



# Local Sourcing Innovations in Independent and Locally-Owned Groceries

October 2, 2025

*The “Local Sourcing Innovation in Independent and Locally-Owned Groceries” project was developed under a cooperative agreement between the Rural Grocery Initiative at Kansas State University (RGI) and USDA Agricultural Marketing Service (AMS). Funding was provided through USDA Cooperative Agreement No. 23-TMLRF-KS-0021.*



Agricultural Marketing Service  
U.S. DEPARTMENT OF AGRICULTURE

# Housekeeping

- This session is being recorded and will be posted on [www.ruralgrocery.org](http://www.ruralgrocery.org)
- There will be time at the end for Q&A
- Please use the Q&A feature to post your questions for our presenters

# What is the Rural Grocery Initiative?

**RGI started in 2007 due to the crucial role grocery stores play in rural communities.**

## **Our work to support grocery stores:**

- Provide **technical assistance**
- Maintain the **Rural Grocery Resource Library**
- Conduct **research**
- Host **educational events** including the [National Rural Grocery Summit](#)
- Support the **Kansas Healthy Food Initiative**

## **Mission Statement**

The Rural Grocery Initiative aims to sustain locally-owned rural grocery stores to enhance community vitality and improve access to healthy foods by identifying, developing, and sharing resources that support grocers and rural communities.



# Grocery stores are **anchor institutions** in rural communities

**because they provide:**

- Economic benefits
- Public health benefits
- Community gathering space

➤ [Benefits of Hometown Markets](#)  
Fact Sheet



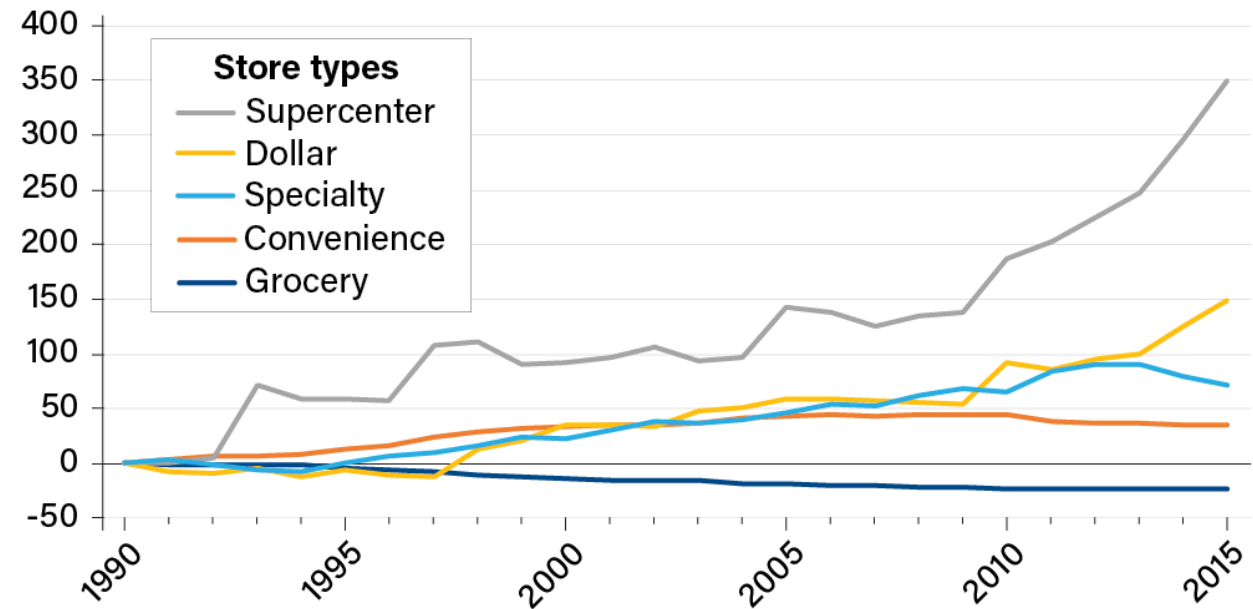
# Independent grocery stores struggle to stay in business

## Challenges:

- Slim profit margins
- High operating costs
- Population decline
- Competition
- Distribution

**Dollar stores and supercenters had the greatest percentage growth in rural nonmetro counties from 1990 to 2015**

Annual percent change in share of stores



Source: USDA, Economic Research Service using data from National Establishment Time Series from 1990 to 2015.

