The symbiotic relationship between the local weekly and the rural grocery store

Kier’s Thriftway in Washington, Kansas, opened as Kier’s IGA in 1951. Current owner Travis Kier is a fourth-generation grocer.
# Table of Contents

## The hunger games
Advertising in the newspaper gives grocery stores visibility
By ROSS CONNELLY
Pages 2-4

## Forty is sporty
By ROSS CONNELLY
Page 4

## Relationship between grocers and local paper a plus at multiple levels
By TIM L. WALTNER
Pages 5-6

## Fortunate to have grocery availability in Washington County
By DAN THALMANN
Page 7

## Grocery stores were long the key to paying the bills
By BILL BLAUVELT
Pages 8-9

## The store as a source of pride
By JOHN MARSHALL
Pages 10-11

## Rural grocers face numerous challenges
By DAVID E. PROCTER
Pages 12-18

## Rural grocery store operations: The school-based model
By DAVID E. PROCTER
Page 18

## 8 steps to help small town grocery stores
By STEPH LARSEN
Page 19

## J-School project studies rural grocery stores
Page 19

## Did You Know?
Page 20
Advertising in the newspaper gives grocery stores visibility

By ROSS CONNELLY

Grocery stores and supermarkets hunger for customers. Newspapers need readers and advertising for sustenance. One might think the two types of businesses have a common need. A need that could bring shoppers to the pages of newspapers when checking the refrigerator and cupboards in preparation for a weekly trip to restock the kitchen coffers and a need to bring readers through the doors when shopping for food.

Sometimes that happens. Sometimes it doesn’t. There are three grocery stores in my town of about 3,000 people, a hub, of sorts, for a total population of about 10,000 in the 10 towns covered by The Hardwick Gazette. The largest store is owned by an out-of-state chain, which bought the store from another out-of-state chain a year or so ago.

Another one of the stores is a 40-year-old co-op, and the third is a family market that has been here under a number of names and owners for the better part of 50 years.

Add to the mix one of the dollar store types, which just opened this summer. It claims to sell groceries, among the other items on its shelves.

And, yes, there is a chain drugstore that carries milk, cereals, beer, wine, soda, all sorts of candy and probably a few other food items among the standard products of any such store.

I also need to mention there are at least three convenience stores, none of which is locally owned, that offer a wide selection of beer, soda, deli food and assorted snacks and basics.

A neighboring town has a wonderful general store — if they don’t have what you need you probably don’t need it. The store has a well-stocked grocery section, a well-respected butcher counter and has good prices. Locals shop there, as well as a large summer community.

Beyond the storefront retail outlets, there are several farmers markets and CSAs, the acronym used for community supported agriculture. (Producers sell shares at the beginning of a growing season and plant based on the number of people who sign up. This assures cash flow and guaranteed income for the farmer and, weather unknowns unknown, weekly pre-paid food for the participant.) Most are held in summer but the largest CSA also offers root crops in the winter months and is branching out to include pork.

The largest farmers market, of the three in towns covered by the Gazette, is in Hardwick. Started 10 or so years ago, the Friday afternoon market has grown from a few vendors to about 20. The market advertises in the Gazette. The next in size also advertises; the smallest does not.

There are also farmers markets in more populated areas, drawing producers from this area. Despite the time and distance, the affluent customers in towns such as Montpelier, Stowe, and Shelburne make the trips worthwhile for local growers. Neither the local farmers nor these markets advertise in the Gazette.

The CSAs are generally limited in size by the amount of produce the particular farm chooses to grow and how much of that produce it wants to wholesale rather than retail. Word of mouth rather than advertising seems to be how they find members.

The largest CSA, beyond wholesaling to distributors and restaurants, markets itself to supermarkets and drug stores and grocery stores. Despite the time, the affluent customers in towns such as Montpelier, Stowe, and Shelburne make the trips worthwhile for local growers. Neither the local farmers nor these markets advertise in the Gazette.

The CSAs are generally limited in size by the amount of produce the particular farm chooses to grow and how much of that produce it wants to wholesale rather than retail. Word of mouth rather than advertising seems to be how they find members.

The largest CSA, beyond wholesaling to distributors and restaurants, markets itself to more populated, affluent areas. Although not yet a corporate behemoth, that CSA seems to want and need growth as it expands its offerings beyond vegetables, acquires more land, broadens its reach and uses land conservation tax breaks to strengthen its position. The CSA uses the Gazette to advertise for employees.

Shifting the focus back to the retail outlets, all of the stores carry the Gazette on their news racks. Getting them to advertise is another story.

People in this town will not go hungry. One might wonder, however, if some of the many stores might, what with the competition. I don’t think I’m off base to opine that advertising would help them secure and maybe even get a larger slice of the pie than they currently do.

CONTINUED ON PAGE 2
The Gazette, however, would go hungry if we depended on all the food stores, in their many iterations, to feed us. The co-op, the family market, one of the convenience stores, and the general store in the neighboring town are regular advertisers. The large supermarket will occasionally spring for a small ad on a special section page, but will not spend any of its advertising budget for flier inserts or display advertising. We can’t even get a phone call returned from the dollar store’s corporate ad department, although we are on its list for news releases.

Is there something about grocery stores that is incompatible with weekly newspapers? Is there a universal reason the Gazette’s pages are not ideal for them? Is our experience different than what other weeklies around the country experience? Is there a difference between rural and urban weeklies? Are we too small (our circulation is about 2,500, paid) to be cost effective? I don’t lose sleep pondering the questions but I do scratch my head.

I offer a thought that a reason some of the stores that sell food don’t advertise and others do has to do with the word community.

I can’t ignore the bottom line and the business side of the newspaper business. But I also know the reason I am in business and the reason I believe in weekly newspapers is because I believe in community and democracy. Those are the products we sell on our pages.

Local grocery stores, and particularly the local co-op (see the editorial sidebar), also recognize they are part of a community. They sell food but they also give back to the community in a way a lot of out-of-town owned businesses do not. My experience over the past 30 years leads me to believe the latter see a location and determine what they can take from the community to determine whether there is profit to be made. Sure, they employ some local people, but giving back to the community, being visible in the newspaper and being an integral part of the community, is not all that relevant to the chain’s or corporation’s bottom line.

A good 30 years ago, a young woman from the town graduated from the local high school, went to the state university and, after graduating, took a job with a corporate supermarket chain.

The good work habits she developed growing up on the family farm, her intelligence, her ability to work with others, her positive outlook and wonderful, warm personality enabled her to move up to management pretty quickly. After about 15 years in the store, she came back to Hardwick to manage the chain’s supermarket – the one that still exits under new ownership.

Lynn was a heck of a manager. There was no job in the store she wouldn’t or couldn’t do. Whether stocking food on shelves, filling in on a cash register, mopping a floor, you name it, she would do it. The employees would do anything she asked.

Early in her tenure at the store, Lynn told me she wanted to advertise on a weekly basis. She said she persuaded her regional manager to let her give it a try. The results were positive. She’d tell me when I stopped in each week to get ad copy that customers constantly told her they saw the specials in the Gazette. The ads, she said, paid for themselves. Her regional manager was pleased.

She said he kept the corporate bean counters at bay and told her to increase the size of her ads.

Lynn knew her customers by name, and they knew her.

She was a Hardwickian, as people from here who go back generations are called. She was one of them, was loyal to them and they to her. Lynn’s store was their store.

When the Little League needed a donation, she made sure it had what was needed. Same with a student play production, a church auction, a benefit. The high school sports championships were never overlooked. Congratulating the kids and being visible are what she did naturally. A local soldier was killed in Afghanistan. His funeral was held at the local high school and drew hundreds of people to pay their respects. Lynn made sure there were cases of water bottles sent to the school on that sweltering August day.

Each October, the Gazette runs a special section acknowledging the many women who work in the many businesses and organizations in the town and area. The section features business card-sized ads with a photo of the women who work in the particular shop, store or office. The section is a good money maker for us. The section is also a strong statement about the importance of the many women in the community. Lynn always made sure the women, from high school girls to grown women, who worked at the supermarket were included. She always had fun with them, cajoling them to smile as I told them to stand closer together as I took their photo each year. She told me they always grabbed a copy of the Gazette when it arrived that week to check out the photo and the ad. Despite their protestations, they were pleased to be recognized in the newspaper.

I still remember running into a local resident one winter. Lynn’s name came up in the conversation. The person told me how on Thanksgiving morning, or maybe it was Christmas, she realized she was missing a key ingredient for the holiday dinner. Not knowing where to turn, or what she would do, she called Lynn in desperation. Lynn told her she’d meet the woman at the store in about 30 minutes so she could get what she forgot to buy when shopping for groceries the day before.

Needless to say, Lynn will always have a place in that woman’s heart.

Amidst all this, the store’s revenues grew. Lynn received awards for increasing the company’s bottom line and her management skills.

After about 20 years with the grocery business, however, Lynn decided it was time to move on to work with a small family business in town. She intimated the corporate pressure and mindset had worn her down.

