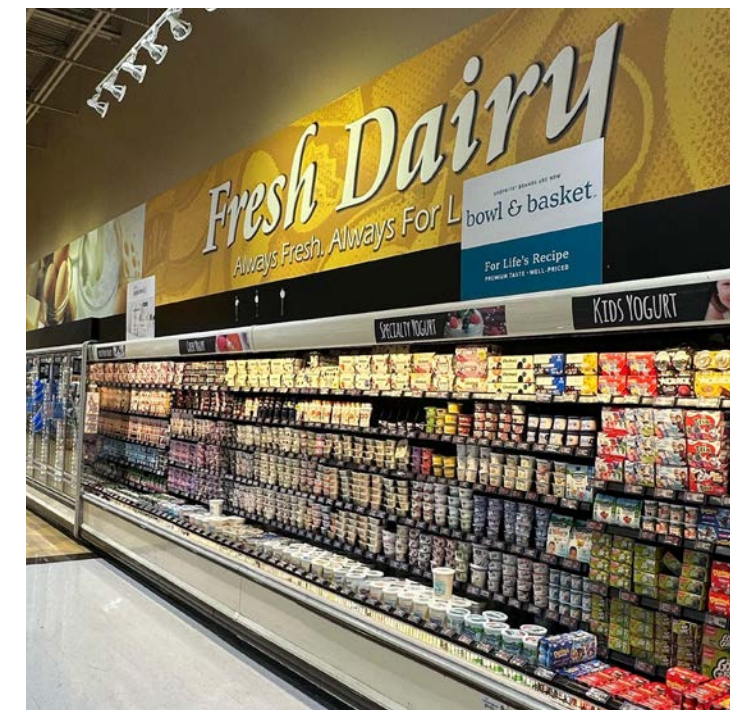


photo credit: Jenna Leonzi

Six Brown's stores located in low-income Philadelphia neighborhoods opened with support from this initiative; they also benefited from new market credits.

Before building the stores, Brown's leadership conducted thorough feasibility assessments to understand the competition and potential sales volumes to ensure the stores were a proper fit for their communities. Sales volumes and the associated profitability afford Brown's the ability to invest in technology to enhance their operations. This is particularly important for their ability to manage both internal and external shrink. Management implemented technology to optimize purchasing and reduce spoilage and to streamline the process of examining video footage with facial recognition to reduce theft. But even more than the impact of this technology, Brown's ascribes their prevention of higher levels of theft to the trust demonstrated for their customers through removing items from behind lock and key (which did not result in an increase in theft).

Though each store is tailored to its community, stores still share common traits. For example, every store provides the same digital features, including coupons and account access, kiosk ordering, and e-commerce and delivery. Additionally, each store benefits from the

collective purchasing model to keep procurement costs down, allowing them to pass savings on to the consumers. Every store can accept SNAP, WIC, and even over-the-counter (OTC) benefit cards to extend their customers' purchasing power. That the overall sales, revenue, and fresh product sales are equivalent with stores in suburban areas offers indication of their success.<sup>45</sup>

Yet, despite potential positive outcomes for the environment and public health, some state- and city-level policies have proven challenging. For example, the plastic bag ban that was first implemented in 2022 and the soda tax in 2017 created burdens for stores and frustrations for customers. These measures significantly reduced customer counts, particularly among those living near suburban borders with access to shopping options outside the city-regulated area. One Brown's store sits at the edge of the zoning area and has observed potential customers shop with competitors across the street to avoid the tax and ban.

Regardless, ingenuity and a continued focus on serving the community's best interest have helped them to overcome these challenges, allowing them to continue to pursue their mission "to bring joy to the lives of the people we serve."



## Independent Co-Op

### Rise Community Market

Rise Community Market, located in Cairo, Illinois, opened in June 2023. This 5,500-square foot co-op grocery store is owned and governed by its members. While formerly an urban center, many factors have led to declines in both the economy and population of Cairo over the past century. Rise Community Market is thus a unique, innovative effort to provide groceries in a food desert and to support the re-establishment of social capital in a community in need.

Though membership is not required to shop there, Rise Community Market is built upon a \$50 lifetime membership fee—with benefits including discounts and sales. The opportunity to purchase shares (at \$500 per share and refundable if a member chooses to leave) builds capital and enables members to earn dividends based on the store's success.

Many of its customers lack transportation and the co-op is their only access to fresh food. Thus, Rise Community Market is dedicated to providing its community with access to nutritious food options and seeks to increase its customers' purchasing power by accepting SNAP and WIC benefits. The adjacent Rise & Shine Café, a service provided by the co-op, expands the store's food offerings with freshly prepared meals. It also, attracts additional customers and provides a space for community engagement. Educational workshops, cooking classes, yard sales, and events that promote nutrition education, sustainable practices, and overall well-being complement the sales to strengthen the community. Recognizing the need to find a niche, the store sells household essentials in addition to food.

From the outset, Rise Community Market prioritized having an experienced manager at the helm to guide the business and remain committed to the well-being of the community as a champion for the store and community.

Together with the board, Rise Community Market has worked through a series of challenges with a few recent examples of success offering hope. For example, the store has been able to meet stocking requirements, become WIC authorized, and begin accepting WIC benefits.<sup>47</sup> Since the time of interview, Rise Community Market has also begun accepting Medicare food benefits for seniors and those with disabilities, an addition that, like WIC, helps to extend some customers' dollars. Additionally, adjusting the Rise & Shine Café product offering has allowed them to reduce the prepared food staff from three to one full-time employee, significantly reducing operating costs. Operating out of a space owned by a nonprofit that charges low rent also keeps costs down. While the store struggles with purchasing power, managing operating costs helps to manage selling prices. The recognized value of education for the community has also proven beneficial. Members are increasingly prioritizing shopping there as they learn about the value of membership, keen to earn dividends and benefit from discounts. Currently, Rise Community Market awaits approval for a loan from the Local Enterprise Assistance Fund, a nonprofit CDFI that may be required to sustain operations.

Profitability would help to enhance the business and reward members, but the primary goal is to transform the community with access to fresh and nutritious food so breaking even is sufficient. As a co-op, the business prioritizes uplifting other co-op stores and shares its learnings through mentorship with other owners. The co-op shares all board meeting minutes openly, posting them online for any interested party. As an example of a mission-driven business, Rise Community Market's manager, Robert Edwards, believes that "its importance goes beyond the critical food it provides. It's also a job and economy creator, a hub of community life, and a beacon of hope."<sup>47</sup>



photo credit: Jenna Leonzi



photo credit: Samara Vise

## Nonprofit

### Daily Table

Daily Table is a nonprofit grocery store with a mission to bring nutritious food to communities most in need at prices everyone can afford. Founded in 2015, this nonprofit grocer employs various strategies to sell healthy food at affordable prices (often even 30% lower than its competitors)<sup>48</sup> and provide a positive all-around customer experience. Founded by former Trader Joe's president Doug Rauch, the organization relied exclusively on philanthropy through its startup phase and has strived to be as economically self-sustaining as possible, with earned revenues currently covering 70% of their operating costs.<sup>49</sup> Currently, all five Daily Table locations in the Boston area operate in communities with high rates of poverty. A key strategy that Daily Table uses to keep prices low is partnering with growers, manufacturers, distributors, and other retailers to resell donated or deeply discounted salvage and close-dated foods.

Throughout its tenure, Daily Table has relied on its relationships with individual community members, nonprofit and philanthropic organizations, and academic groups to achieve its mission. A round of focus groups helped inform decisions regarding the store's location, offerings, operations, and even its name. A Community Advisory Council, comprised of nonprofit leaders from the Dorchester community, was established to serve as a team of ambassadors and advisors, ensuring Daily Table's decisions align with the needs of the community. A Nutrition Task Force was assembled to develop criteria that guide Daily Table's food selection and production, reinforcing the emphasis on nutritious food offerings as a critical component of its mission. Volunteers are also instrumental in providing additional staffing support and keeping costs down.

Daily Table has several programs that reflect its commitment to increasing access to nutritious foods. For the past six years, Daily Table has offered SNAP customers half off fresh fruits and vegetables (up to a \$10 daily purchase limit). Indicating both the local demand for fresh food and perhaps even the success of its incentive programs, fresh produce represents 19 out of 20 top-sold items.<sup>49</sup> With funds through a Gus Schumacher Nutrition Incentive Program (GusNIP) pilot program, Daily Table has been running a produce prescription project through a partnership with Boston-based nonprofit, About Fresh, since 2021. About Fresh's Fresh Connect platform enables healthcare providers to prescribe healthy food for food-insecure patients at nutrition risk using a prepaid debit card that can be used at participating stores and purchases are later reimbursed by About Fresh. Taking advantage of the commissary kitchen in the Dorchester location, Daily Table also sells healthy, ready-to-eat meals at fast food prices, through a hub-and-spoke model. Additionally, the Dorchester facility co-locates with a nonprofit community health center and an on-site teaching kitchen, allowing the store to offer a variety of aligned services to promote health and food security.

Much of the success Daily Table has achieved in Boston over the past nine years could likely be attributed to strong leadership that is rooted in grocery retail experience, which fosters an innovative approach and remains dedicated to improving food security and sustainability in food retail. Now serving more than 10,000 customers per week,<sup>49</sup> Daily Table is motivated to expand to other cities.