# How does local sourcing fit in?

Competitive  
Edge  
+  
Differentiator

Stable +  
flexible outlet  
for producers

Viable strategy  
to counteract  
wholesale  
minimums



# Local Sourcing Opportunity for Rural Grocery

*What lessons can be learned from innovative local sourcing models that could help locally-owned, independent, and rural **groceries** become better integrated into **local** and **regional supply chains**?*





# About the Project

## Project Team

### Rural Grocery Initiative

- Erica Blair
- Samuel Baumer
- Rial Carver
- Jacob Miller-Klugesherz
- Clara Misenhelter

### USDA Agricultural Marketing Service

- Maria Graziani
- Americo Vega-Labiosa
- Evan Rakshys
- Danielle Barber

## Project Advisory Committee

- **Bill Brinkerhoff**, *Argus Farm Stop*
- **Charlie Michel**, *Mission West Community Development*
- **Deborah Rausch**, *USDA Rural Development*
- **Diana Endicott**, *Good Natured Family Farms*
- **Kameko Nichols**, *Common Market Southeast*
- **Lauren Horning**, *FreshPoint*
- **Liz Abunaw**, *40 Acres Fresh Market*
- **Margaret Bau**, *USDA Rural Development*
- **Mary Hendrickson**, *University of Missouri*
- **Meegan Moriarty**, *USDA Rural Development*
- **Nikki Seibert Kelly**, *Growing Local South Carolina*
- **Roberto Mesa**, *East Denver Food Hub*
- **Robi Fauser Fink**, *USDA Rural Development*

# Phases of Research Project

- 1 Developed and convened Project Advisory Committee to confirm project goals.
- 2 Solicited examples of innovative local sourcing models; Conducted preliminary research and drafted initial catalog; Identified five models for further exploration.
- 3 Conducted interviews with 2-4 stakeholders from each of the five local sourcing models; Compiled findings into a comparison chart.
- 4 Drafted in-depth case studies about each model and worked with a graphic designer to develop visuals.

# Project Outputs



## LOCAL SOURCING COMPARISON CHART

Local and regional food systems support community vitality, strengthen local economies, and enhance overall wellbeing. While independent and locally owned grocery stores are a crucial part of the food system, many often lack local food offerings, especially on a broad scale. This is a missed opportunity for both grocers and producers: local food offerings can give grocers a competitive edge, while independent grocery stores can serve as stable marketing outlets for producers.

To understand how grocery stores can become better integrated into local and regional supply chains, the Rural Grocery Initiative developed five in-depth case studies of pioneering businesses and organizations, each highlighting a different model for connecting locally produced food with independent grocery stores. The case studies examine how these models were established, how they evolved over time, challenges they faced, and lessons learned along the way.

The goal of this research project is to help businesses, organizations, and other stakeholders identify and learn about local sourcing solutions that could be implemented in their own communities. The comparison chart below provides an overview and lessons learned from each case study. Full case studies are available. [Full case studies are available on the Rural Grocery Initiative's website.](#)

OVERVIEW OF LOCAL SOURCING MODELS					
	IN HER SHOES & FARMACY MARKETPLACE	ROLLING GROCER	BALLS FOOD STORES	FARM RUNNERS	FARM TO FREEZER
DESCRIPTION	Farmer support organization and non-profit grocery store	Non-profit grocery store	Chain grocery store (23 locations in Kansas City metro)	Food distributor and retailer	Frozen food processor
KEY INNOVATION	<ul style="list-style-type: none"><li>Technical assistance to help local farmers integrate into retail markets</li><li>Creation of retail outlet for producers to sell product</li></ul>	<ul style="list-style-type: none"><li>Creation of three-tiered pricing system to make local food more affordable</li></ul>	<ul style="list-style-type: none"><li>Creation of its own warehouse to aggregate and deliver local foods across chain locations</li></ul>	<ul style="list-style-type: none"><li>Delivery of local food</li><li>Creation of retail market to reduce wholesale waste</li></ul>	<ul style="list-style-type: none"><li>Processing of local food for small farmers to extend availability of local year-round</li></ul>
HQ LOCATION	Webb, MS	Hudson, NY	Kansas City, KS	Hotchkiss, CO	Detroit, MI
GEOGRAPHY SERVED	Rural	Rural	Urban	Rural and Urban	Rural and Urban
YEAR ESTABLISHED	2022	2018	1923	2015	2014
OWNERSHIP STRUCTURE	501(c)(3) nonprofit	Fiscally sponsored nonprofit	Domestic For-Profit Corporation	LLC	Domestic For-Profit Corporation
KEY OPERATIONS	<ul style="list-style-type: none"><li>Producer Services</li><li>Retail Sales</li></ul>	<ul style="list-style-type: none"><li>Retail Sales</li></ul>	<ul style="list-style-type: none"><li>Retail Sales</li><li>Aggregation</li><li>Distribution</li></ul>	<ul style="list-style-type: none"><li>Aggregation</li><li>Distribution</li><li>Retail Sales</li></ul>	<ul style="list-style-type: none"><li>Processing</li></ul>
PRIMARY CLIENTS	<ul style="list-style-type: none"><li>Local Farmers</li><li>Retail Customers</li></ul>	<ul style="list-style-type: none"><li>Retail Customers</li></ul>	<ul style="list-style-type: none"><li>Retail Customers</li></ul>	<ul style="list-style-type: none"><li>Wholesale Customers (grocery stores, restaurants, food hubs, schools)</li><li>Retail Customers</li></ul>	<ul style="list-style-type: none"><li>Wholesale Customers (grocery stores, restaurants, food hubs, schools, hospitals)</li></ul>
DEFINITION OF LOCAL	Mississippi Delta	Hudson Valley	250-mile radius	Western Slope of Colorado	Great Lakes region
ANNUAL GROSS SALES (2024)	\$309,000	\$1.17 million	\$5 million (local food sales only)	Wholesale: \$2.1 million Retail: \$675,000	\$1.5 million
PERCENT OF FOOD SALES THAT ARE LOCAL (2024)	10%	17%	20-25% (produce only)	Wholesale: 100% Retail: 77%	100%