The manager who replaced Lynn commuted 50–60 miles. Whenever I saw him, he seemed more interested in getting home than serving the needs of the store or the community. I remember approaching him about the women in business section we ran. I told him how Lynn viewed it as a nice shout out to the women who worked in the store. He responded that he was not a woman so the ad didn’t pertain to him. He didn’t see the need.

He cut back on advertising, too.

It wasn’t too long before the store began to draw fewer customers. Our weekly newspaper sales dropped. The new manager did not last long. The supermarket didn’t either.

Another out-of-state corporate supermarket chain bought the store.

The new manager buys an occasional special section ad, and he was glad to have the women employed there be in last year’s women in business section. There is no weekly advertising, though. The marketing department in a far-away city has deaf ears. I’m not sure the people who work there even know what a newspaper is, let alone a weekly newspaper. I’m pretty sure they don’t understand community and understand how being a part of that is good for business.

I do know the store’s not the same. The sense of community Lynn brought to it is missing.
The local, family-owned market continues to chug along.
There is little turnover among the employees. They know the names of the customers and the customers know theirs. The store donates when asked and advertises weekly. The store is an integral part of the community.

The general store in the neighboring town is an institution. Now into the fifth generation of ownership, stretching back to 1900, the family plays much the same role as Lynn did at the supermarket. The family owns the store but the community has a sense of ownership, too. This generation, as their parents and grandparents, grew up here and went to school here. Their customers are their neighbors and were their classmates. They live here and have a stake in the community a distant stockholder or corporate executive can never have. The store is expanding, renovating and is innovative. Our newstand sales are steady and the weekly advertising is helpful to the store and us.

The convenience store that advertises is under new ownership in the past year or year-and-a-half. The owner is approachable and his manager seems to run things smoothly. Despite the previous owner having lost the state liquor store outlet, the new owner is doing OK with beer, wine and a busy deli. The Gazette sales are steady and the ads are a big help to our bottom line.

The co-op was founded by back-to-the-landers 40 years ago. They’ve grown and their kids are the new 20-somethings and 30-somethings. The people who work at the co-op have a stake in the community. The co-op carries locally-grown produce. The store is an economic driver as its sales are sales for the local farms. There’s a political/cultural divide between the “co-op people” and the Hardwickians, but they get along.

The co-op is part of the community.

Is this story just about grocery stores and supermarkets?
I don’t think so. I find locally-owned businesses are more likely to advertise in the Gazette, because the Gazette is local, too. The out-of-town chains don’t think of community and how and why being part of one and giving back is good business. I own the newspaper, but people who live and work here have a sense of ownership, too. The Gazette is their newspaper. They don’t always like what we report (and some of the local businesses refuse to advertise because of that) and are quick to point out our errors, but we’re a part of the community and they are part of us.

People ask me if the Gazette is sustainable. I tell them that depends on how hard one is willing to work and the number of hours one is willing to spend. That’s pretty much what I see and hear from anyone around here who owns a business. Lynn understood that, practiced that and believed in what she did. The business grew. She left and the corporate philosophy held sway. The business was sold.

More and more grocery stores and supermarkets, at least around here, are carrying healthier foods than in the past. My experience over the years convinces me weekly advertising in the newspaper, gives those grocery stores visibility and helps to create a healthy community.

Business does not have to be at odds with community. It can benefit from involvement in the community and, in turn, the community benefits from its presence.

Ross Connelly is editor and publisher of The Hardwick Gazette in Hardwick, Vermont. He can be contacted at news@thehardwickgazette.com.

---

**Forty is sporty**

By ROSS CONNELLY

One adage is “life begins at 40.” Another is, “never trust anyone over 40.” No matter which one a person chooses, perhaps, “Forty is Sporty,” is the one to focus on this week.

The Buffalo Mountain Food Co-op And Café is celebrating its 40th this week. From 4-10 p.m., Saturday at Atkins Field in Hardwick, to be precise (although, for the purists, the actual anniversary date is in the too-cold-to-party-outdoors November).

To delve into stereotypes a bit, there is a certain irony in the good folks at the co-op reaching 40, if the second adage ever had merit. Certainly back in the 1970s, when the local co-op was born, more than a few of the founders, who were 20 and 30 somethings at the time, probably held that view. Well, what goes around comes around, and advancing years is no exception. The back-to-the-landers of four decades ago have come of age. They, as everyone experiences at some point in a lifespan, recognize time marches on.

Yes, the rag-tag hippies and peaceniks of years past grew from No-Nukers, tree huggers, and crunchy granolas, to willing-to-speak-up participants on Town Meeting Day, to consistent letter writers to the Gazette, to office holders in Hardwick and area towns, and to some darned smart business people.

The co-op never lost sight of the possibility of being successful with the bottom line while being true to some deeply held beliefs that not all business has to be cutthroat capitalism out to pound the competition into submission. And in holding to the philosophy of profits for the people, the co-op became and is a stable anchor on Hardwick’s Main Street, with shoppers and suppliers coming from miles around.

People who make a living off the land, from farm families who have lived in the area for generations to the new, flashy, splashy agripreneurs, can thank the co-op for part of their success. The co-op is more than a place to work. The co-op is more than a place to go to buy brown rice or tofu. The store sells food grown and produced locally. The people who grow and produce that food wholesale it to the co-op, which enables those producers to stay in business and to grow their businesses. The store is an important part of the infrastructure of Hardwick and is an economic driver for the area.

Many people who work for or with the co-op or shop there are still seen by some residents as the protesters of old. Some are, and more power to them for sticking with their beliefs and commitments over all these years. Certainly, the evolving state of the state, country and world are ample evidence there is still a need to speak up and act for change. The co-op reminds all that there are many ways to view the world and give all an opportunity to think beyond the mainstream platitude that is part of everyday life. And the co-op also offers good food and produce.

Yes, the co-op is 40! And they are celebrating. Join them.

Congratulations to the co-op.

Ross Connelly is editor and publisher of The Hardwick Gazette in Hardwick, Vermont. He can be contacted at news@thehardwickgazette.com. This editorial originally ran in The Hardwick Gazette on Aug. 26, 2015.
Relationship between grocers and local paper a plus at multiple levels

By TIM L. WALTNER

Fifty years ago, Freeman, South Dakota, a small town of about 1,300 residents with a trade area of another 4,000 rural residents, had five grocery stores, including a meat market. They all promoted their businesses with display ads printed on the pages of the Freeman Courier, the weekly newspaper that’s been around since 1901. The ads ran weekly, ranging in size from full page (broadsheet) to one-column x 10-inch.

Thirty years ago, the demographics were similar, but the number of grocery stores in Freeman had dropped to three. They all ran weekly display ads in the Courier, although the full-page ad had shrunk to two-thirds of a page.

Fifteen years ago, while the demographics were still similar, there were just two grocery stores in Freeman. And neither was running display ads in the Courier. Instead, the grocery stores had shifted their weekly display ads to the Area Wide Connection, a total market coverage sister advertising publication of the Courier established to give the grocery stores – and the larger Freeman business community – the option of expanded circulation they had requested.

While the Courier had strong readership and penetration in the immediate community, the grocery stores wanted to reach beyond that. They wanted to reach the people who lived in a 20-mile radius of Freeman. They also wanted their ads to break on Tuesdays rather than on Wednesdays.

Today, Freeman still has two locally owned grocery stores. The population of the town is stable (1,306 in the 2010 census), and Freeman’s trade area continues to include the farm families and smaller towns in that 20-mile radius. And you’ll still find the weekly grocery ads printed on the pages of the Area Wide Connection.

Freeman has become a hub in the region. You have to go at least 30 miles in any direction to find a larger town. While agriculture remains the primary economic base, Freeman has a healthy blend of manufacturing, education, retail and health/professional services. In addition to two grocery stores, Freeman has three banks, two implement dealerships, two pharmacies, a local hospital and medical clinic, dental, vision and chiropractic practices, a host of restaurants, gift shops, variety stores and, of course, agricultural supply stores to serve community residents.

While most other grocery stores in the area rely on preprint inserts to reach their customers, Freeman’s grocery stores rely on the Courier staff to build the ads and print them in the Connection.

The weekly’s extended circulation publication, mailed – home delivery is not a realistic option – reaches nearly 7,000 households in that 20-mile radius of Freeman. While it also carries a variety of inserts, including those from several surrounding small-town grocery stores, Freeman’s grocers prefer the independence of putting together their own ads in partnership with the Courier staff.

Both grocery stores are part of Affiliated Foods Midwest, based in Nebraska and Kansas. The retailers’ cooperative, which is affiliated with IGA and includes the Shurfine brand, serves stores in 13 Midwestern states.

While both Freeman stores could take advantage of the preprint inserts from Affiliated – in fact, each tried that for a brief time – they prefer running display ads printed in the Connection. Each grocery store runs a full-page (tab format) ad and each has an established position; Freeman Shopping Center on page 5, Jamboree Foods on the back page.

One reason both grocery stores are using ROP advertising is that it enables them to provide products customers want rather than having to settle for what is included in the preprint insert.