## Case Studies

### Other

### RAD Cooperative

The Rural Access Distribution (RAD) Cooperative is a shared services cooperative, or redistribution hub, that provides residents of Walsh County, North Dakota, with access to healthy foods. RAD Cooperative is comprised of three grocery stores, a bar and restaurant, and a community development organization from five communities in northeastern North Dakota.<sup>50</sup> It was developed over a 10-year process, beginning with a 2014 study that explored opportunities to improve operating conditions for rural grocers through surveying stores across the state about their challenges and assembling a task force of owners and community leaders to identify opportunities. North Dakota has lost many of its grocery stores in small, rural towns in recent years, driven by factors such as declining populations, high distribution costs, and competition from regional shopping centers, online sales, and dollar stores.<sup>51</sup> Thus, the innovative solution was designed to achieve three goals: 1) to allow the grocers to purchase collectively to reduce their unit costs and access foods with more variety and higher quality, 2) to implement an online shopping platform, and 3) to bring food access to towns without it.

The co-op has implemented several tactics to achieve these goals. First, it combines orders to collectively purchase from suppliers. The combined orders are delivered to a central hub, Jim's SuperValu, for sorting. The hub is equipped with adequate space to store frozen and refrigerated food for efficient processing and the co-op purchased a truck to distribute the separate orders to the other locations. Distribution with one truck helps to keep delivery costs down. While the participating grocers are in fact competitors, they have developed trust and collaborate to ensure everyone has the resources needed to operate.

The RAD Co-op was first established with initial financial support from a variety of resources including the Blue Cross Blue Shield of North Dakota Caring Foundation, the Bush Foundation, and USDA, through an initiative of the North Dakota Rural Electric Cooperative Foundation. It has since secured grant funding for vehicles to be able to increase delivery capacity and expand operations to reach a 75-mile radius. The leadership team is also working with stakeholders in South Dakota to develop its own redistribution hub.

Additional revenue streams help to provide stability. They generate revenue through offering advertising on their trucks and charging delivery fees to stores. They

advocated in support of SB 2273, which was signed into law in 2024 and will provide up to \$1 million in funding to eligible entities across the state to apply for grants if they want to pursue and pilot test a similar approach.<sup>52</sup> The RAD co-op was eager to advocate in support of this bill because it had not been eligible for much state funding in the past. With the passage of this bill, RAD (and hubs like the RAD co-op) can be eligible for state funding to support expansion of their operations. They are also in discussions with various other businesses to join as co-op members to order through the cooperative.

The RAD Co-op continues to make progress toward its three goals, but it is not without challenges. Of note, the RAD Co-op does not neatly fit into a food service category (e.g., grocery store or distributor), which impedes their ability to understand which protective health regulations to follow.

As a result of the RAD Co-op's operations, participating stores have seen increased sales and profitability, along with positive feedback from customers. Additionally, under SB 2273, the North Dakota Department of Commerce has allocated six grants, each valued at \$20,000, through the Rural Food Sustainability Grant Program, to conduct financial feasibility assessments. Also, during the COVID-19 pandemic, the RAD Co-op was able to fill new roles to meet the needs of institutional food service operations, like schools, which also benefited its bottom line. For example, it facilitated purchasing of produce and milk by local schools directly from grocery stores when many lost access to their suppliers. The RAD Co-op is currently installing climate-controlled locker systems in two neighboring towns. Community members will be able to place orders online and pick them up at the lockers after delivery, thus bringing healthy foods to those towns.



# Retailer Strategies for Success and Resilience

## Strategies for Success

Feedback from this diverse set of 45 exemplary grocers operating across urban and rural settings in the U.S., along with insights from 22 industry experts, highlighted that while price control is essential, given the increasingly competitive grocery retail landscape, it is not sufficient to compete on price alone. A given store may be the only grocery retailer in the neighborhood, but every customer maintains myriad food access options. Additionally, a variety of grocery retail access options may exist within a given community, yet some community members still lack access. Thus, it is critical that stores understand the competition and identify key reason(s) for existing and serving the specific customer base: identify the customer, delight the customer, and achieve customer loyalty. Independent and community grocers operating in low-income urban and rural communities must find a niche and develop a differentiated and defensible strategy.



## Proven Tactics to Overcome Challenges

Additionally, despite variation in model, size, competition, customer population, and other factors, the analyses of interview data indicated that the grocers in this research—primarily independent and community grocers in low-income communities—were implementing a set of 12 cross-cutting tactics that have supported them in remaining open and providing affordable, healthy food options to their communities. Broadly these tactics focused on two main objectives: 1) identifying and caring for the customer, and 2) optimizing operations, with tactics grouped into seven action areas for the first objective and five for the second. The specific tactics included:

### Identify and Care for the Customer

#### 1 Cater to the Customer's Unique Needs

##### Adapt product offerings:

- Test and consider selling products requested by the customers. Operators can advance a store's mission while offering customers choice.
- Provide the inventory quality/ies that customers seek. For example, some communities may prioritize local production while others prioritize freshness.
- Ensure alignment with local cultural preferences or traditions (e.g., source #10 cans of berries during late summer/early fall when certain customers seek to make wojape).
- Offer unique customer-desired products that cannot be found at national retail locations or local food pantries.
- Create customer loyalty by investing in the community with the purchase of locally produced products and where appropriate supporting important local community activities or events.

##### Innovate to take full advantage of the store location:

- Consider foot and traffic patterns (e.g., work with the municipality to install a traffic light for safer access or to alter bus routes to better connect residents with stores, capture students after school with a specialized product display, attract transient affluent customers using nearby public transportation).

- Implement a consignment model to leverage existing infrastructure, offering local products without upfront costs. This strategy will lower inventory expenses, facilitate the sale of local goods, and enhance the availability of affordable food options within the current space.
- Partner with neighbors to share resources (e.g., share a parking lot, loading docks, event spaces) to strengthen community relationships and demonstrate how businesses can work together to optimize available assets for mutual benefit.

**Entice customer traffic with additional attractions or services:** Offer prepared foods (e.g., using a hub-and-spoke model<sup>(7)</sup> or café), share space with other businesses customers frequent (e.g., credit union, wellness clinic), create spaces for gathering (e.g., community rooms, event function rooms).

**Make the shopping experience easy:** Be strategic with the selection of e-commerce platforms (e.g., platforms that support EBT for federal nutrition programs or that allow store employees to personalize packed orders), adjust operating hours to meet customers' needs (e.g., open at midnight when SNAP benefits reload), eliminate or minimize items behind locks by increasing in-person staff assistance in aisles and developing trust and loyalty with the community.

<sup>(7)</sup> In a hub-and-spoke model, food could be delivered and prepared at a larger, central location and then transported a small distance to each individual store for retail—even within the same day.



### 2 Deliver a Diverse Affordable Offering

Many independent and regional grocery retailers struggle to achieve a competitive price point which limits their ability to attract and retain customers.<sup>41</sup> Indeed, most independent and some regional grocers pay higher prices for their inventory products than national chains. For many, inventory purchase prices can exceed selling prices for national retailers. As a result, small independent grocers sometimes buy products from national retailers rather than from their distributors leading to uncompetitive or low-margin shelf prices. Despite the pricing disadvantages, many independent grocers have found creative ways to deliver nutritious food to their customers at affordable prices, such as:

- Use strategic pricing models (e.g., cross-subsidization [for which higher-margin items such as prepared foods and café items can compensate for the lower margins of other products], middle pricing, or tiered pricing [a strategy in which prices are set to different levels based on a set of criteria such as household income]).
- Where regulation permits “Good Samaritan pricing,” resell donated food at or just above cost. Explore partnerships with national or local vendors to offload short-dated or overproduced products.<sup>(8)</sup>
- Partner with other local grocery stores to combine purchase orders thereby increasing order volume with a goal of accessing lower prices from vendors. This may require building operator trust, a sorting facility, and seed money to establish local buying group operations.
- Offer deep discounts on products nearing their best-by date, creating a triple win for customers, grocery store, and the environment. This process can be streamlined using software applications.
- Offer discounts to members and/or volunteers.
- Initiate a rewards program to promote loyalty and incentivize regular shopping patterns.
- Introduce a consignment model to expand offerings without increasing inventory costs. Using this model is to feature local products supports the local economy by returning profits to the community.
- Accept a range of purchasing benefits from government, private sector, and philanthropic sources, including grocery/OTC cards through health insurance benefits, federal nutrition assistance program benefits (e.g., SNAP or WIC EBT, checks, or vouchers), and state-specific programs like Double-Up Bucks.

### 3 Know the Community

Identifying the customer base and potential for customer leakage is paramount. Successful stores are implementing creative steps to gain deeper insights into their communities’ needs and behaviors. For example:

- Use third-party software to analyze customer demographics, behaviors, and potential sales volumes.
- Knock door-to-door to meet key community members and host community information sessions.
- Attend town and school meetings to learn about community priorities and relevant issues.
- Make personal deliveries (such as to homes or schools).
- Collaborate with other local businesses (e.g., develop a food is medicine [FIM] program with a local hospital, stock items that local restaurants need).
- Determine the community’s cohesiveness, level of trust, and pride, which can strongly influence individual shopping behaviors.<sup>53</sup> Identify and capitalize on social networks to foster community loyalty and access new customers. Implement strategies and engage in activities that ensure the store is interwoven into the community identity (e.g., host events that encourage participation and build community relationships) instead of those that have indirect impacts on the community (e.g., contribute to the local tax base).<sup>54</sup>
- Develop and sustain partnerships with mission-aligned organizations that are embedded in the community and have gained its trust.