COMPARISON CHART: LOCAL SOURCING INNOVATIONS

RURAL GROCERY INITIATIVE  
JUNE 2025

## PROJECT SUMMARY

# LOCAL SOURCING INNOVATION IN INDEPENDENT AND LOCALLY-OWNED GROCERIES







# Farm Runners

- **Location:** Hotchkiss, Colorado
- **Population:** 1,147
- **Ownership structure:** LLC
- **Year established:** 2015

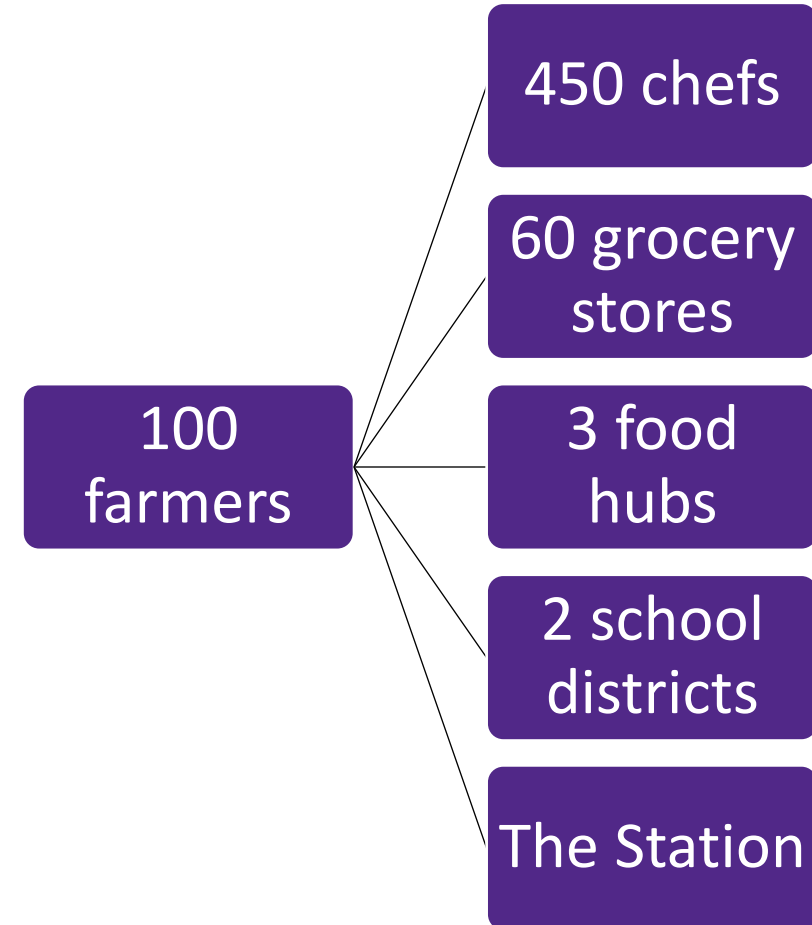
**Problem:** Farmers were spending time and money traveling to markets, which limited their ability to focus on growing food and raising livestock.

**Solution:** Distribute local food to wholesale customers (grocery stores, restaurants, food hubs, schools) across the Western Slope of Colorado. Excess product is sold at The Station, their grocery store and deli in Hotchkiss.