“Freeman has a lot of people who want certain things,” said Bob Pidde, the second-generation owner of Jamboree Foods in Freeman, located downtown and known as Bob’s. “We want to keep them happy.”

The ability to tailor weekly specials to meet local needs is important to Pidde and Gary Block, who owns the Freeman Shopping Center, located along U.S. Highway 81 on the outskirts of town. With a strong Germans-from-Russia tradition still very evident in the Freeman community (immigrants arrived in the area in the 1870s), there is local demand for specific items that won’t show up on that Affiliated preprint insert but will show up in the locally produced ad.

Dimock colby cheese (produced in a small town 40 miles away) is a popular item. So is chislic, a traditional dish of cubed, skewered meat – commonly mutton – with very strong historic ties to the Freeman community. Both stores make their own unique style sausage. Bulk poppyseed is stocked regularly. And you’ll always find kuchen, a sweet dough pie filled with custard
and often fruit – and the ingredients for people to make their own. You’d have a hard time finding those items in a preprinted insert provided by Affiliated Foods.

“We can also set our own prices,” Pidde says. He likes being able to decide for himself which items to stock rather than having to stock items simply because they’re part of a larger advertising piece; that’s an economic plus, he says.

Block says running a full-page display ad is actually cheaper for him when he calculates the cost of the preprint inserts and distribution.

Another plus is that, with both stores in Freeman part of the Affiliated Foods group, creating their own ads enables each grocer to create a unique presence.

“There’s way more flexibility this way,” Block says. “If you use their inserts, you have to follow their plan-o-gram.”

Although grocery stores have a bit of flexibility in portions of their preprinted inserts, that doesn’t include the last-minute changes available when the local store’s customized local ads are produced right there in their hometown just days before the weekly sale starts.

Both grocers deliver their ad copy, written by hand on customized layout sheets created for each store, on Thursday or Friday for the ad that breaks the following Tuesday. With a template of the ad – customize designed by the Courier for each store and a large library of graphics (including Dimock cheese, chislic, homemade sausage, poppy seed and kuchen), the Courier staff assembles the ads and by Friday noon, both stores have a proof in hand to review. Last-minute changes are accepted to the end of the day.

The convenient availability of both the Freeman Courier and the Area Wide Connection gives advertisers options. Each has a unique readership and focus. The ad rate in the Connection is higher because of the expanded circulation. While the grocery stores, the furniture store and variety store use the Connection as their primary advertising vehicle, most businesses typically use the Courier as their primary advertising vehicle and bolster that by using the Connection for special events. A combo discount rate offers an incentive to use both.

Both grocery stores also use the Courier to promote special events and sales at their store and they participate in sponsorship, signature ads and community promotions. They see the Area Wide Connection as a direct extension of the Freeman Courier and its mission to be an information source for the community.

“We like being able work with our own folks (the Courier staff),” Pidde says, noting the working relationship between retailers and the local paper is a plus at multiple levels. The grocers understand, support and appreciate the role of the Courier in the community.

And, Block adds, “I like to keep the money local.”

One of the unintended benefits is the weekly delivery of the ad copy by the grocers – yes, each one walks into the Courier office with his ad in hand – typically sparks a conversation about community life. Whether it’s about business, the city, the schools, sports, family or friends, the weekly exchange helps bolster the relationship between the newspaper and the community.

In some respects, this may sound somewhat old-fashioned, with handwritten ads delivered in person.

But that’s part of what it means to be a community newspaper. Jeremy Waltner, who began working at the Courier as a junior high school student and became news editor in 1999 said, “We work with the people in our community in ways they feel comfortable and we’re committed to provide the services they expect.”

That’s important in helping build a sense of community in this rural area, Waltner says. Much larger grocery stores are within an hour’s drive; Mitchell, Sioux Falls and Yankton all have large chain stores including Wal-Mart.

Freeman’s grocery stores are able to compete on price, service and convenience, and the Courier and the Connection are partners in that success. That’s good for the entire local retail community, it’s good for local residents and it’s good for the local economy.

The residents of the Freeman community, like those in much of rural South Dakota, are older and more traditional than those living in larger cities. Both Pidde and Block know their customers and their habits, and the grocers have tailored their marketing strategies to serve them.

Block notes there is a trend to online advertising in the industry, but he and Pidde know their customers. While the Connection (like the Courier) is online as an eEdition, the overwhelming number of people still read the print edition. “They bring the ad with them from home or they have the items on their lists because they’ve read it before they come into the store,” Block says.

Community journalists who take their role seriously want to serve their communities with strong news coverage and editorial comment. Advertising is, of course, an essential component in the newspaper’s economic health. But it’s important to note that providing advertising services to the local business community is also important to the success of those businesses and the broader economic health and vitality of the community.

It’s another example of the importance of newspapers staying connected with the communities they serve by providing what people want and what people need.

Tim L. Waltner is publisher of the Freeman (South Dakota) Courier. He can be contacted at timlwaltner@gmail.com.
Fortunate to have grocery availability in Washington County

By DAN THALMANN

Washington County, Kansas, is unique among rural counties in that it has six grocery stores spread among its 12 communities. In addition, all six are independent family businesses and locally-owned.

Our largest town (Washington, with a population of 1,200) has Kier’s Thriftway, owned by Travis Kier, a fourth-generation grocer. There are also three second-generation operations, and two stores owned by the same person, a first-generation grocer. All owners were born and raised in Washington County.

Kier’s Thriftway inserts its weekly grocery flier in the Washington County News, and Jack’s Food Market in Linn inserts its grocery flier in the Linn-Palmer Record, which I also own.

The remaining four stores, Crome’s Market in Hanover, the Greenleaf Store, T’s Grocery in Clifton and the Palmer Store, all use direct mail for their grocery flyers and don’t do anything but sponsorship-type ads in my papers.

I know there is an important relationship with inserting the grocery advertisement into our newspapers on a weekly basis, because if we miss an insert or don’t have one (which happens once per year after Thanksgiving), our readers will call and ask what happened to their insert.

The local grocery industry has not changed significantly in the 15 years I’ve been here, except for the closure of a second store in Washington. This store, Schoen’s Market, was also locally owned, but closed when the owners retired. Schoen’s Market also inserted its grocery flier in the Washington County News, and I definitely took a hit when they closed, since they were my second largest advertiser behind Kier’s.

I wrote a story about the challenges of the grocery business in small towns a little over 10 years ago, and this current project has inspired me to check back in on the stores soon. At the time, the biggest challenge to all of them was to meet the purchase level from their wholesale grocery distribution companies. Two of the stores exist only because of their relationship with other stores in the county. The Palmer Store is in a town of 110 people, but is owned by Randy Tiemeyer, who also owns T’s Grocery in Clifton, a town of about 500 people 12 miles away. The wholesale truck comes to his Clifton store and then he does his own daily delivery to Palmer, which is where he also lives.

Crome’s Market and the Greenleaf Store were owned by Wayne and Nancy Crome, but a few years ago they started transitioning into retirement, with one son and daughter taking over Crome’s in Hanover and another son taking over the Greenleaf Store about 14 miles away. Greenleaf has only 318 people, so again, the store owes its existence to the family partnership with the store in Hanover, population 668.

Fresh food options are limited at all of these stores because they cannot sell the perishable items fast enough to justify a larger selection, even though the fresh food section in the city grocery stores seems to be growing in popularity.

Two efforts have been made in the last several years to bring grocery availability to two smaller towns in the county – Barnes and Haddam. Both are small towns (155 and 101, respectively) with Barnes having a very small but touristy downtown and Haddam with not much more than a cafe.

Barnes created a community-owned convenience store that also offered lunch options and a wall of groceries. Unfortunately, they did not sell gas and struggled to pull customers off the small highway that passes through town. They eventually closed, with an antique shop taking over the grocery business in a section of their building, but that didn’t last long.

Haddam tried to carry a small selection of groceries in its community-owned cafe, but again, could not create the volume it took to handle a well-stocked line of groceries.

I have done nothing unique in trying to help boost support for local grocery stores outside of editorials encouraging people to shop there. My stories about the challenges to the industry, as well as covering the small-town efforts to add grocery availability, have helped, according to store owners. I have held off on increasing the insert prices when I’ve done other ad rate increases, partly because I know how important this industry is, but partly because I don’t want to lose them to direct mail.

It appears that the store owners who work hardest to serve their clientele have some level of success in their effort. Jack’s Food Market has added quite a few ingredients and products for Mexican dishes as a result of a growing Hispanic population in that area. Kier’s Thriftway has worked to add gluten-free products because of high demand for them. Efforts like these help.

These owners also commonly show up after hours in emergencies to help customers – I once had the co-owner of Jack’s Food Market open the store for me at 3 a.m. so I could buy Children’s Motrin for my toddler daughter who had a very high temperature. Would a city chain store do that if they weren’t open 24 hours? Would you even know who to call if you needed to?

I wrote editorials about this situation as well as Travis Kier’s willingness to sell me 30 pounds of ground beef after hours since I failed to acquire that for my daughter’s high school graduation party.

The personal relationship seems to be another key of success for these store owners. It is their lifestyle, rather than their job, much like being a newspaper publisher.