### 4 Identify the Community Champion

Successful stores have an entrepreneurial, industrious, tireless leader who is committed to financial viability and the well-being of the community, or there are key staff members who embody this ethos. The consistency of this finding cannot be understated. Across models and geographies, easy identification of the champion(s) indicated a stronger community loyalty and chance of success.

### 5 Access the Hard-To-Reach Customer

For those who face barriers to shopping in person or on a predictable schedule, consider accommodating them through means such as:

- Operate a climate-controlled locker system that allows customers with limited access to grocery stores to place orders online and pickup frozen, refrigerated, and shelf-stable deliveries using a secure access code. These lockers can be useful for people with schedules that do not align with store hours or for those in rural locations who make infrequent trips to grocery stores.
- Utilize drop shipping to deliver groceries to almost any location in the continental U.S. (typically excludes P.O. boxes with some areas subject to higher fees).
- Consider specialized home delivery for homebound customers, which could include health and wellness checks, creating opportunities to partner with community social service and health providers.
- Adjust store hours to align with customers’ shopping schedules. Consider a model with 24-hour member-only access, utilizing technology that enables self-checkout stores augmented with adequate security and protection.

### 6 Commit to Marketing the Business

Engage the community before opening. Once open, continue to invest adequate human and financial capital reminding the community you are dedicated to meeting its needs and serving as a good neighbor.

- Seize every opportunity to market and continue community engagement once open. Store-branded bags allow customers to promote the business.
- Context matters. Recognize that each store location may require a different marketing and customer engagement plan. Determine where and how customers consume news and which social media platforms they prefer.
- Do not underestimate the value of home and personal deliveries as marketing opportunities.
- Continuously monitor and measure the effectiveness of customer engagement and marketing tactics, adjusting investments to optimize communication and maximize return.
- Host and promote events that are relevant for the community (e.g., resource fairs, clothing drives, music nights, block parties, farm-to-table meals, local vendor fairs).
- Attract customers from outside of the immediate area by using strategies such as billboards on highways or targeting commuters using nearby public transportation, whenever possible.

## Identify and Care for the Customer

### 7 Engage the Community

Once you initially attract customers, encourage repeat and regular shopping trips and motivate customers to share experiences with their friends. Offer additional services, host events, and support other local businesses to develop mutual economic benefit. Examples include:

- Host events in or near the store and participate in or contribute to relevant events elsewhere in the community.
- Seek input through a variety of channels, such as electronic and in-store surveys, casual in-store conversations, and meetings with influential community members.
- Work with local faith leaders to promote in-store activities and customer loyalty to store as community partners. Where appropriate, stock kosher and halal products with support from relevant local faith leaders.
- Invite local businesses inside the store. Market the presence of the other services and products inside the store. Encourage business owners to talk about their products, partnerships with the store, and how the retailer partnership provides opportunity for community economic growth.



## Optimize Operations

### 8 Grow the Basket Size

Seek ways to increase the average purchase amount, such as:

- Procure foods for local businesses. Consider partnering with local restaurants and stocking product they need, developing a standing order with local businesses that stock food for their employees, collaborating with local hospitals or private healthcare practices to provide produce for FIM programs.
- Procure food for federally subsidized meal programs (e.g., buy and provide food for Summer Food Service Programs).
- Increase customers' buying power. Stretch customer dollars on nutritious foods and increase sales by accepting SNAP, WIC, OTC, and other FIM-related benefits. Participate in federally funded incentive pilots, such as the Healthy Fluid Milk Incentives Program. Seek eligibility to accept the local version of Double-Up Food Bucks.
- Increase store traffic by offering prepared foods, accepting coupons, providing other services, sharing a community room, or participating in meal assistance programs.



## Optimize Operations

### 9 Increase Purchase Power

Partner with other local independent grocery retailers on procurement to leverage economies of scale and lower unit cost. These collaborations could lower procurement expenses and make higher-cost items, such as organic or locally grown foods, more affordable. Possible means to do this include:

- Establish a cooperative partnership with other financially and structurally independent stores to purchase together. This was reported primarily by rural grocers where weekly sales volumes are notably lower than in urban locations.<sup>55</sup> Note that substantial grant funding for administrative costs, infrastructure development, or technical assistance may be required to establish the working relationship among partners.
- Access and/or participate in existing cooperative buying networks (such as National Co-op Grocers). Work with trade to negotiate multiple independent store shared discounts.
- Leverage others' purchasing power by partnering with large retailers, discounters, or merchandizers to resell overproduced or short-dated products received at a discount or through donation.<sup>(9)</sup>
- Seek mentorship from larger retailers or discounters to learn effective strategies. Several independent grocers indicated they would value support with maintaining compliance with SNAP and WIC regulations.



(9) Opportunity for sale of donated merchandise, even at a Good Samaritan price, presently unavailable even by nonprofits.

### 10 Attain Adequate Funding

Pursue funding from various sources to augment revenue, deliver affordable offerings, and/or build capital for projects aimed at improving or expanding operations. Recognize that seed funding can be critical to launch the business, but the income sources to offset the cost of operations must be clearly defined in financial feasibility models to ensure the operations are economically sustainable. Many resources can be investigated to seek additional funding. Examples from several categories include:

**Federal funding opportunities:** HFFI grants, GusNIP Nutrition Incentive Program and Produce Prescription Program funding, etc. Refer to [Policy](#) section for descriptions and additional examples.

**State and/or local funding opportunities:** Medicaid Section 1115 demonstration waivers, tax credits and incentives, etc. Refer to [Policy](#) section for descriptions and additional examples.

#### Private capital:

- **CDFIs:** CDFIs provide financial services to underserved communities and are often mission-driven. Independent grocers serving low-income areas or food deserts may qualify for loans or grants.
- **Family Offices:** High-net-worth individuals and families sometimes invest in local businesses that align with their values.
- **Impact Investment Funds:** Impact investment funds are investment vehicles that seek to generate both social or environmental impact as well as financial returns. Grocers working to improve access to nutritious food in underserved areas might be attractive to impact investors.
- **Crowdfunding:** Crowdfunding platforms allow local businesses, including grocers, to raise capital directly from their communities. This approach can foster loyalty while securing necessary funding.

**Philanthropy:** Some retailers, notably nonprofits, rely on philanthropy. Interviewed grocers have received grants from foundations and donations from corporations. Organizations dedicated to addressing food insecurity, health, and nutrition or companies in the food industry that have a social responsibility program may be most amenable.

## 11 Reduce Shrink

Shrink in retail occurs when inventory is lost due to factors other than sales, resulting in lost revenue. Shrink primarily occurs due to spoilage or theft, which can be internal or external. Companies with higher margins and greater profitability have many resources to address shrink. However, in low-income communities where margins are thinner and profits lower the financial and human capital necessary to pursue options may not be feasible. Notwithstanding insufficient capital to invest in this critical issue, some grocers have implemented creative solutions to successfully reduce shrink. For many, the simultaneous demonstration of their dedication to the community has amplified the intended impact. Tactics to address common challenges of shrink include:

### Spoilage

- Operate a central kitchen to repurpose close-dated products into prepared foods, thereby optimizing food utilization, reducing waste, and generating higher-margin sales items. The cost to repurpose, including labor hours and spoilage of prepared items, should be weighed against the cost of shrinkage.
- Develop creative partnerships. Software and mobile application companies allow users to browse for items that are nearing their expiration date and buy them for a discount. Some chain grocers have built anaerobic digestion facilities to process large amounts of compostable food to generate power and reduce greenhouse gas emissions from the otherwise wasted food. While this tactic is likely more financially accessible to larger corporate retailers, there could be an opportunity for chain grocers to collaborate with independent and community grocers.
- Improve inventory management by seeking mentorship from trade organizations (e.g., FMI), co-ops, or other well-established grocers to learn best practices. Efficiencies can be gained for all retail models from low-cost pencil and paper order and inventory methods to Microsoft Excel-based tracking systems and more sophisticated systems.
- Distributors could make frequent, smaller deliveries of perishable items to community and independent retailers including corner stores.

### Theft

- Retain adequate security services. Where possible hire security service from the community. On staff security is a costly solution that a grocer should carefully consider. In some communities, the uniform instills a sense of distrust that could disrupt community loyalty. In others, a guard hired from the community may offer management a key to controlling if not eliminating the problem. For those with adequate capital, paying for off-duty police detail at the shopping plaza has also proved effective.
- Invest in facial recognition software that streamlines the problem by identifying known shoplifters upon entry. Many grocers have installed cameras throughout their store, but do not have the time to sort through the footage. New technologies including AI may offer management more tools for monitoring footage and providing alerts regarding presence of known criminal actors within the store.<sup>(10)</sup>
- For those with limited financial resources, build strong relationships with the community. For example, having neighborhood church and senior leaders regularly shopping the store—especially during slow traffic hours—can deter shoplifting, as demonstrated by measurable reductions in theft.
- Treating all customers, including known gang members, with respect when they are shopping in the store may help reduce external shrink.
- All employees should impart consistent customer service and kindness. The adoption of this culture and mode of operation by employees also reduces internal shrink including sliding and sweet-hearting. Consider employee wages and/or an employee ownership model as a method to incentivize employees to deter internal theft.
- Make conscientious decisions about product mix (e.g., choosing not to sell alcohol or tobacco products). Establish par or pack-out levels on shelves to limit losses (e.g., three bottles instead of a full case).