## Key Innovation: Distributing and retailing local food

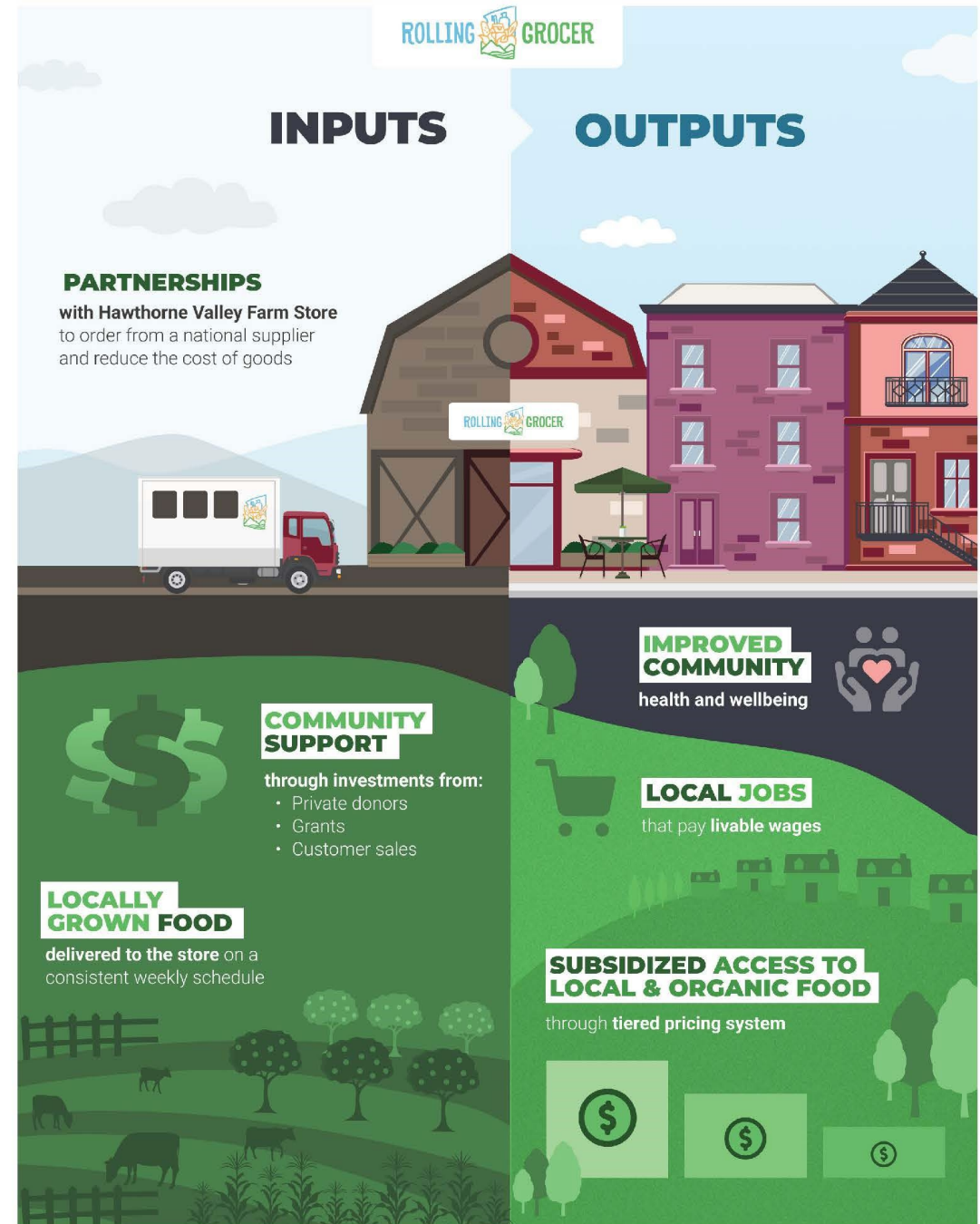


# Rolling Grocer

- **Location:** Hudson, New York
- **Population:** 5,900
- **Ownership structure:** Fiscally sponsored by local nonprofit
- **Year established:** 2018

**Problem:** Many Hudson community members face food insecurity. Since a relatively high percentage of residents lack transportation, groceries are inaccessible to many.

**Solution:** Establish mobile market to reach underserved residents and transition to a brick-and-mortar store. Utilize Fair Pricing System to make local and organic food more affordable.







## Key Innovation: Fair Pricing System improves local food access

- The three-tiered pricing model ranges from at-cost for the lowest tier to full mark-up in the highest tier, based on household size and income.
- There is an abundance of local, small-scale farmers within 10 minutes of the store, allowing the nonprofit grocery store to offer products from 50 local producers.