I know we’re fortunate to have this grocery availability in Washington County and we plan to continue to remind our readers how unique we are too.

Dan Thalmann is editor and publisher of the Washington County News in Washington, Kansas. He can be contacted at editor@blue-valley.net.
By BILL BLAUVELT

Grocery store advertising continues to be a vital part of The Superior Express newspaper. When I became the newspaper’s editor 45 years ago, we had five grocery stores in town, and that was down from seven when I was a child. Four of the five were regular advertisers. The two largest stores ran full pages each week, a third store ran two-thirds of a page or more, and a neighborhood store ran a 2x6. Outlying communities all had stores, but they did-not run regular ads in the Express.

Stores were starting to close, and that has continued until today. Superior now has one grocery, Ideal Market, which opened in 1949. The store runs an insert with us each week, and we mail to non-subscribers. The store is spending about $1,100 a week with us; about $800 of that goes for postage.

By the end of the 1980s, all of the grocery advertising moved to inserts. I was quite surprised when the first store switched. We had lots of complaints from readers and businesses in the 1970s when we printed in a central plant, so in 1982 we put in our own press. Our plan was to offer spot color to the grocery store after a shakedown period with the press. The store owner wasn’t willing to wait, went immediately to inserts, and has stayed – which made the store across the street do the same. For 20 years or so, we stuffed the two inserts together and direct-mailed to non-subscribers, splitting the postage between the stores and adding a stuffing fee. When the second store closed, we were able to add inserts from the Menards store, 60 miles away, so we have maintained revenue for now, but I would trade Menards for the grocery.

We now have Shopko and Dollar General stores in town. Both have large grocery departments, but Dollar General never advertises. Shopko uses inserts with some grocery items once or twice a month.

Over the years the papers in Mankato and Jewell were consolidated as were the papers in Nelson and Lawrence. We now publish both consolidated papers as well as The Express. Jewell still has a grocery store, but it does not advertise with us. Mankato has a nice store, but advertises in the Beloit shopper rather than in the Mankato paper and has removed Superior papers with grocery ads from the store – it doesn’t want its customers seeing a Superior grocery ad. The only way we could get a rack back into the store is to remove all grocery ads. The grocery stores in Formoso, Esbon and Burr Oak have closed. A Dollar General is opening in Mankato, but I don’t expect to see much, if any, advertising.

When we joined the Nelson and Lawrence papers together,
the Nelson store was still open but did not advertise. It has since closed. The Lawrence store runs a 2x8 or so each week – the store is part of a bar and not large enough to buy from a wholesaler. However, the owner believes in community support and advertising. Stores in Ruskin, Hardy, Oak, Davenport and Guide Rock have closed – all places where we had racks. One store has closed in Deshler. Davenport had two stores when we started and we had a rack in one. Now, both stores have closed. The Chester store where we had a rack has closed. Byron struggles, but we still have a rack there. Republic has closed. We now have a rack in the cafe.

Wholesalers won’t stop for the small stores. We once had several wholesalers supplying stores in our area and people told us “We buy your paper so we can see the Safeway ad.” Belleville and Superior both have Jack & Jill and Boogaarts-supplied stores. The smaller towns were with Affiliated. Now, Affiliated has our local store.

We are the smallest town in Nebraska with a radio station, a town of less than 2,000 people. The competition is stiff and our ad rates start at $3.75 per column inch and go down based upon volume. When selling locally, I never hear “Your rates are reasonable; let’s increase the size of the ad.” Instead I hear, “Your ads are too expensive. I’ve got to cut expenses; I can’t run nearly as big as we ran last year.”

I’m 69 years old; I’m sure new blood would bring in some new business. When I started 45 years ago, I was single, living with my parents and working many weeks without a paycheck. It will be difficult to find a buyer who is willing or able to do what I did to pay for The Express and expand. I grew the circulation from 3,500 to 4,300, most of that coming from single copy sales.

Back to the grocery stores: with the arrival of cell phones we are having a hard time maintaining our TMC mailing list. In the old days we got the phone books and TAM directories for each community and made sure everyone listed either took the paper or we sent them the TMC product. Now with cell phones, how do you find out who is living in a community?

When we had two good supermarkets and several appliance stores, we sponsored cooking shows in the auditorium. The stores sampled products, gave away sacks of groceries, etc. Now with only one store and the auditorium closed, we are no longer doing cooking shows and the chamber of commerce no longer does home shows.

We work hard to make our paper hyperlocal, but the community columns have died out (we can’t find anyone to submit), the schools are getting reluctant to give us names, and the hospitals will no longer give us patient lists (we used to run admissions from three hospitals and cover 12 high schools). My style of weekly journalism is getting hard to do. We need new ideas. Our web products continue to gain fans but they are not profitable. We regularly post to Facebook and YouTube. We have had a website since the 1990s, and it works on the tablets and smartphones.

I’m encouraged every time I go cover an event in one of our small towns by the strong support I find, but it gets harder every year to pay the bills. Our readers will continue to need information far into the future. The challenge is develop a business model that pays the bills and provides the needed information. Grocery stores were long the key to paying the bills, but we can’t count on them continuing to be.

Bill Blauvelt is the publisher of The Superior Express in Nebraska, the Jewell County Record in Kansas, and the Nuckolls County Locomotive-Gazette in Nebraska. He can be contacted at tse@superiorinet.net.
A year ago this summer, a spark of rumor ignited a white-hot storm of dissent that roared through our town (Lindsborg, Kansas) like a prairie fire. A local landowner had sold a parcel, the paperwork was nearly finished and the process well underway to permit construction of a Walmart Express in Lindsborg.

Rumor turned out to be fact. Walmart was in the works. This was seen in most parts as a direct threat to Scott and Susan Achenbach who, coincidentally, were about to celebrate the 20th anniversary of their grocery business in Lindsborg, Scott’s Hometown Foods.

In this city of 3,500 in central Kansas, “Scott’s” is a metaphor for quality shopping, at the top of any list of amenities that make living in a small place more than bearable. But for the peculiar snack or, say, a particular brand of fine olive oil or the rare Beluga caviar, Scott’s is known for stocking nearly everything that can be found in the best grocery stores and markets in the nearby cities of Salina or McPherson. It’s an appealing store, large enough for the shelves of organic produce, the depth of all kinds and cuts of meat, even those curiosities and obscure necessities – say, sewing kits, shoe laces, cookware, or rutabagas, or fresh aloe vera leaves – tucked among the aisles, and a bakery that begins its bread and pastry production at 2 a.m. every morning – that and more, in 20,000 square feet.

Put another way, it’s a rare day that even the food snob – yes, we have them – leaves Scott’s empty-handed. And the store is included on the Lindsborg travel app produced by the City’s Convention and Visitors Bureau. In part this is because Scott’s has devoted a special section to Swedish food, recognizing the city’s deep Swedish roots, its long-established popularity with tourists, a region settled nearly 150 years ago by immigrants whose fifth- and sixth-generation descendants and their families still live in the area. Lindsborg’s Swedish heritage is well-known in Kansas, its passion for festivals renowned. The city has long embraced the visual and performing arts and, of course, good food.

That bakery at Scott’s, mentioned earlier, produces a special loaf of Swedish rye that people order from the Internet or travel long distances to purchase. And, during the holidays, Scott’s offers that Swedish love-it-or-hate-it staple, lutefisk, even the genuine, dried variety, and it flies off the shelves.

Lutefisk notwithstanding, Scott’s is seen as an institution that elevates the quality of life in Lindsborg and the Smoky Valley region, advancing community standards beyond the common, the acceptable or the bearable. People nowadays are choosing where they want to live, rather than accepting it as a kind of assignment, or fait accompli. And Scott’s is a plus in the decision.

We’ve not yet found the person, or couple, who say that Scott’s is the reason they’ve moved to Lindsborg, but a few have come close. The rye bread is one reason. The deli’s chicken, roasted or fried, another – especially the fried, perhaps the most succulent ever to pop from a kitchen, its golden, crunch-crisp skin, the meat piping and buttery-moist and with, incredibly, never a hint of grease. Scott’s fried chicken is known to rival that of the celebrated Brookville Hotel not far up the road, north of the Interstate at Abilene.

Scott’s has acquired landmark status in Lindsborg, at the top of nearly every local scale of livability. Put simply, people in Lindsborg are proud of the place.

Thus, it was no surprise that the Wal-Mart plans had kicked
up a fury. The store was certain to be approved by the city’s planning and zoning board, and there seemed no solid legal obstacle to later approval by the city council. The prevailing reaction was as much indignation as outrage. Why would we lower ourselves with a Wal-Mart, express or otherwise, when we have Scott’s?

There were also hints of the sinister, often uttered with a hiss: “I wouldn’t want to be a council member voting aye on that one...” There were meetings, discussions, telephone calls, flurries over Internet chat sites. Facebook heaved with the tides of scorn and malice, resentment, consternation. The town resolved that City Hall get the message: Wal-Mart is not wanted and certainly not needed. Not here.