## 12 Reduce Costs

Grocers face many different types and scales of costs in their operations. Savings were reported to be particularly feasible and effective in three primary areas:

**Equipment:** To minimize capital costs of equipment, consider second-generation pieces—perhaps for the short term—that are gently-used, reliable, and adequate to meet the needs of the business. Consider seeking grant funding for upgrades. Rural grocers may partially offset energy costs by installing solar panels, which may be eligible for funding (e.g., Rural Energy for America Program [REAP]), tax credits, or subsidies. Distributors of perishables could adapt their business models to provide stores with refrigeration units to reduce spoilage. Some grocers may seek charitable contributions or raise funds from donors to acquire equipment, particularly if it helps community or independent grocers expand healthy food offerings.

**Real estate arrangement:** Carefully consider the cost of commercial occupancy when selecting a location. Explore opportunities to reduce occupancy costs by partnering with nonprofits that charge low rent or selecting secondary real estate locations. Consider a lease-to-purchase agreement if rent increases are anticipated. Investigate the possibility of renting a municipally owned property.

**Staffing:** Labor costs are consistently reported as one of the largest expenses for companies in the food industry. Managing competitive wages to attract and retain qualified, quality employees while keeping them low enough to allow for profit is critical. Tactics may include:

- Cross-train staff to work throughout the store, increasing productivity and minimizing idle time.
- Outsource human resource and accounting functions from expert firms rather than hiring full-time staff.
- Optimize the number of paid employees. Use technological advancements to automate store operations based on customer preferences, habits, and needs, as well as the store's available resources.
- Enlist volunteers or students for work that complements employees, possibly in exchange for discounts, education, and/or experience, while also ensuring legal compliance, liability coverage, and positive community relationship development.
- Provide living wages, full benefits, incentives (particularly for key associates), and/or profit-sharing for all staff. Treating employees with respect through adequate remuneration will reflect in the quality of customer service, develop store culture, reduce internal theft, and enhance shoppers' experiences. Employee wages are an important component of the grocery store's contribution to the economic vitality of its community.
- Develop a sense of purpose among staff to create greater buy-in, reduce employee churn, and lower the cost of new hires.

<sup>(10)</sup> Facial recognition and other artificial intelligence-based software may deliver discriminatory or false readings and alerts. Importantly, all technology should maintain the ability for human override and/or intervention to mitigate such errors or bias.

# Policy Opportunities for Impact and Current Barriers

Many state and federal policies attempt to create a more equitable food retail landscape. Other policies, however, impose barriers or fail to address systemic challenges faced by retailers. This section reflects the problems described by retailers in the current policy environment and offers suggestions for positive change.



## Opportunities for Impact

### Federal Policy Opportunities

#### Nutrition Assistance Programs

Federal nutrition assistance programs can indirectly increase grocery retailer revenue by increasing the purchasing power of their low-income customers. In 2023, SNAP alone generated \$124 billion in sales.<sup>56</sup> However, despite retailers of all sizes accepting SNAP and WIC benefits, more than 75% of all benefits flow to large, big-box retailers,<sup>57,58</sup> which is likely due to myriad factors including product availability, pricing, and omnichannel infrastructure. Since federal lawmakers determine the amount of SNAP and WIC funding and the parameters attached to each program (such as what can be purchased and where purchases can be made), they can influence the potential SNAP and WIC sales to both large and small retailers. The farm bill provides funding, administration, and implementation for SNAP. WIC, on the other hand, is administered at the federal level by the USDA and funded through annual appropriations made by Congress. It is implemented by state agencies in partnerships with local organizations.

In 2024, USDA launched the SUN Bucks (Summer EBT) program to provide families with eligible school-aged children pre-paid EBT cards to help families purchase groceries over the summer. Families can receive \$120 worth of benefits per qualifying child and can spend the SUN Bucks at SNAP-authorized retailers on items like fresh produce, meat, dairy, cereal, and more. The program is run through partnerships between the USDA and state or local agencies and 37 states and multiple Indigenous tribes currently participate in the program.<sup>59</sup> The program provides additional financial resources to low-income families, increasing many customers' purchasing power and thus increases potential sales for grocers in low-income communities.

GusNIP also augments SNAP by helping SNAP-eligible consumers access additional fruits and vegetables. GusNIP was expanded through the 2018 Farm Bill and is comprised of two distinct sub-programs: the Nutrition Incentive Program (GusNIP-NI) and the Produce Prescription Program (GusNIP-PPR).<sup>60</sup> Research support is provided by information centers and data reflecting health and healthcare utilization outcomes from the first five years are anticipated to be released to the public in 2025.

- **GusNIP-NI** offers grant funding to state and local partners that administer regionally targeted programs to increase the purchase of fruits and vegetables by low-income consumers participating in SNAP by providing incentives at the point of purchase.<sup>61</sup> A noteworthy example of a successful pilot funded through GusNIP is the Double Up Food Bucks program that was piloted in Michigan in 2009 by the Fair Food Network. Double Up Food Bucks provides SNAP recipients a dollar-for-dollar match on SNAP benefits spent on fruits and vegetables, helping individuals and retailers alike. The program is now available in many states but is an underutilized resource with piecemeal funding from individual grants. Expanding Double Up Food Bucks to operate nationwide or prioritizing funding nutrition incentives for independent, regional and community retailers serving low-food access communities would increase access to fresh produce and boost retail sales for grocers serving low-income customers.
- **GusNIP-PPR** supports projects that leverage the healthcare system to proliferate fruits and vegetables among consumers with medical need. Produce prescription programs are a FIM intervention (discussed below) that seek to both enhance public health and lower long-term healthcare spending.<sup>62</sup>

## Federal Policy Opportunities

### Healthy Food Financing Initiative

HFFI (described in the Background section) provides businesses seeking to open in low-income, low-access areas with capital to help launch new ventures. Recent expansions, such as the HFFI Local and Regional Healthy Food Financing Partnerships Program and Food Access and Retail Expansion (FARE) Fund, aim to further enhance access to fresh, healthy, affordable food in underserved communities. The programs offer various types of support to suppliers and retailers, including grants, loans, technical assistance, market and feasibility studies, and consultation on store design. As Congress prepares to reauthorize the farm bill, advocacy groups can seek continued funding for HFFI. At the time this report was drafted, only the House Committee on Agriculture has released a full draft, which proposed increased HFFI funding over the lifetime of the next bill. The framework put forth by Senate Committee on Agriculture, Nutrition, & Forestry also proposed mandatory funding for HFFI and an evaluation of its impact. Continued advocacy will be important to ensure that the final bill (anticipated in 2025) retains these proposals.

### Price Discrimination (The Robinson-Patman Act)

The Robinson-Patman Act was enacted in 1936 to prevent suppliers from offering lower prices to large businesses than to small businesses when selling goods of comparable grade and quality. Enforcement by the Federal Trade Commission (FTC) has declined since the 1980s—with discriminatory practices instead facing private litigation—and price discrimination has become even more prevalent. Investigation by the FTC to explore the extent of suppliers' price discrimination between large national chains and independent grocers, and then guide enforcement efforts where necessary, is needed.<sup>63</sup> Investigation into whether suppliers are engaging in packaging and product supply discrimination is also warranted. Virtually every retailer that we interviewed noted the challenge of trying to compete against large chains given this discrimination. Leveling the playing field by enabling independent and community retailers to access similar wholesale prices would give them a tremendous boost, but it would also require substantial action from the FTC.

### Liability Protection

Fear of liability often deters businesses that would otherwise consider donating food. This means that safe, wholesome food goes to waste, even when such food could be instead donated or offered at low prices to increase food access. To rectify this issue, Congress enacted the Bill Emerson Good Samaritan Food Donation Act (the "Emerson Act") in 1996 to provide immunity from liability for organizations that donate or distribute donated food in the U.S. Some states provide additional liability protection, as well. The Emerson Act was amended in 2022 by the Food Donation Improvement Act, which expanded liability protections to provide protection for donors who donate food to nonprofit organizations that resell food at low prices, solely to cover costs. Education to suppliers about these improved protections could help to allay their fears of liability, and ultimately increase food donations. Such donations can provide a low-cost option to support the stocking of retailers operating under a nonprofit model.<sup>(11)</sup>

### Medicare Advantage Expansion

The Creating High-Quality Results and Outcomes Necessary to Improve Chronic (CHRONIC) Care Act of 2017, passed as part of the Bipartisan Budget Act of 2018, spurred changes in the benefits covered through certain Medicare Advantage plans, broadening access to certain FIM interventions (discussed in detail below). While only 101 different Medicare Advantage plans covered food and produce supplemental benefits (as Special Supplemental Benefits for the Chronically Ill or via the Value-Based Insurance Design Model) in 2022, 1,693 different Medicare Advantage plans will offer food and produce benefits to enrollees in 2025.<sup>64,65</sup> Many plans are now also covering grocery delivery or transportation for non-medical needs, such as grocery shopping.<sup>66</sup> Instacart recently announced plans to accept delivery orders through certain Medicare Advantage plans, adding to the momentum of delivery coverage.<sup>67</sup> Thus, grocers have opportunities to partner with payers to provide these benefits (possibly in partnership with a delivery company or other entity), which will likely be most feasible after generating evidence for potential health improvements and engagement to prove to the payer.