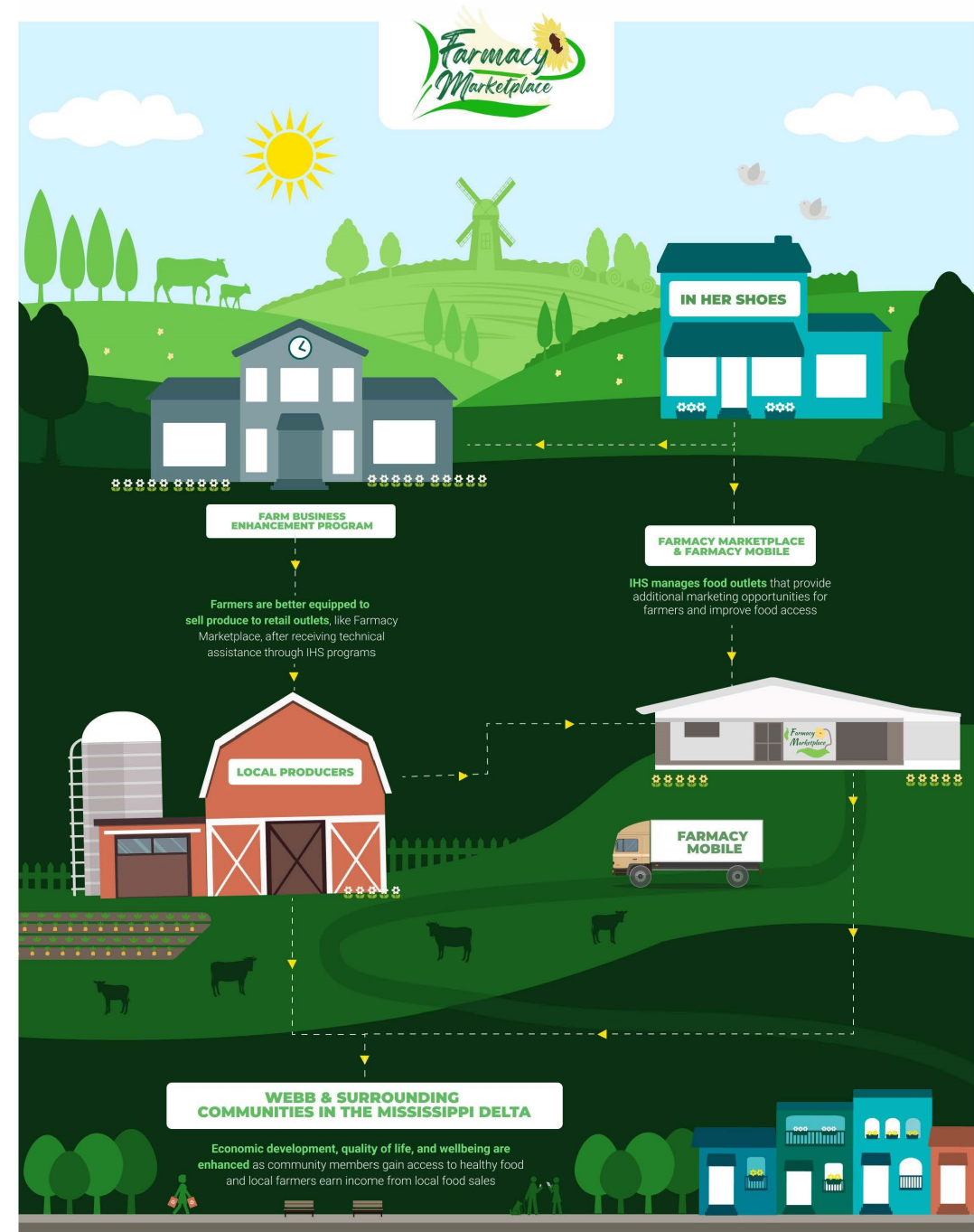


# In Her Shoes / Farmacy Marketplace

- **Location:** Webb, Mississippi
- **Population:** 747
- **Ownership structure:** 501(c)(3) nonprofit
- **Year established:** 2017 (store opened in 2022)

**Problem:** Local producers have few retail outlet options to sell products and they seek assistance with business planning and marketing.

**Solution:** Developed the Farm Business Enhancement Program to help farmers gain access to new markets and established Farmacy Marketplace as a retail outlet for local producers while improving food access for the community.





# FARM BUSINESS ENHANCEMENT TRAINING

Grow Your Farm, Grow Your  
Future: Join the Farm Business Enhancement  
Program today!

.....

Whether you're a beginner or looking to enhance your business, our program creates a pathway to transform your operation. Explore virtual and hands-on learning experiences, interactive sessions, and personalized support to grow your business to new heights.

## ADVANTAGES:

- ✓ Financial Assistance
- ✓ Access to New Markets
- ✓ Education
- ✓ Mentorship
- ✓ Technical Assistance
- ✓ Branding Creation



Get in touch with us  
**929-312-8330**



## Key Innovation: Training program to build pipeline of local food suppliers

- Nine-month course that helps beginner and intermediate-level farmers build capacity and access new markets.
- Farmers receive training on business plan development, financial management, marketing and promotion, navigating USDA programs, and more.
- 2/3rds of the producers supplying to Farmacy Marketplace completed the Farm Business Enhancement Program.
- Aim to replicate model to grow market for local producers further.