In short time, the land owner and Wal-Mart announced that they were dropping plans for a store in Lindsborg. Wal-Mart moved the mission 50 miles west, to Ellsworth. ** **

Nearly five years ago, in 2011, Scott and Susan Achenbach were honored with Lindsborg’s Community Service Award at the annual Chamber of Commerce banquet, the city’s highest recognition for selfless service to community. The Achenbachs are involved in countless volunteer organizations and civic campaigns; among their many efforts is an annual community Thanksgiving dinner which they alone sponsor for anyone who wishes to attend, a crowd usually in the hundreds.

Before moving to Lindsborg, Achenbach had been manager of the Lyons Foodliner in Lyons, Kansas, a city (pop. 4,000) 40 miles southeast of Lindsborg. In 1994, the Achenbachs purchased an established local grocery in downtown Lindsborg from longtime owners who wanted to retire. Seven years later the Achenbachs began construction of a new 20,000-square-foot store in east Lindsborg, doubling the size of the former location and opening the new store in January, 2001. ** **

The grocery store is crucial in rural America, a footing of the local economy, paying taxes, providing jobs, selling food and other consumer staples essential to a more convenient life for the citizenry. (And for the local newspaper, in Lindsborg at least, it’s a critical source of advertising revenue, paying for weekly inserts and often for significant display advertising, always in full color.)

Like many other such stores, Scott’s is an important vehicle for community development, a kind of central bazaar where people often and ultimately find themselves visiting, inquiring about each other, hashing out local matters, even offering visions, dreams for the town and its future or, in this case not long ago, a serious threat to the very store they were in. The peril was not about throttling competition, or denying that tired wheeze about free markets, but about the risk to an establishment that provided so much more than groceries to the community, and the collateral damage to a local pharmacy, and the hardware store downtown, even the regionally-owned convenience stores not far away.

A community had roared its indignation, and a multi-national conglomerate somehow had understood, and went away. This time.

John Marshall is a columnist and retired editor of the Lindsborg (Kansas) News-Record. He can be contacted at jtmarshal@cox.net.
Rural grocers face numerous challenges

By DAVID E. PROCTER

Abstract

Many of the 60 million residents of rural America now face limited choice and low quality in their retail food choices. Significantly, almost five million of these rural citizens live in food deserts, defined as low-income rural areas that are more than 10 miles from a supermarket. Battling both economic and demographic forces of decline, rural communities are trying to preserve and energize food systems which in turn sustains core nutritional, economic, and civic needs. Central to rural food systems is the local grocery store. Land Grant universities in the U.S. have a particular mission to use their knowledge and resources to address significant public issues faced by citizens and communities beyond the academy. Since 2007, Kansas State University has led a broad-based collaboration of food system partners in addressing rural food access. Known as the Rural Grocery Initiative (RGI), this partnership has been working to establish and sustain grocery stores in rural regions across the United States. The RGI has worked four goals: (1) understand the challenges facing rural grocery store owners, (2) develop best practices to address those challenges, (3) create a virtual and face-to-face network for rural grocery owners, and (4) identify and promote sustainable models of rural grocery operation. Increasingly, the RGI is addressing rural food access through regionalized approaches. This higher education partnership has been effective in increasing healthy food access and strengthening the viability of rural communities across rural regions of the U.S.

Introduction

Land Grant universities in the United States have a long-standing, well-established social and legal contract to produce knowledge and benefits for the good of American society. This societal contract is grounded in three federal pieces of legislation: (1) the 1862 Morrill Act which created universities in each state that were charged with practical education for its citizens; (2) the 1887 Hatch Act which established agricultural research stations in each state, and (3) the 1914 Smith / Lever Act which created the Cooperative Extension service to serve as the educational vehicle for taking university knowledge out to citizens of the state. Historically, the Land Grant mission was to take the expert knowledge generated within the walls of the university and, through Cooperative Extension, take that knowledge and present it to citizens across the state. The traditional Land Grant model was very much a dissemination of expert knowledge to state audiences. Today, the Land Grant vision has evolved to a more engaged model. Universities and communities are viewed as collaborative partners addressing public issues that are no longer restricted by the boundaries of the state, but are viewed as national and international. The knowledge to address these issues is co-created among both university and community partners and results that emerge from the partnership not only benefit the faculty member and university, but the external community as well.

This new model of the engaged university is the model that has guided Kansas State University’s Rural Grocery Initiative (RGI) since its inception in 2007. The following chapter is a case study of how a broad-based partnership among universities, private businesses, and NGOs can make a significant and positive impact on an issue impacting many rural communities across the United States.

The public need for rural grocery stores

Eight percent of the rural population – approximately 4.75 million people – in the U.S. is living in communities lacking access to healthy foods. These rural geographic tracks, characterized by high poverty rates (over 20% poverty) and significant distance (10 miles or more) from supermarkets or grocery stores (The Food Trust, 2013) are increasing. These rural Americans face long drives and low quality in their retail food choices if current trends continue. Battling economic and demographic forces of decline, rural communities are trying to sustain core nutritional, civic, and economic needs. In many rural communities, however, convenience stores, gas stations or dollar stores have become the only retail food outlet, supplying high priced, nutritionally diminished foods (Bitler & Haider, 2009; Food Trust, 2009; Ford, 2009; Morris, Neuhauser, & Campbell, 1992; Morton and Blanchard, 2007; Ver Ploeg, 2009). The elderly and poor, who make up high proportions of rural communities, are particularly affected by these expanding “food deserts” (Bitto et. al., 2003; Whitacre et al, 2009)).

Rural grocery stores are an important piece of the infrastructure sustaining small communities across rural America. While traditional infrastructure includes roads, water supply, sewer, electrical grids, and telecommunications, infrastructure has also come to refer to the networks and institutions necessary for the functioning of a modern city. This perspective of infrastructure has come to include hospitals, schools, and the basic services necessary to sustain a community. From this perspective, it is clear that rural grocery stores serve vital community functions.

Rural grocery store as economic driver. Rural grocery stores are important cogs in the economic engine powering rural America (McDaniel, 2001). These stores are a significant source of local taxes. In 2011 sample of six Kansas rural grocery stores, the Kansas Department of Revenue reported 20% of all community sales tax receipts came from the local grocery store (Kansas Department of Revenue, 2011). These important tax dollars help fund city services, support local libraries and the arts, promote neighborhood improvements, sustain and improve local parks, build swimming pools, and facilitate a host of local community development initiatives (Cunningham, 2010). Rural grocery stores in Kansas employed an average of five full-time and nine part-time employees (Clark, Tsoodle, & Kahl, 2008) making these businesses one of the largest employers in a rural community. The jobs provided – managers, food distributors, office and administrative support staff, butchers, cashiers, bakers, and stockers – often offer young people their first job, adults a full-time job, and seniors the opportunity to continue to be active and productive. In fact, a store owner whose grocery store is on tribal land reports that not only do they hire young people, they train these employees to be quality workers, thereby preparing the youth for their future work life.

The grocery store also supports a myriad of other local jobs including local growers, plumbers, electricians, general contractors,
accountants, and lawyers, as well as a variety of other local businesses (McDaniel, 2001). These small businesses are valuable community resources as well. They are likely to significantly invest in the local community (Cunningham, 2010), offer their employees a wide range of responsibility (McDaniel, 2001), and fill important leadership roles in their town. Purchasing from small, independent businesses such as rural food outlets keeps more local dollars circulating in the community than when purchasing from out-of-town or national chain food sources. Known as the “Local Multiplier Effect,” this concept refers to how many times a dollar re-circulates within the local economy before leaving that community. While estimates vary on how much more locally-invested dollars re-circulate, research indicates that it is clearly higher than dollars invested out of town or with national chains (Civic Economics, 2002; Cunningham, 2010). Local business owners also report a “reduction effect” when the local grocery store struggles and closes. Reports from economic development directors and numerous local businesses indicate that as grocery stores fare, so do other local businesses. When local food access outlets struggle and close, local economies suffer.

Rural grocery stores as source of healthful food. Many of the 60 million residents of rural America now face limited choice and low quality in their retail food choices. Significantly, 2.3 million of these rural citizens live in food deserts, defined as low-income rural areas that are more than 10 miles from a supermarket (Morton et al., 2005; USDA, 2011). Numerous studies have explored the causes of food deserts. Many studies have focused on an ever declining rural population (Blanchard and Lyson, 2002; Food Marketing Institute, 2011; Ford, 2009; Kaskie, 2011; Thierolf, 2012) arguing that in many rural regions of America there simply are enough people to support retail business in general and rural grocery stores in particular. Other researchers have pointed to changes in wholesale food distribution models as a significant cause in rural food deserts (Bitler et al., 2003; Morton & Blanchard, 2007). These researchers argue that national food distributors increasingly require significant store sales for food distribution. Still others suggest that food deserts might not be the result of a lack of physical access to groceries and nutritious foods, but rather relative easier access to less nutritional food. Filling the food access void of grocery stores in some parts of rural America are convenience stores, dollar stores, and gas stations. Research has consistently found, however, that these food outlets supply high priced, nutritionally diminished foods (Bitler & Haider, 2009; Food Trust, Ford, 2009; Morris, Neuhauser, & Campbell, 1992; Morton and Blanchard, 2007; Ver Ploeg, 2009).