## State and Local Policy Opportunities

### Food Is Medicine

FIM interventions offer food-based services to Americans living with or at risk of certain diseases. Building on broader programs like SNAP and WIC that address food insecurity, FIM intervention programs serve a narrower population group and provide food as well as nutrition-related support that meet individuals' specific medical needs.<sup>68</sup> The specific programs vary widely, but all include two essential components: "the provision of food that supports health...[and] a nexus to the healthcare system."<sup>68</sup>

Interventions including produce prescriptions, medically tailored groceries, and pantry-stocking services can impact retail grocery sales (medically tailored meals, another common FIM intervention, are less likely to be provided directly through retail). Such interventions can be funded using Medicaid, Medicare, private insurance, or grant funding from government or private philanthropy. Notably, a growing number are funded by health

insurance companies, which provides benefits such as a more sustainable long-term funding source compared to grant funding and enhanced opportunities for comprehensive outcomes-based research. Often, patients receive vouchers that they can redeem at retail markets in exchange for groceries, offering an additional revenue stream to retailers and increasing access to nutritious foods for individuals. Indeed, multiple interviewed retailers conveyed that participating in FIM programs has helped to increase their sales.

Thus, these interventions are funded and administered at many levels. At the state level, 15 states currently have approved or pending Medicaid waivers that include FIM interventions (see Box below) as a means to address health-related social needs, allowing patients to receive food directly. The absences of waivers including nutrition supports in many states highlights room for expansion nationwide.<sup>68,69</sup> Local initiatives, such as grant funding for FIM programs, can also help broaden the scope of such programs—potentially in partnership with local retailers.

## State-Level Funding for FIM Interventions

FIM interventions may be funded by a variety of sources, including health insurance and grant dollars. Grant dollars can be from philanthropy, business, or government; for example, GusNIP-PPR provides a large source of federal grant dollars for FIM interventions. Also, a growing number of interventions are funded through state Medicaid programs. To launch FIM programs that cover the benefit using Medicaid dollars, states must seek approval from the Centers for Medicare & Medicaid Services (CMS) to expand their existing Medicaid offerings. Numerous policy pathways can be employed to cover different FIM initiatives through Medicaid. See below for a short overview of the most feasible Medicaid pathways.

### §1115 Demonstration Waivers:

§1115 Demonstration Waivers allow states to respond more nimbly to pressing healthcare needs by piloting new programs that were not previously covered by Medicaid. §1115 waivers authorize states to engage in five major FIM intervention programs (case management, nutrition counseling, meals or pantry-stocking, nutrition prescriptions, and grocery provisions). Note that specific interventions offered will vary by state and plan. Under §1115 waivers, participants may receive up to three full meals per day from programs that provide direct food assistance for a set period of time. §1115 waivers last for five years. Typically, §1115 waivers must reflect budget-neutral changes. However, CMS has relaxed this requirement for waivers involving FIM and other responses to health-related social needs.<sup>70</sup>

(11) A package of federal legislation supporting expansion of Good Samaritan incentives should include an increase in extending the tax deductibility of products sold at low and nominal prices by regional, independent, and community retailers (whether nonprofit or for-profit) when the brick-and-mortar retail facility operates in underserved urban and rural communities.

### §1915(i) State Plan Home and Community-Based Services Amendments:

§1915(i) state plan amendments allow states to serve patients who meet state-defined needs criteria, but do not yet require an institutional level of care. Though they allow for the five FIM interventions listed above, the waivers do not allow providers to cover a patient's full nutritional needs—e.g., patients can only receive up to two meals per day. Unlike the other waivers mentioned here, §1915(i) waivers do not have budgetary requirements.

### §1915(c) Home and Community-Based Waivers:

§1915(c) waivers target an even narrower patient population—those who would otherwise require institutional care. However, these waivers help enable healthcare providers to try to treat patients within their homes (or in their communities). §1915(c) waivers also cover the five major FIM interventions listed above, but like §1915(i) waivers, cannot provide full nutrition assistance. §1915(c) waivers last for three years and must demonstrate cost neutrality to be approved.

## State and Local Policy Opportunities

### Local Grocery Delivery Partnerships

For customers who cannot physically access a grocery store, whether due to a physical disability or lack of transportation, public-private programs may offer support. To address a lack of transportation, public-private rideshare collaborations may provide subsidies for transportation to and from participating stores for individuals in low-income, low-access areas.<sup>71</sup> Similarly, grocers have partnered with nonprofits and local governments to offer subsidized or free delivery for vulnerable populations in low-access areas.<sup>72</sup> Online delivery platforms often charge retailers high service fees and can require significant labor hours to maintain, imposing roadblocks for small retailers who may not garner sufficient online sales to justify these costs. However, this hurdle highlights an opportunity for local governments to provide public support. Funding local grocery delivery services in low-access areas would result in increased sales for grocers while also improving food access for customers who retailers would otherwise be unable to serve.<sup>73</sup>

### State and Local Economic Incentives

State or local funding may also be available to help retailers—particularly those serving food insecure neighborhoods—to expand current operations, increase inventory, or open (a) new location(s). Colorado offers

one such example. Lawmakers recently passed the Community Food Access Tax Credit, a refundable tax credit available to small retailers and farmers serving low-food access areas.<sup>74</sup> Businesses may claim a refundable credit equal to 75% of eligible equipment purchases (including purchases for refrigeration, storage, delivery vehicles, etc.). By refunding businesses for some of the cost of crucial infrastructure, the credit reduces their operating expenses and enables small businesses to better serve low-access communities. New Jersey offers even more robust assistance. The Food Desert Relief Program allocates \$40 million per year to retailers serving food deserts within New Jersey (subject to certain eligibility requirements). Eligible retailers can seek reimbursements for up to 40% of their total project costs related to opening stores within the specified areas. Retailers in other states can investigate whether their states offer similar programs.

Local tax incentives may also be available. For example, New York City implemented the Food Retail Expansion to Support Health (FRESH) program in 2009 to offer a suite of tax incentives to eligible businesses—including preferential real estate tax deductions, sales tax exemptions, and mortgage recording tax reductions (i.e., reduced fees to obtain a mortgage)—to encourage operators to serve those neighborhoods.<sup>75</sup> Other municipalities could borrow from this model and provide essential businesses with continuing support by lowering their tax burden.

# Current Policy Barriers

## Federal Policy Barriers

### Challenges Related to SNAP and WIC

The increasing use of virtual platforms to redeem federal nutrition benefits is beneficial in many ways but has proven challenging for small retailers. Interview feedback suggested that online integration can be difficult for them. Resources like SEMTAC (described in the Resources section below) provide some technical assistance for setup, but demand for its services seems to exceed supply. Additionally, costs associated with becoming authorized for online SNAP purchasing and ongoing use, such as payments for an e-commerce platform, delivery service[s], and to ensure systems reflect real-time stock, can also be substantial.

Another challenge is that under federal law, SNAP dollars cannot be used to pay for the delivery of food purchased using SNAP. Some larger retailers offer free or low-cost delivery to SNAP customers or free delivery with a fee-based membership, but this is more difficult for community or independent retailers to offer. One interviewed grocer identified that the inability to use SNAP benefits for delivery has even impeded some SNAP customers from receiving free community-supported agriculture boxes. Since SNAP benefits could not be used to pay for the delivery, and the grocer did not have an online purchasing system, the customers had to come to the store to pay the delivery fee—an obvious deterrent.

While accepting WIC benefits can also increase the customer base and overall sales, it can also impose challenges, particularly for smaller retailers. Authorized retailers must carry specific types and brands of foods that align with WIC food packages. These requirements can restrict how retailers source products, particularly if they try to support local producers (as many independent grocers do). Smaller grocers may also struggle to stock the required amounts of perishable products. Sales volumes may not support the minimum stock requirements, and infrequent deliveries can exacerbate this challenge. Compounded by a general underutilization of WIC benefits,<sup>76</sup> small retailers may experience greater shrinkage by being WIC-authorized. Maximum reimbursement rates that are set for WIC-approved items can create a competitive disadvantage for independent

and community grocers, as well. With lower sales volume and less purchasing power compared to larger grocers, independent grocers must either charge more than larger retailers for WIC-approved items or price competitively but achieve smaller margins.<sup>77</sup> Consequently, the number of small stores accepting benefits has decreased in recent years.<sup>78</sup> Given that WIC is one of the most successful and cost-effective nutrition assistance programs,<sup>79</sup> identifying ways to ease the challenges of retailer eligibility and to increase customer utilization could translate to greater effectiveness. The National Grocers Association outlines many recommended programmatic changes on its website to optimize the WIC experience for retailers and beneficiaries alike (link available in References).<sup>80</sup>

### Food Donation Policies

Amending food donation tax benefits could also help community, independent, and regional retailers. Three of the retailers interviewed sell donated food at an affordable price. To encourage food donation, federal law allows those who donate food to nonprofit organizations for distribution to claim an enhanced tax deduction. However, for an organization to receive a tax deduction for donating its surplus food, the donated food must be: 1) donated to a qualified nonprofit organization and 2) given away for free to the ultimate consumer.<sup>81</sup> Thus, when donating food to retailers, even nonprofit retailers selling the food at a Good Samaritan price (which is now protected under the liability protections mentioned above), the donors cannot claim a tax deduction because the food is resold. This barrier disincentivizes donations to grocers of any kind. Organizations such as the Natural Resources Defense Council, Harvard Law School Food Law and Policy Clinic, ReFED, and World Wildlife Fund have recommended amending the tax code to allow for deductions when food is donated to nonprofit retailers to incentivize food donations<sup>(12)</sup>—and simultaneously reduce food waste.<sup>82</sup> To address this barrier, in 2022, the bipartisan Further Incentivizing Nutritious Donations of Food Act (H.R. 7317) was proposed to expand federal tax incentives for food donation.