**K-STATE**  
Research and Extension

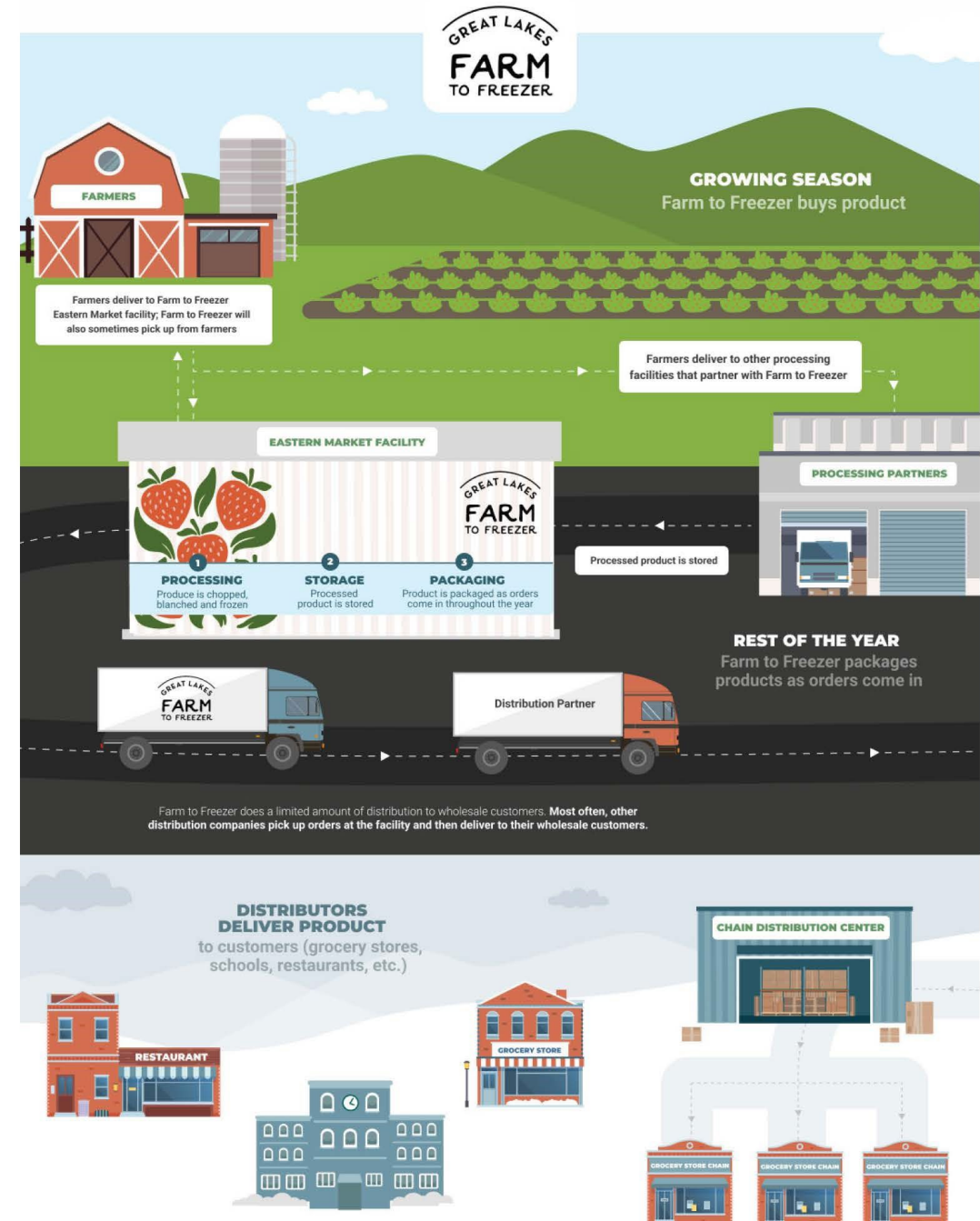
Rural Grocery  
Initiative

# Farm to Freezer

- **Locations:** Traverse City, Detroit, and Grand Rapids, Michigan
- **Ownership structure:** For-profit corporation
- **Year established:** 2014

**Problem:** Michigan has a short growing season that produces a bounty of fruits and vegetables, but there are few midsize processing and freezing facilities to extend the availability of local food.

**Solution:** Established Farm to Freezer to freeze local produce and sell to grocery stores, restaurants, and schools throughout the year.







LOCAL  
FARM TO FREEZER TART  
CHERRY 2 LB  
ON 12  
\$6.89

LOCAL  
FARM TO FREEZER FROZEN  
STRAWBERRY 2 LB  
ON 12  
\$8.49



LOCAL  
WEST MICHIGAN  
SMOOTHIE BLEND 2 LB  
ON 12  
\$7.89

LOCAL  
FARM TO FREEZER  
FROZEN BLUEBERRIES 2 LB  
ON 12  
\$8.49

LOCAL  
FARM TO FREEZER  
FROZEN SWEET CHERRIES 2 LB  
ON 12  
\$9.89



LOCAL  
FARM TO FREEZER  
ORGANIC BLUEBERRIES 2 LB  
ON 12  
\$8.49

LOCAL  
FARM TO FREEZER  
APPLES 2 LB  
ON 12  
\$8.49

LOCAL  
FARM TO FREEZER  
SASKATOONS 2 LB  
ON 12  
\$8.49

## Key Innovation: Processing and Freezing Local Food

- In a single run, Farm to Freezer processes up to **500 pounds** while traditional processors can run anywhere from **100,000-200,000 pounds** per run.
- Farm to Freezer maintains relationships with their grocery, school and restaurant clients.
- Local grocery stores received a merchandising freezer to display their product in the produce section.
- In 2024, the company worked with over 40 local producers and their products were sold to over 500 wholesale customers.