Regardless of the causes of food deserts, there is increasingly limited access to healthful foods in rural regions of the United States. Significant research indicates a strong relationship between those citizens living in food deserts and chronic, diet-related diseases (Morland et al., 2006; Whitacre et al., 2009). The prevalence of obesity is higher in rural counties than in urban counties (Jackson et al., 2006). Jilcott et al. has found that the prevalence of grocery stores in non-metro counties is inversely associated with incidence of obesity (2011). Ford (2009) points out the increase in obesity has significant implications for public health, because obesity is associated with increased risk for many other diseases, including high blood pressure, high blood cholesterol, type 2 diabetes, and coronary heart disease while Larson et al. (2009) specifically found that residents of low-income, minority, and rural neighborhoods have the most health affects related to poor access to supermarkets and healthful food. Likewise, Whitacre et al. (2009) found that these expanding food deserts particularly affect the elderly and poor, who make up high proportions of rural communities.

Rural grocery stores as social and civic community asset. Besides serving as a cornerstone business and a vital source of healthful foods, grocery stores also function as important social and civic spaces. Just like schools, post offices, restaurants, and churches, grocery stores are gathering places – places to meet friends, catch up on the latest news, and build the bonds of community interconnectedness. Grocery stores often serve as public spaces for meetings and socializing. They provide a sense of cultural and civic identity to a community (Tolbert, Lyson, & Irwin, 1998). Oldenburg (2001) refers to these sites as “third places” or public places on neutral ground where people can gather and interact. In public and neutral places, people can put aside their concerns and simply enjoy the company and conversation around them. These sites “host the regular, voluntary, informal, and happily anticipated gatherings of individuals beyond the realms of home and work” (Oldenburg, 2001). These spaces are the heart of a community’s social vitality and the foundation of a functioning democracy. They promote social and political equality by elevating citizen status, enhancing citizen interconnectedness, providing a setting for grassroots politics and creating habits of public association (Mencken, 2006).

Additionally, grocery stores are symbolic community assets, helping retain citizens and making the community more attractive to new residents. In rural communities, a grocery store is a symbol of community vitality and stability. It signals that the community is “making it.”

Challenges to rural grocery sustainability
Yet, almost daily, another small-town, independently-owned store shuts its doors and calls it quits. From 1997 to 2002, the U.S. experienced a 29% increase in the number of healthy food retail outlets, yet rural areas were left out of this growth (Henderson, 2006). Stone (1995) reported, for example, that Iowa lost 43% of its grocery stores from 1980-1995, primarily losing those stores in towns with populations less than 1,000. In Kansas, nearly one in five rural grocery stores in communities under 2,500 has gone out of business since 2007 (Center for Engagement and Community Development, “Rural Grocery Closures,” 2012). This is creating a crisis in rural parts of our country, as local grocery stores represent cornerstone businesses for the rural regions of the United States.

To address this crisis, Kansas State University’s Center for Engagement and Community Development (CECD) launched the Rural Grocery Initiative (RGI) in 2007. The RGI is a community/campus initiative involving multiple university centers and departments as well as food access non-profits, rural grocery store owners, regional food distributors, and government agencies. The RGI partnership is working to catalog challenges faced by these small businesses, develop responses to those challenges, identify and support new models of community capacity building, promote rural business development and sustainability, and enhance food security for rural areas. From this initiative, communities are mobilizing to establish new stores, sustain their existing grocery stores, create new jobs, and provide healthy, nutritious food for their citizens.

Certainly, broad economic, demographic, and distribution
trends are challenges to rural food retail. A deeper understanding of the crisis comes from the perspective of the rural grocery owner. Kansas State University and the RGI partnership have used multiple methods of data collection to understand the challenges faced by rural stores. In 2008, KState and the RGI surveyed 213 rural store owners asking about the challenges they faced (The full survey and complete results can be found at: www.rural-grocery.org/survey). A shortened version of this survey was conducted again in 2011. Additionally, Kansas State University has hosted rural grocery summits in 2008, 2010, 2012, and 2014. At each of these conferences, store owners are asked in group meetings to discuss the challenges they face in bringing groceries to rural regions of the U.S. Finally, numerous in-depth interviews with rural grocery store owners were conducted and again they were asked about the issues that challenged them most. In this way the RGI partnership developed its research and outreach agenda from those businesses and communities most immediately affected by the rural grocery crisis.

From these data collection, we identified the “Big Seven Challenges” facing rural grocery store owners. These challenges and the percentage of store owners identifying them as significant are illustrated in the graph below. Following the graph, each challenge is detailed.

**Competition with big box grocery stores.** The most frequent, significant challenge identified by our rural grocery partners was competition from big box grocery stores. In the past 20 years, there has been a tremendous rise in the number of big-box, national-chain grocery stores. In addition, big-box wholesalers have moved into the grocery business and big-box stores such as Wal-Mart and Target are now introducing smaller versions of their stores and opening them in small communities around the U.S. These large supermarkets, supercenters, and warehouse stores are taking an increasingly significant share of the grocery business (Gale Group, 2012) and a much larger share of the existing grocery market in rural areas than in urban areas (Arzt and Stone, 2006). Rural store owners view these stores as competitors that threaten their very survival. As one small grocer said, “It is challenging to compete with larger chain stores within reasonable driving distance for rural residents. With greater floor space and sheer volume of business, these chain stores have absolute advantage over offering wider selection in product and services at competitive pricing.”

**Operating costs.** The second most significant challenge associated with running rural grocery stores is the cost of operating the business. Operating costs include: building maintenance, insurance, and shipping costs. The most frequent and significant operating costs mentioned, however, were utility costs (See also, Kaskie, 2011). The costs of heating and cooling a store are significant. A significant portion of operating expenses can be attributed to the electricity needed to operate large cooling units along with lighting, heating and cooling the store. By far, though, the cost of refrigeration is a challenge. Many store owners struggle with poor roofs, inadequate insulation, outdated heating and air conditioning systems, and old, inefficient coolers, which have the potential to adversely affect a significant percentage of their food inventory.

**Labor issues.** Many rural grocery stores struggle to find an adequate supply of reliable labor. There are two aspects to this challenge. As with many businesses, there is the concern of finding quality employees. Besides the challenge of finding “good help,” in many small towns there is the problem of finding any help at all. In many rural communities, there is simply a lack of available persons to employ (See also, Kaskie, 2011). This challenge of finding quality and quantity of labor can especially be problematic in rural regions. If there is a shortage of labor, the store owner and family become the primary workers. This leads to of burnout and extreme fatigue further jeopardizing the store’s long-term viability.

**Government regulations.** Rural grocers in the U.S. must abide by a variety of regulations including those related to alcohol sales, food handling, governmental nutrition programs (e.g., Special Supplemental Nutrition Program for Women, Infant, and Children program and the Supplemental Nutrition Assistance Program), proper labeling, workers comprehensive insurance, and federal and state wage laws, just to name a few. Opposition to these regulations is both philosophic and pragmatic for some grocers. Rural grocers are, in general, an independent and conservative group of business owners. So, for many of them, governmental regulations seem burdensome and unnecessary. But concern about governmental regulations is also a pragmatic issue of time and labor. This challenge of adhering to governmental regulations often relates to simply having enough labor and time to assure these regulations are met. Whereas in a big-box store, there are potentially hundreds of employees, each focusing on a fairly narrow set of tasks, in a small-town grocery store, there are very few employees. Delegating one or more employees to monitor governmental regulation compliance is often pragmatically very difficult.

**Lack of community support.** One of the most frustrating challenges faced by rural grocers is the perceived lack of community support. Grocers feel they are asked to support a variety of community projects and initiatives – e.g., local sports teams, faith-based youth groups, and 4-H (4-H is a youth leadership organization administered by the National Institute of Food and Agriculture of the United States Department of Agriculture). After supporting various community causes, they are frustrated when they notice sponsors and leaders of these community groups traveling to distant big box stores to do their grocery shopping.

**Low sales volume.** This challenge is connected to several others, but the lack of sales is a significant issue. Grocery store profits throughout the industry are quite narrow (Gale Group, 2012). Both national and regional data indicate that grocery profit margins average barely more than 1%. Volume of sales is, therefore, an important part of grocery stores making ends meet (See also, Kaskie, 2011) and rural grocers are constantly looking for ways to increase their sales volume.

**Meeting the minimum buying requirement.** Wholesale food distribution models continue to consolidate and change (Gale Group, 2012; Morton and Blanchard, 2007). More and more, food distributors are requiring independent grocery stores to increase the amount of groceries they purchase per week. Nearly all rural grocery stores – certain those in Kansas – are now required to purchase a minimum dollar amount of food each week from wholesale food distributors. If stores cannot meet the minimum, food distributors either won’t deliver food to their
As mentioned above, there is a need to recognize and utilize sustainable models of rural grocery operation. The RGI has identified six different models of rural grocery operation: (1) sole proprietorships, (2) public/private partnerships, (3) cooperatively-owned stores, (4) community-owned stores, (5) school-based food enterprises, and (6) grocery stores run through non-profits. Interestingly, five of the six of these models are collaborative or regional in structure and increasingly, rural communities are exploring these collaborative/regional business models. Listed below are brief summaries of each of these models.