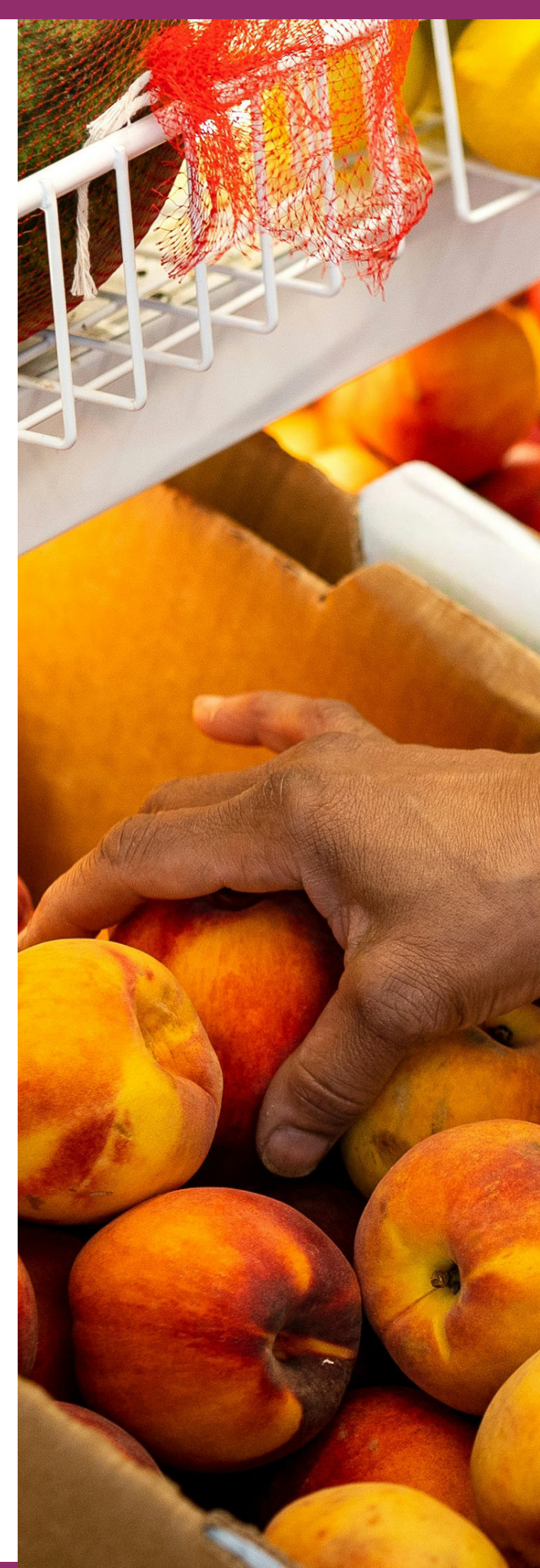
philanthropists or community groups looking to serve unmet needs.

This notion applies to federally funded programs, as well—with HFFI (described in detail in the [Background section](#)) serving as a useful example. Although created in 2014, HFFI did not receive funding until 2017 and hovered below \$5 million per year until 2022—when it received \$160 million from the American Rescue Plan Act of 2021.<sup>85</sup> As of 2024, only \$25 million has been provided to implementation stage projects.<sup>86</sup> Evaluating the long-term impact of HFFI-funded projects on the communities they serve is crucial to ensure that program funds are allocated optimally and are effectively driving sustainable improvements in access to nutritious food.

### Zoning

Municipal zoning laws govern how property may or may not be used in certain geographic areas. For grocery retailers, these laws can dictate where they can build and/or operate, as well as specify acceptable size, occupancy, among other requirements and restrictions. Sometimes, zoning laws may erect roadblocks to operating, marketing, and accessing a sufficient customer base. In such cases, independent and community grocery retailers, as well as their collaborators in other sectors, can engage in advocacy to motivate their local lawmakers to revise these laws. Advocacy can include commenting or testifying at local zoning board meetings, forming local business networks, and/or calling local politicians directly to lobby for less restrictive laws.

Recently, participants in a study of community-based grocery options in Washington, DC, identified zoning changes to improve their customers' access to food.<sup>87</sup> The researchers concluded that revising the city's current zoning plan to permit food production, retail, and commercial uses to mingle with residential areas could help expand food access. The aforementioned NYC FRESH program also uses zoning changes to increase food access. Beyond offering food retailers tax incentives, NYC FRESH relaxes zoning regulations for supermarkets serving low-access communities—allowing for larger physical structures with less square footage required for parking spaces.<sup>88</sup> Ultimately, these changes make it easier to establish independent and community grocery stores or alternative retail businesses and reduce the barriers to operating in certain neighborhoods. This zoning change trend is gaining momentum nationwide, as more municipalities approve the inclusion of corner stores in residential neighborhoods.<sup>89</sup>



## State and Local Policy Barriers

### SNAP Administrative Issues

Multiple studies have shown that SNAP benefits are typically spent early in the month, with little to no value remaining by the end of the month.<sup>83</sup> This pattern can prove challenging for retailers, especially those who serve a high proportion of SNAP beneficiaries. Retailers must plan for higher sales of staple items early in the month and lower sales at the end. Larger retailers with greater sales volumes can likely manage the fluctuations. For smaller retailers, the shifts in sales can lead to excess waste if they purchase unneeded inventory to meet wholesaler minimums. Some states have elected to stagger SNAP payments to more evenly distribute redemptions.<sup>84</sup> Stakeholders can advocate for staggering or modifying the distribution schedule so that recipients receive their benefits at different times during or across the month.

### Eligibility for State and Local Incentive Programs

Innovative store models are not always eligible for state-level grants or economic incentives. The RAD Co-op communicated this point during an interview. When the co-op applied for state funding, it was denied due to the non-traditional nature of its operations (to learn more about RAD Co-op, see the [Case Studies](#) section). However, in April 2023, the North Dakota state legislature passed SB 2773—an act to fund food access programs aiming to expand grocery access in rural communities. SB 2773 is only one paragraph long, and its operative language states that it seeks to establish “a pilot program to provide

grants for the preservation of rural grocery stores and increasing the availability of food access in the state.”<sup>92</sup> The RAD Co-op advocated to support the bill, since the bill could easily include and help unique businesses like it. By utilizing broad language, the legislature allows program administrators more leeway to fund innovative concepts that seek to address food access issues. Other state (and federal) lawmakers could consider this approach to allow for the flexible distribution of funds to non-traditional enterprises.

### Lack of Program Evaluation and Evidence

Policymakers must understand what types of retailers receive state funds. Factors to consider when analyzing distribution include grocer size, model type, customer economic demographics, geographic location (urban or rural), SNAP and WIC participation, community access to affordable, nutritious food, and previous funding allocations. Analyzing the distribution of funds, sharing that information publicly, and engaging with stakeholders to create and implement strategies to improve equity in distribution can help to address any potential gaps or inequities. USDA's Food Access Research Atlas and emerging indices like the Area Deprivation Index are two examples of data and mappings of food insecurity. However, more granular, local research, that expand upon conventional definitions of access, perhaps conducted by government or academic programs, could help to better demarcate areas that are both low-income and low-access. This information can be used to determine optimal allocation of government investment and/or for

# Remaining Issues

The case studies and tactics outlined above highlight examples of successful innovation. We hope that identifying these models and strategies and disseminating them in this report (and potential future initiatives) will provide a pivotal boost to struggling businesses and to the decision-makers looking to support their viability. However, key issues related to innovation and advancing the mission of this project remain; they should be explored through additional mixed-methods research.



## Definition of Success

Our definition of success reflects our review of the current literature, input from grocery retail expert advisors, and insights from our interviews with grocers and industry experts. However, our engagement with interviewees and advisors was not exhaustive of stores or geographies. Further, retailers' perspectives may not perfectly align with all members of their communities. A definition backed by consensus from industry and retail stakeholders would provide a foundation for establishing metrics to enable more formal measurements of success. This, in turn, could guide research and innovation to more effectively and efficiently increase access to affordable, nutritious food. For the context of this report, success for stores, communities, and individual consumers is defined as keeping their doors open and their stores operating while providing components of a healthy diet to their customers.

## Timeframes from Idea Conception to Store Opening

Even with a clear need, robust support structure, and adequate financing to support construction, procurement, and operations, various factors may delay the time for businesses to open their doors. For example, acquiring permits or staff with sufficient experience can impose

unexpected delays in opening (or expanding) grocery operations. Some factors that may differentiate short- from long-term initiatives include whether the location is a second-generation grocery store or being built from the ground up; located in a small town with consolidated municipal offices or a large city with many departments to navigate regarding permitting; the operator has grocery experience, is new to the industry, or has technical assistance support; and whether it is small or large in size. Delays result in loss of anticipated sales which impedes the accrual of revenue to pay capital expenses, disrupt the business plan timeline, risk the loss of employees requiring a paycheck, and prolong insufficient access to affordable and nutritious food for the community—eroding community trust in the operator's ability to serve.