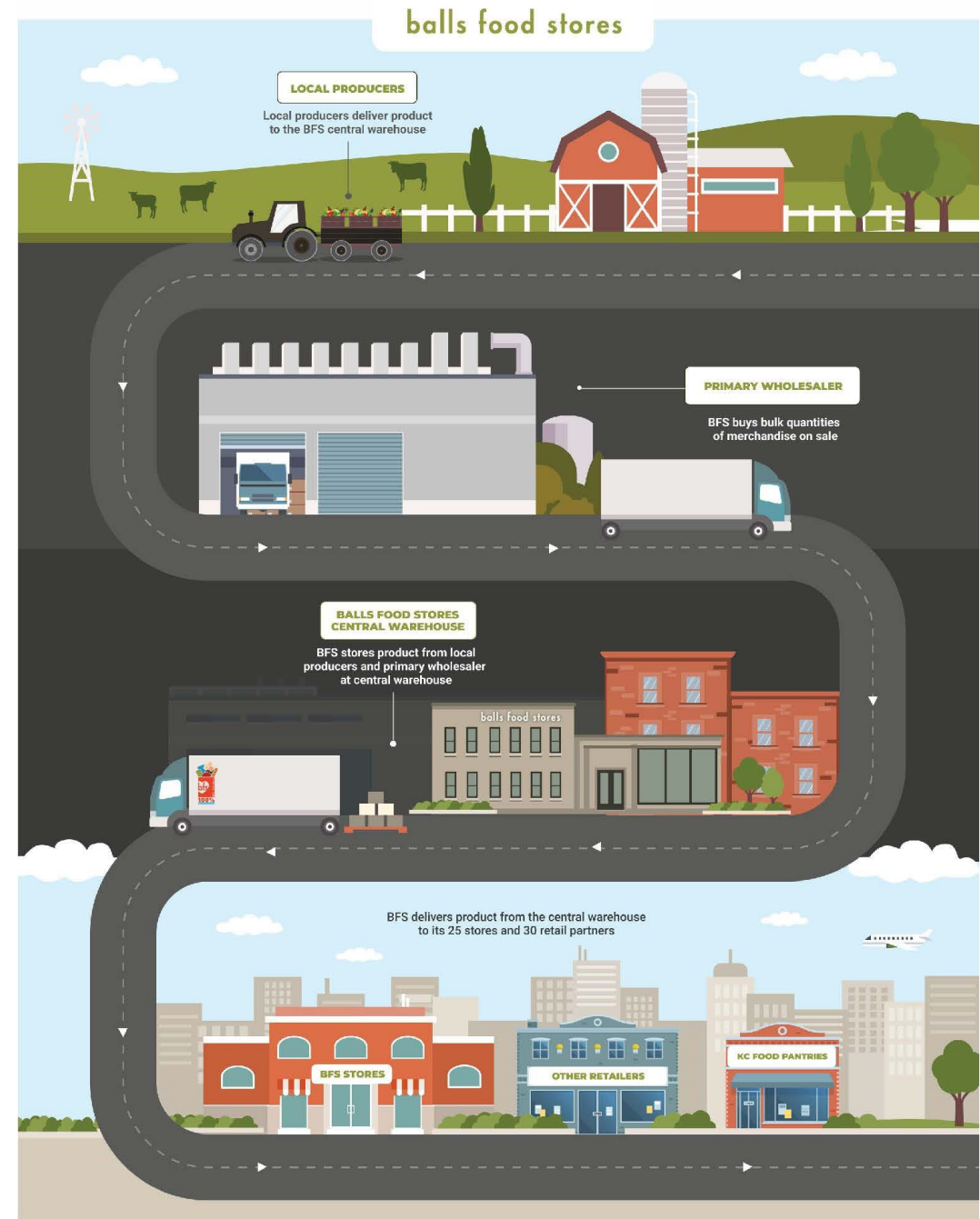


# Balls Food Stores

- **Location:** Kansas City metro area
- **Population:** 2.2 million
- **Ownership structure:** Domestic For-Profit Corporation
- **Year established:** 1923

**Problem:** Local food was always an important part of the company's identity, but as the grocery industry evolved over time, sourcing became more logistically complicated.

**Solution:** Build a central warehouse for local producers to deliver product to one location that then distributes to over 50 stores across the Kansas City metro area.





# Key Innovation: Warehousing Local Food

BFS operates its own central warehouse with two functions:

1. Streamline ordering, receiving, and distributing of local food to its stores.
  2. Purchase bulk quantities of items on sale from primary wholesaler, store in central warehouse to keep store prices low.
- Annual meetings set plan for local product needs in the following year.
  - In-store marketing efforts highlight the benefits of local food and build connections between customers and producers.
  - In 2024, the supermarket chain offered products from over 100 local producers.



# Key Findings

- **Business Model and Operations** depend on an array of stakeholders (producers, distributors, buyers).
- **Strengthening Local Supply Chains** must include a balance of direct relationships and streamlined processes. Still, there's a need for more producers and more infrastructure to grow these supply chains.
- **Community Engagement** through seasonal planning, marketing, and local collaborations differentiated and added resilience to all models.
- **Financial Strategies** capitalized on varied sources of capital to start up, expand, and grow.