**Thinking of collective store ownership.** Another critical challenge for rural communities seeking to provide greater food access is the need to recognize and utilize sustainable models of rural grocery operation. The RGI has identified six different models of rural grocery operation: (1) sole proprietorships, (2) public/private partnerships, (3) cooperatively-owned stores, (4) community-owned stores, (5) school-based food enterprises, and (6) grocery stores run through non-profits. Interestingly, five of the six of these models are collaborative or regional in structure and increasingly, rural communities are exploring these collaborative/regional business models. Listed below are brief summaries of each of these models.

**Sole proprietorships.** The independent, small business retailer model is the traditional ownership model of rural grocery stores (Bailey, 2010). These are stores owned by an individual or family. It is not uncommon to find grocery stores that have been owned by a family for generations. Likewise, individual entrepreneurs often operate several stores in different communities. In fact, the CECD survey of rural grocers in Kansas indicated that these private store operators owned an average of 2.6 rural grocery stores (Clark, Tsoodle, and Kahl, 2008). Yet as Bailey (2010) points out, these are precisely the retailers that are most in danger and who represent the vast majority of grocery stores leaving rural communities. The ownership model is clearly a for-profit business and decisions are made based primarily on bottom-line criteria. Consequently, when the challenges identified above become critical, these retailers often make the business decision to close, leaving that rural region with less access to healthful foods.

**Public/private partnerships.** As mentioned above, there is growing recognition that grocery stores are a piece of the critical infrastructure necessary to sustain rural communities. Increasingly, rural elected officials are declaring that access to food is a fundamental public good and necessary for their communities to function and survive. These rural leaders are thus moving to use public dollars to support retail food operations. The most common model is municipal or county governments partnering with a local, private entrepreneur to run a grocery store. The city or county often purchases the land, buys the building, invests in the infrastructure necessary to sustain rural communities.

**Thinking of collective store ownership.** Another critical challenge for rural communities seeking to provide greater food access is the need to recognize and utilize sustainable models of rural grocery operation. The RGI has identified six different models of rural grocery operation: (1) sole proprietorships, (2) public/private partnerships, (3) cooperatively-owned stores, (4) community-owned stores, (5) school-based food enterprises, and (6) grocery stores run through non-profits. Interestingly, five of the six of these models are collaborative or regional in structure and increasingly, rural communities are exploring these collaborative/regional business models. Listed below are brief summaries of each of these models.

**Cooperatively-owned stores.** Co-ops are another way that people join together to provide healthful food access. A cooperative is an association of persons united voluntarily to meet their common needs and goals through a jointly-owned and democratically-controlled enterprise. Familiar membership co-ops are farmer and electrical co-ops. Lawless and Reynolds (2005) report four case studies of grocery cooperatives in rural communities in Wisconsin and Minnesota, three of which were successful. The successful cases were associated with strong operational management, support from members and community, and dedicated organizers.
iThe reasons for the one failed case were identified as high turnover of leadership, excessive focus on maintaining or expanding facility size, lack of rigorous financial analysis, poor location, and inflexibility. This form of grocery ownership is focused on needs and goals of its membership and many business decisions are made with that orientation.

Community-owned stores. An ownership model similar to the cooperative is the community-owned grocery store. The chief difference is that the community, rather than a cooperative entity, is the owner. A community-owned store is a corporation, capitalized through the sale of stock to local residents, and run by an elected board of directors. Anyone in the community can purchase shares in the store, but to ensure that the business is not dominated by any one individual and is truly owned by the community, there is typically a maximum limit on the number of shares each individual can purchase. Because residents own the store, they can tailor the store and the grocery prices to meet the unique needs of the community members. For example, community-owned stores are more likely to turn to locally grown foods and local sources for goods and services. Profits from the store tend to be re-circulated locally. By being invested in the financial and operational aspects of the local grocery store, neighbors are linked by both economic and social relationships, enabling those who will feel the impact of a decision to be part of the critical decision-making process.

School-based enterprise. Another relatively new and innovative model of grocery store operation is one where the grocery store is run through the local school system. While schools throughout the U.S. have a history of running various small businesses, these enterprises have traditionally been incubated and run through a school club or a particular classroom on school grounds. Thus, these businesses are often limited in scope, operate with very limited hours (generally only open when school is actually in session and sometimes only when the club or class meets), are singularly a school enterprise, and require customers to come on school grounds to transact business (a significant barrier to some people). In contrast to these traditional school operations, the school-based grocery store is operated off-site, maintain regular store hours, and are run as a business rather than as a school activity.

There are several defining characteristics of this form of rural grocery operation. First, it is highly collaborative. Citizen leaders, local businesses, private foundations, local elected officials, school administration, parents, and teachers all work together to launch and sustain the grocery store. Second, this form of grocery operation is grounded in the belief that food is a public good and that public institutions (school boards, school administrations, and teachers) should invest in this form of commerce. In addition, this model of grocery operation also functions as an educational laboratory. Through a very hands-on learning environment, students learn a variety of subjects and skills. By working at the grocery store, students obtain a better understanding of operating a small business in a rural community, understand and more fully appreciate life in that community, make all kinds of connections with local residents, business and elected leaders. The belief is that this real-life education will strengthen student bonds with the community and increase the chances that will either stay or someday return to their rural community.

Non-profits. Another recent model of grocery retail model is grocery operation through a non-profit organization. Typically, these NGOs are organized around a larger purpose than simply running a grocery store. Managing and operating a grocery store, however, becomes part of that organization’s larger mission.

Creating a broader information network. Finally, the RGI has worked to expand the networks available to rural grocers and communities as they seek to provide food access to their rural regions. When the RGI began, rural grocers seemed isolated. Rural leaders didn’t have easy access to an information network that would help bring healthful and competitively priced food to their area. The RGI thus created both a virtual and face-to-face information network for rural grocers and communities. Initially, the RGI created an informational portal – www.ruralgrocery.org – to provide important resources for grocery store owners, community leaders, and communities looking for assistance with improving food access through retail grocery outlets. The website highlights rural grocery challenges, best practice responses to those challenges, model grocer and customer surveys, and key rural food access research. In addition, the rural grocery website identifies potential funding opportunities and important networks for grocers and community looking to establish grocery stores in rural regions.

In addition to the virtual network, several face-to-face networks have been established. Kansas State University has hosted four national rural grocery summits (2008, 2010, 2012, 2014) bringing together state, regional, and national rural food access stakeholders. These summits have provided information on a wide range of topics on rural grocery operations and rural food access. Besides these national summits, the RGI has also convened smaller groups on more focused issues. The RGI has a leadership team that meets to discuss the focus and direction of this initiative. The RGI has secured a United States Department of Agriculture grant to conduct rural grocery case studies and have formed a rural grocery advisory board to help guide our work. Our goal in creating these information networks is to broaden and facilitate the information available to those retail food outlets providing food access to rural regions.

Conclusions

Rural America faces significant challenges. Population decline, struggling economies, and poverty are just a few of the issues that threaten rural communities. There are certain institutions and businesses that serve as a bulwark against this rural decline. These are community anchors that help sustain that rural region and the communities within them. The rural grocery store is one of those businesses. Yet, along with so many rural retail businesses and institutions, rural grocery stores are struggling. That’s why, Kansas State University’s Center for Engagement and Community along with several partners launched the Rural Grocery Initiative. There is a tremendous need to better understand the challenges these stores face, offer responses to those challenges, facilitate rural grocer networks, and offer rural communities models of sustainable rural grocery operation. We have found that an important strategy in addressing these needs is conceiving of and pursuing this issue from a more collaborative, regional perspective.

Bibliography


Rural grocery store operations:
The school-based model

By DAVID E. PROCTER

A relatively new and innovative model of grocery store operation is one where the grocery store is run through the local school system. While schools throughout the U.S. have a history of running various small businesses, these enterprises have traditionally been incubated and run through a school club or a particular classroom on school grounds. Thus, these businesses are often limited in scope, operate with very limited hours (generally only open when school is actually in session and sometimes only when the club or class meets), is singularly a school enterprise, and requires customers to come on school grounds to transact business (a significant barrier to some people). There are at least a very few instances where local schools are now running grocery stores as stand-alone businesses at off-site locations.

A case study of such a school-based enterprise can be found in Leeton, Missouri. Leeton is a town of just over 600 people, 75 miles east of Kansas City, and had been without a grocery store for nearly 10 years. The original idea of the public schools running a grocery store came from a local community leader who approached the school superintendent with the idea. The community leader also convinced a local banker to lease an unused bank building to the school to serve as the downtown grocery storefront. The school superintendent bought into the concept and suggested the idea to two high school teachers – one in agriculture and one in entrepreneurship – who were also excited about the plan. The superintendent took the issue to the local school board, who approved the plan and committed $20,000 to renovate the bank building and initially stock the facility with groceries. Leeton’s Bulldog Express opened in January 2009 as a school-based enterprise bringing groceries to the community. In March 2011, the grocery store both physically expanded and expanded its food offerings to include a deli, a coffee shop, and now also offers home deliveries to citizens within Leeton.