A better understanding of these potentially unforeseen challenges, informed by experiences and successes of other similarly situated operators, would help others more effectively navigate store-opening challenges. A resource bank or information platform could offer the community of interest a source of guidance to help minimize delays and unfortunate or otherwise unforeseen costs. Resources providing concrete, evidence-based recommendations would be invaluable in maximizing the odds of success for community and independent retailers serving low-income urban and rural communities.





## Nutrition

Keeping doors open while selling components of a nutritious diet at affordable prices is challenging enough; sourcing, selling, and promoting a product mix with high nutrient-density can introduce additional difficulties. Nutritious foods can be frozen, canned, or dried, but many are fresh or minimally processed and more perishable than packaged or processed foods. Without the addition of salt, sugar, fat, or other additives, these foods tend to result in higher rates of waste and reduced palatability. For smaller stores with slower inventory turnover, the proportion of stock wasted can be higher and less tolerable for the bottom line compared to larger stores with higher sales volume. Additionally, the cost of a nutritious diet can be difficult for low-income customers to afford regularly.<sup>90,91</sup> When combined with insufficient time or knowledge of how to prepare unfamiliar fresh foods, these challenges can further reduce demand for stocking components of a nutritious, diverse diet.

Our interview findings indicate that these issues are real for many grocers operating in low-income communities. In a business with extremely low margins and in communities where disposable income for higher margin products is limited, most grocers are prioritizing their efforts to keep their doors open. This often means they are focused on selling product their customers demand, even if it sometimes compromises their mission to provide diverse, nutritious foods. However, the data suggest that many underserved low-income urban and rural communities have some of the highest concentrations of residents with diet-related diseases, making access to affordable and nutritious food paramount.<sup>92</sup> As a result, health and policy experts debate the need for standards governing the required depth and breadth of nutritious foods sold in a venue accepting public benefits or funding. The efficacy of stocking standards must be weighed against consumer grocery shopping choice and the potential detrimental impacts on revenue, particularly for community and independent grocery retailers.

Notwithstanding these challenges, some grocers continue to persevere in providing affordable and nutritious food. Stakeholders can support their efforts through myriad innovative strategies:




- Provide education to store staff about:
  - How to market nutritious foods to increase sales
  - How to stock nutritious foods that are less perishable than fresh options (e.g., frozen produce can be equally, if not more nutritious than fresh)
- Provide education to consumers about:
  - Why they should buy and consume more diverse nutritious foods
  - How to prepare unprocessed foods in timely and culturally appropriate manners
- Establish a set of nutrition criteria to inform product mix.
- Use strategic product placement to highlight nutritious options.
- Slowly diversify the nutritional value of the store's product mix as community demand increases, rather than starting with an over-abundance of items that customers may not buy.
- Take advantage benefits for public incentive programs, such as Double Up Bucks or the Special Milk Program.
- Partner with health insurance companies or organizations that cover produce (or other nutritious foods) prescription programs.
- Partner with organizations that assist with produce inventory management to maximize offerings and minimize spoilage.
- National and regional operators should pilot marketing, community education, and sales interventions to increase shopper demand for diverse, nutritious foods in stores operating in low-income communities. Evaluate outcomes and as appropriate scale successful initiatives to other low-income locations.





# Implications for Key Stakeholder Groups


Throughout the course of this landscape assessment, significant energy and momentum have accumulated around the possibilities ahead. Many replicable and scalable examples of models, strategies, and tactics have been identified and highlighted.

Regardless of your stakeholder group, geographic location, or size of the community you seek to impact, there is a role for every reader to play in advancing complementary solutions to address the multifactorial issue of access to nutritious food through grocery retail in low-income communities. A preliminary set of potential next steps for each stakeholder group is provided below to inspire and energize motivated parties to consider the myriad roles, opportunities, and contributions they each could make to progress toward improvement.



Stakeholder Group	Potential Action Items
 <p><b>Grocery Entrepreneurs</b></p>	<ul style="list-style-type: none"> <li>• Implement one or more of the innovative tactics that have been successfully implemented by other grocers as described above.</li> <li>• Collaborate with unlikely partners, perhaps a national retailer in your area, to engage in mutually beneficial knowledge-sharing.</li> <li>• Contact one of the many organizations referenced in this report to join its network, receive resources, learn about funding opportunities, etc.</li> <li>• Contact one of the grocers referenced in this report (email info@fsinstitute.net for a connection) that inspired new ideas or initiatives to advance your business.</li> <li>• Read one or more of the resources or references used in this article to learn more about a specific issue, resource, or opportunity.</li> <li>• Consider engaging with academic partners to articulate and showcase the impact of your work in your community and local food system.</li> <li>• Contact your local policymakers about the importance of your work and to advocate for or against proposed policies or rules that may impact your business (or retail food access in your community).</li> </ul>
 <p><b>Funders</b></p>	<ul style="list-style-type: none"> <li>• Consider new ideas for future requests for proposals to address one or more of the barriers described in this report that align with your mission and priorities (whether for retailers, technology companies, producers, or other stakeholder groups).</li> <li>• Consider augmenting grant opportunities with additional resources and/or technical assistance to amplify the positive impact on the food retail landscape.</li> <li>• Prioritize program evaluation and dissemination of results for current and future grantees to strengthen the evidence base for successful grocery retail stores operating in low-income urban and rural communities.</li> <li>• Partner with academic institutions to research which enterprises and entrepreneurs successfully secure funding. Identify factors that make an investment attractive to increase resource allocation to more community and independent grocery retailers serving or seeking to serve low-income urban and rural communities.</li> </ul>
 <p><b>Policymakers</b></p>	<ul style="list-style-type: none"> <li>• Seek and analyze the evidence of ongoing barriers to improving retailer resilience and addressing food insecurity in low-income urban and rural communities.</li> <li>• Hold listening sessions, town halls, and other events to solicit stakeholder feedback on policies and programs successfully working and those requiring reform or elimination.</li> <li>• Support policies that provide funding, financial incentive, or technical assistance to incentivize the construction or ongoing operations of community or independent grocery stores within low-income urban and rural communities. Programs fostering collaboration across diverse sectors, such as agriculture, healthcare, transportation, to enhance access to nutritious food through grocery retail should also receive government financial and technical support.</li> </ul>

Stakeholder Group	Potential Action Items
 <p><b>National Retailers</b></p>	<ul style="list-style-type: none"> <li>• Consider potential avenues for partnership, such as co-hosting events, sharing resources, and offering technical assistance regarding operational best practices, with both new and existing community and independent retailers whether inside or outside your operating area, particularly those serving low-income urban and rural communities. Our interviews indicated stakeholder interest in developing these and other opportunities for collaboration.</li> <li>• Leverage your large purchasing power. Pilot a program to communicate with and explore ways to involve one or more community or independent grocer in your purchasing deals, working with suppliers and vendors (whether large distributors or farms/food hubs).</li> <li>• Carefully consider whether the closure of one of your stores would leave a community without access to the variety of affordable and nutritious food required for a healthy diet and act with the community, including local policymakers and entrepreneurs, to mitigate the impact. Consider recommitting to the store and community. Reassess the community's needs, re-evaluate what the store can provide, renovate for a better fit, and/or identify a community champion, etc.</li> <li>• Invest time and resources in consumer education.</li> </ul>
 <p><b>Consumers</b></p>	<ul style="list-style-type: none"> <li>• Communicate and advocate with friends, family, neighbors, and colleagues about the necessity of solutions for increasing retail access to affordable nutritious food. Spread learnings from this report and act in your community.</li> <li>• Thoughtfully consider how and where to spend your grocery dollars to support a resilient, successful neighborhood retailer particular those operating in low-income urban and rural communities. Make active effort to shop or purchase from grocery stores operating in low-income communities.</li> </ul>
 <p><b>Producers</b></p>	<ul style="list-style-type: none"> <li>• Consider ways to connect with grocers serving low-income communities to expand your markets.</li> <li>• Negotiate payment and delivery systems to support ongoing success of grocery operations in low-income urban and rural communities.</li> </ul>
 <p><b>Distributors and Large Food and Beverage Companies</b></p>	<ul style="list-style-type: none"> <li>• Consider the impact on profitability of slotting fees (payments made by suppliers in exchange for shelf space) on low-income community operators.</li> <li>• Recognize the intermediary role between retailers and suppliers. Improve equitability of product availability, delivery schedules, and promotional support.</li> </ul>

Stakeholder Group	Potential Action Items
 <p><b>Community Organizations</b></p>	<ul style="list-style-type: none"> <li>• Food pantries could consider opening lines of purchasing to local community and independent grocers to increase operator purchasing power.</li> <li>• Encourage community members to shop locally. Promote the positive economic impact this has on the community.</li> <li>• Partner with community and independent grocers to co-host events, advocate for mutually beneficial programs, and educate consumers on preparing nutritious foods.</li> </ul>
 <p><b>Trade Organizations</b></p>	<ul style="list-style-type: none"> <li>• Use your platforms, such as newsletters and conferences, to raise awareness about the critical role of successful community and independent grocers in low-income neighborhoods.</li> <li>• Garner support from myriad partners for financing, policy, and technical assistance to aid grocery retailers operating in low-income communities particularly, independent and community entrepreneurs.</li> <li>• Think holistically regarding opportunities to convene, support, and leverage current and past members to share their wealth of experience and knowledge.</li> <li>• Develop a cadre of grocery retail professionals and entrepreneurs from diverse backgrounds to increase the pool of qualified operators available to lead grocery retail operations serving low-income rural and urban communities.</li> </ul>
 <p><b>Technology Companies/Vendors</b></p>	<ul style="list-style-type: none"> <li>• Develop innovative solutions to provide value to grocers operating in low-income and rural communities particularly addressing challenges in optimizing supply chain, inventory management, and shrink.</li> <li>• Consider developing solutions to fit diverse store sizes and budgets.</li> </ul>
 <p><b>Academic Researchers</b></p>	<ul style="list-style-type: none"> <li>• Partner with food pantries to quantify and mitigate the effects of food pantry distribution on local grocers' sales.</li> <li>• Identify and implement evidence-based strategies to assist community and independent grocers in providing a diverse, nutritious, and affordable grocery shopping experience, helping operators remain competitive while maintaining and growing the customer base.</li> </ul>

# Resources

Regional, independent, and community grocery stores face significant and sometimes unpredictable challenges to successful operations. However, numerous organizations, resources, and programs are available to provide support and guidance on innovation and effective collaboration, as listed below.