<a href="#">Rural Grocery Toolkit</a>
<a href="#">RGI Publications</a>
<a href="#">Research</a> <ul style="list-style-type: none"> <li><b>Local Sourcing Innovation</b> <ul style="list-style-type: none"> <li><b>Final Project Deliverables</b> <ul style="list-style-type: none"> <li><a href="#">Rural Grocery Survey</a></li> <li><a href="#">Social Capital</a></li> </ul> </li> </ul> </li> </ul>
<a href="#">Webinars &amp; Workshops</a>
<a href="#">Grocery Operations Training</a>
<a href="#">Rural Grocery Spotlight</a>
<a href="#">Cooperative Development</a>
<a href="#">Rural Grocery Policy Tracker</a>



# Local Sourcing Innovation in Independent and Locally Owned Groceries

## Key Findings

This project identified and examined various local sourcing models to learn how independent and locally-owned grocery stores can become better integrated with local and regional supply chains. The five in-depth case studies showcase how organizations and businesses are innovating to expand access to local foods. By sharing these stories and lessons learned, other businesses and stakeholders will be better equipped when considering similar projects in their communities. The [Catalog of Local Sourcing Innovations](#) shows that many more innovative local sourcing models exist beyond the five models this project team explored.



**LOCAL SOURCING COMPARISON CHART**

Local and regional food systems support community health, strengthen local economies, and enhance overall well-being. While independent and locally-owned grocery stores are a vital part of the food system, many often lack the resources of national chains. This is a critical concern for both growers and local food systems. This project team explored various local sourcing models to learn how independent and locally-owned grocery stores can become better integrated with local and regional supply chains. The five in-depth case studies showcase how organizations and businesses are innovating to expand access to local foods. By sharing these stories and lessons learned, other businesses and stakeholders will be better equipped when considering similar projects in their communities. The [Catalog of Local Sourcing Innovations](#) shows that many more innovative local sourcing models exist beyond the five models this project team explored.

	INDEPENDENT & REGIONAL FOOD SYSTEMS	WHOLE FOODS	BULK FOOD CO-OP	PEAS & BEANS	THE FARMER'S MARKET
<b>DESCRIPTION</b>	Member support organization and non-profit grocery store	Non-profit grocery store	Co-op grocery store (CO-OP) (non-profit)	Co-op grocery store (CO-OP) (non-profit)	Co-op grocery store (CO-OP) (non-profit)
<b>KEY INNOVATIONS</b>	<ul style="list-style-type: none"> <li>Technical and financial support for growers and processors</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>
<b>KEY LOCATIONS</b>	Ames, IA	Ames, IA	Ames, IA	Ames, IA	Ames, IA
<b>OPERATIONAL MODELS</b>	Co-op	Co-op	Co-op	Co-op	Co-op
<b>YEAR ESTABLISHED</b>	2000	2000	2000	2000	2000
<b>ORGANIZATION STRUCTURE</b>	501(c)(3) non-profit	Non-profit	Co-op	Co-op	Co-op
<b>KEY INNOVATIONS</b>	<ul style="list-style-type: none"> <li>Technical and financial support for growers and processors</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>	<ul style="list-style-type: none"> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> <li>Creation of local food hubs and food systems</li> </ul>
<b>PRIMARY FOCUS</b>	Local Farmers	Local Farmers	Local Farmers	Local Farmers	Local Farmers
<b>DEFINITION OF LOCAL</b>	Midwestern	Midwestern	Midwestern	Midwestern	Midwestern
<b>ANNUAL REVENUE (\$M)</b>	\$1.5M	\$1.5M	\$1.5M	\$1.5M	\$1.5M
<b>PERCENT OF REVENUE FROM LOCAL SOURCES</b>	10%	10%	10%	10%	10%

Find more at:  
[www.ruralgrocery.org/learn/research/local-sourcing-innovation/](http://www.ruralgrocery.org/learn/research/local-sourcing-innovation/)



# Call to Action!

Help us continue to identify examples of innovative local sourcing solutions!



# Q&A

# Thank you!

Rural Grocery Initiative

[rgi@ksu.edu](mailto:rgi@ksu.edu)

[www.ruralgrocery.org](http://www.ruralgrocery.org)

**Share Your Feedback**





# NATIONAL RURAL GROCERY SUMMIT

*May 5-7, 2026  
Fargo, ND*

**NDARECs**  
North Dakota Association of  
Rural Electric Cooperatives  
Your Touchstone Energy® Cooperative 

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Rural Grocery Initiative

Regional Sustainable  
Development Partnerships  
UNIVERSITY OF MINNESOTA  
**EXTENSION**

# Thank you!

Rural Grocery Initiative

[rgi@ksu.edu](mailto:rgi@ksu.edu)

[www.ruralgrocery.org](http://www.ruralgrocery.org)