## Organizations

Many key organizations are involved in research and resource development on the topics addressed in this report. Some provide resources for a wide variety of retailers. Others provide resources or assistance to specific types or categories of retailers, as noted in the table below.

Organization	Target Retailer
Agricultural Marketing Resource Center	General
ChangeLab Solutions	General
Fair Food Network	General
Food Co-op Initiative (FCI)	Co-op
Food Systems for the Future Institute (FSF)*	Nonprofit, General
Greater Chicago Food Depository*	General
Harvard Food Law Policy Clinic*	General
Independent Grocers Alliance	Independent Grocer
Local Initiatives Support Corporation (LISC)	General
Mobile Market Coalition	Mobile
National Co-op Grocers (NCG)	Co-op
National Grocers Association (NGA)	Independent Grocer
National Grocers Association Foundation	General
National Good Food Network (NGFN)	General
Partnership for a Healthier America (PHA)	General
PolicyLink	General
Reinvestment Fund*	General
Robert Wood Johnson Healthy Eating Research	General
Rural Grocer Initiative*	Rural
SNAP EBT Modernization Technical Assistance Center (SEMTAC)	General
The Food Industry Association	General, Independent grocer
The Food Industry Association Foundation	General
The Food Trust*	General
Value-Added Sustainable Development Center	Rural
Vanderbilt Policy Accelerator	General
Wholesome Wave	General

\*These organizations were partners in this landscape assessment initiative.

## Independent Resources

Resources developed by these and other organizations, relevant to general grocery retailer audiences as well as specific models, are listed in Appendix 2. These resources can be used by individual retailers, as well as researchers and other practitioners, to inform the establishment or advancement of stores or programs.

## Networking and Collaboration

Just as professionals in fields like law and healthcare join associations and attend conferences to share and learn from others' research, ideas, and best practices, establishing a robust structure for peer networking and learning could greatly benefit community and independent grocers. Learning collaboratives, common in healthcare system and in other industries, exemplify comprehensive communities built upon shared assessment and evaluation tools, educational resources and events, forums for learning and sharing, and other resources. Pending potential future establishment of a more formal network, several collaboratives and conferences that serve this purpose for community and independent grocers include:

- Independent Grocers Alliance
- Food Co-op Initiative Peer Learning Groups
- Food Systems Leadership Network
- National Rural Grocery Summit
- National Grocers Association events, including:
  - Executive Conference and Public Policy Summit (pairs high-impact education and networking with opportunities to meet with federal representatives)
  - NGA Show (offers sessions, workshops, and exhibits)
- Fly-In For Fair Competition (to learn advocacy skills)
- Annual Store Operations Summit (focused on operations and merchandizing, with a different theme each year)
- The Food Industry Association (FMI) events
- Western Association of Food Chains (WAFC) events
- Virtual networking platforms (e.g., Retail Grocers Association Group on LinkedIn, Nutrition Incentive Hub GusNIP Community of Practice)

## Technical Assistance

Technical assistance (TA) and mentorship are available through some government-funded programs. More tactical support is needed to overcome the challenges discussed throughout this report. In the future, support for independent and community grocers could come through a corps of executive experts, including retired retailers, to share their learnings from decades of leadership, successful operations, and entrepreneurship experience. Examples of TA that currently exist include:

- Application-based TA through the Healthy Food Financing Initiative
- For grantees of the Gus Schumacher Nutrition Incentive Program, TA through the National Grocers Association Technical Assistance Center such as for designing and implementing programs, evaluating point-of-sale systems, supporting program marketing, and providing compliance training
- For participants in the SNAP Online Purchasing Pilot, information and TA to retailers interested or currently enrolling in the pilot through the National Grocers Association Foundation SNAP EBT Modernization Technical Assistance Center (SEMTAC)
- The Food Trust offers content expertise and fee-based services to help public and private organizations increase access to nutritious food. Their website provides additional details and contact information.



## Appendix 1. Methodology

To inform development of this report, the FSF research team conducted primary qualitative research over 9 months between January 2024 through September 2024, conducting 67 interviews via Zoom or in person with 45 grocery operators and 22 topical experts from across the U.S. These operators and experts were identified through colleagues' recommendations, online research, and pertinent funding award lists. Potential grocer interviewees were limited to those in low-income (high-poverty)<sup>93</sup> communities with at least one year of functional operation. The research team attempted to include various retail models, store sizes, urban and rural locations, and consumer demographics. Participation in interviews was voluntary. A subset of individuals who were contacted opted out of participating and another subset did not respond. Thus, findings presented in this report are limited to the variety of grocery models represented by interviewees.

As needed, primary results were augmented with a review of relevant scientific publications, industry reports, and news articles. The research team used thematic analysis<sup>94</sup> to identify key themes in best practices, strategies for success, and remaining gaps in research and practice. The team then synthesized findings and reviewed and revised them with a team of retail grocery experts. Key findings and strategic recommendations were compiled into this structured report to provide actionable insights for a diverse audience including entrepreneurs, grocery retail operators, policymakers, and communities. The names of grocers have been kept anonymous except where explicit approval was granted by named organizations.

## Appendix 2. Existing Resources

Our review of the existing literature revealed many pertinent reports and other resources that can inspire and equip the various audiences reading this report. The following list offers a set of guides, analyses, and reference materials to support readers. The list is not exhaustive.

### Getting Started

- [Business Models \(Healthy Food Access Portal\)](#)
- [Increasing Access to Food: A Comprehensive Report on Food Supply Options \(Virginia Commonwealth University\)](#)
- [Grocery Gap Atlas \(rafi and The University of Chicago Data Science Institute\)](#)
- [PolicyMap](#)
- [Food Access Research Atlas \(USDA ERS\)](#)
- [Tools for Attracting Healthy Food Retail to Underserved Neighborhoods \(ChangeLabSolutions\)](#)
- [Grocery Store Attraction Strategies. A Resource Guide for Community Activists and Local Governments \(PolicyLink\)](#)

### Toolkits

- [Rural Grocery Toolkit \(Farm, Food and Enterprise Development, Iowa State University\)](#)
- [Public Grocery Stores: A Guide for Policymakers \(Vanderbilt University\)](#)
- [Rural Grocery Profit Simulator \(USDA, Iowa State University Extension and Outreach, Agricultural Marketing Resource Center\)](#)
- [Managerial Best Practices: Guide for Food Retail Store Managers and Food Warehouse Managers \(FMI, Saint Joseph's University\)](#)
- [Independent Operator Resources \(FMI\)](#)
- [How to Start a Farm Stop: A Pattern Language for Local Food Systems](#)
- [Retail Fruit & Vegetable Marketing Guide \(Champions for Change Network for a Healthy California\)](#)
- [Starting a Co-op \(FCI\)](#)
- [FCI Classroom \(FCI\)](#)

### Healthful Food Strategies

- [Minimum Stocking Levels and Marketing Strategies of Healthful Foods for Small Retail Food Stores](#)
- [Healthy Retail Playbook \(ChangeLabSolutions\)](#)
- [Creating Demand for Healthy Food \(Healthy Food Access Portal\)](#)
- [Tracking Healthy Food Sales \(ChangeLabSolutions\)](#)
- [Healthy Corner Stores - Making Corner Stores Healthier Places to Shop \(USDA\)](#)
- [Stock Healthy Shop Healthy \(University of Missouri Extension\)](#)

### Funding Sources

- [Northeast \(Healthy Food Access Portal\)](#)
- [Southeast \(Healthy Food Access Portal\)](#)
- [Southwest \(Healthy Food Access Portal\)](#)
- [Financing \(Healthy Food Access Portal\)](#)
- [Healthy Food Financing Initiative \(Reinvestment Fund\)](#)
- [The Healthy Food Financing Handbook: From Advocacy to Implementation \(The Food Trust\)](#)
- [Local Enterprise Assistance Fund \(LEAF\)](#)

### Reports

- [Food Deserts in Alabama Certified Public Manager Program: Solutions Alabama 2020](#)
- [Various reports and webinars \(The Food Trust\)](#)
- [The Changing Models of Inner City Grocery Retailing \(Initiative for a Competitive Inner City\)](#)

### Advocacy Tools

- [Tools for Advocates \(Healthy Food Access Portal\)](#)

## Executive Summary

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