Today, Leeton’s Bulldog Express is a joint education, economic, food access venture. It is a collaborative venture, initiated and supported by local citizen leaders and run by the Leeton public school district. The Bulldog Express serves as a community, educational laboratory for the Leeton students. The two high school teachers have developed curricula in ag business and entrepreneurship for their high school students. Other public school classrooms bring their students to the grocery store to learn about everything from math to marketing to management to nutrition.

Additionally, the grocery store provides students the opportunity to receive both civic engagement credit as well as actual pay for the work they do at the store. The grocery store also provides real-life work experience for students. While the two classroom teachers serve as the store managers, students do the operational work at the store – ordering food, stocking shelves, scheduling workers, pricing groceries, and helping customers. The store is open five days a week all year round with the exception of school holidays.

While the grocery store offers a limited inventory, it does provide the community a variety of healthful foods, including dairy, meat, and fresh vegetables. In fact, the initial impetus for the store was to fulfill the need for food access in this small, rural community as the town had been without a grocery store for 10 years before it opened in 2009.

There are several defining characteristics of this form of rural grocery operation. First, it is highly collaborative. Citizen leaders, local businesses, private foundations, local elected officials, school administration, parents, and teachers all worked together to launch and sustain the grocery store. Second, this form of grocery operation is grounded in the belief that food is a public good and that public institutions (school boards, school administrations and teachers) should invest in this form of commerce. In addition to serving the business interests of creating jobs and paying taxes as well as serving as a source of local food access, this model grocery store operation also functions as an educational laboratory. For a variety of students, this model of grocery operation also becomes a powerful learning center. Through a very hands-on learning environment, students learn a variety of subjects and skills.

Finally, this form of grocery operation may function in a particular way to sustain local community. The superintendent and teachers believe that by working at the Bulldog Express, students are becoming invested in their community. The idea is, that by working at the grocery store and obtaining a better understanding of operating a small business in a rural community, students come to understand and more fully appreciate life in that community. The superintendent and teachers believe that ultimately this will create a positive bond and thereby increase the chances that these students will either stay in Leeton or someday return to their rural community.

This case study was researched and authored by Dr. David Procter at Kansas State University’s Center for Engagement and Community Development. For more information, see www.k-state.edu/cecd or www.ruralgrocery.org.
8 steps to help small town grocery stores

By STEPH LARSEN

Everyone needs to eat. Having a grocery store is more than just a place to buy food. It’s a necessity for any vibrant town. You can’t have a thriving community without healthy, energetic people eating good food. People look for a grocery store when deciding where to live, and residents will be more likely to stay in your town with a grocery store close by.

Is your town’s grocery store struggling? Or have you lost your grocery store? Here are some simple first steps to get a handle on that situation.

1. Get folks together. If you have the best grocery store in the world but no one shops there, it will fail. The first step to turning things around is getting leaders in your community bought in to the idea. Call a community meeting. Talk to the folks in your town who can sway others so they feel included in the idea. Be energetic and excited! (Having delicious food at the meeting doesn’t hurt.)

2. Listen. What does your community need? Can you motivate them to be excited about a successful grocery store? Be sure to ask people at every turn what they’d like to see. What hours would be convenient? What kinds of products do people want to buy? Where should it be located? If necessary, are people willing to volunteer some time or invest money to make it happen? The more you listen, the more loyalty they will show.

3. Consider all ownership options. Many folks think a grocery store should be an independent retailer, but there are many successful models. Community-owned stores, co-operatives, or school-based models are other options to consider. The Center for Rural Affairs has written a report on ownership models for grocery stores, which you can check out at cfra.org/renewrural/grocery.

4. Stack enterprises. Lots of businesses have similar infrastructure needs. Could your grocery store have a coffee shop, cafe, bank, post office, or pharmacy attached? Are there other businesses or schools who could make use of the food distribution? More businesses using the same space and utilities equal lower costs.

5. Control energy costs. Utilities are one of the most costly parts of owning a grocery store. Consider ways to make your store more energy efficient. This can be as simple as putting doors or coverings on your coolers. Or you can get sophisticated with solar panels or a wind turbine for energy generation. I’ve seen systems that allow coolers to draw in frigid winter air from outside!

6. Best customer service. The most successful grocery stores are committed to pleasing customers. Have a prominent suggestion box and a bulletin board where people can see the questions and answers. If a product is requested, see if you can carry it, and make a big deal about the fact that you now have it. Be visible in the store, and know people’s names. Smile!

7. Involve everyone! If people have invested time, money, and energy into a project, they will want it to succeed. Make the store a source of community pride, and remember that a little positive peer pressure (with a smile!) can go a long way.

8. Share stories. There are many other towns doing exactly what you’re doing. Find their stories (or post your own) to find inspiration and ideas.

At the time this article was written, Steph Larsen was a rural policy organizer with the Center for Rural Affairs in Lyons, Nebraska.

J-School project studies rural grocery stores

Journalism and Digital Media students in five classes at the Kansas State University A.Q. Miller School, under the direction of professors Bonnie Bressers, Gloria Freeland, Kelly Furnas, Ginger Loggins and Andy Nelson, spent spring of 2011 developing multimedia content designed to tell an important story: Rural grocery stores are integral to the health and well-being of small Kansas communities.

Partnering with K-State’s Center for Engagement and Community Development’s Rural Grocery Initiative, which began in 2007, the students visited more than a dozen towns and cities in Kansas and Missouri to explore the challenges faced both by rural grocery-store owners and by communities that lack access to a variety of reasonably priced, healthful foods. The students learned that the issues surrounding food access and community sustainability in Kansas mirror the significant challenges faced by rural areas nationwide.

The website at http://jmc.ksu.edu/student-work/ruralgrocery/ is the result of the students’ efforts. The Alma Food Mart; the Bulldog Express of Leeton, Missouri; Scott’s Hometown Foods of Lindsborg; the Garden of Eden, Heavenly Meats and Groceries in Little River, Kansas; Doug’s Hometown Foods of Lyons; Ray’s Apple Market of Manhattan; Carlson’s Grocery of Marion; the D&B Market of Montezuma; O’Bryhim’s Thriftway of Overbrook; Big B’s Thriftway of Seneca; St. Paul Supermarket; the Eastside/Westside Market of Manhattan; People’s Grocery of Manhattan; the Downtown Farmers’ Market of Manhattan; and the Community Mercantile of Lawrence were featured.
THAT RURAL GROCERY stores are slowly disappearing across the nation? In Iowa the number of grocery stores with employees dropped by almost half from 1995 to 2005, from about 1,400 stores in 1995 to slightly over 700 just 10 years later. Meanwhile, “supercenter” grocery stores (Wal-Mart and Target, for example) increased by 175 percent in the 10-year period.

- Jon M. Bailey, Center for Rural Affairs, Lyons, Nebraska

THAT AGING OWNERSHIP and a lack of transfer opportunities may leave communities without a local store when owners retire or decide to leave the business? A lack of available small business capital in rural communities may also prevent younger or new entrepreneurs from beginning a grocery business.

- Jon M. Bailey, Center for Rural Affairs, Lyons, Nebraska

THAT THE LACK of access to grocery stores in many rural areas is striking? The most recent data available from USDA shows that 803 counties in the United States are classified as “low access” areas, meaning half or more of the population of the county lives 10 or more miles from a full-service grocery store.

- Jon M. Bailey, Center for Rural Affairs, Lyons, Nebraska

THAT MANAGEMENT EXPERTISE is also an issue in rural communities? The disappearance and consolidation of grocery retailers — and rural retail in general — has left rural communities lacking in retail management experience.

- Jon M. Bailey, Center for Rural Affairs, Lyons, Nebraska

THAT NOT A LOT of people would choose to move to a town without a grocery store if they had the choice of a different town that had one? Allowing the grocery store to remain closed would make the town less attractive to newcomers and perhaps continue the pattern of depopulation that many rural communities are facing.

- Steph Larsen, Center for Rural Affairs, Lyons, Nebraska

THAT RURAL GROCERY stores are a vital part of the fabric of a community? Not only do they provide the healthy food that everyone needs, but they can fill other roles like economic driver, community builder, employer, and meeting place.

- Steph Larsen, Center for Rural Affairs, Lyons, Nebraska

THAT HAVING A GROCERY store also helps attract new residents to a town? Similar to a school, a post office, restaurants, and churches, a grocery store makes a community a more attractive place to live. Grocery stores can also be social places where you run into neighbors in the produce aisle, introduce yourself to someone new in town, or catch up on local happenings with the cashier.

- Steph Larsen, Center for Rural Affairs, Lyons, Nebraska

THAT MANY RURAL communities across the nation are losing local grocery stores, and residents are forced to leave their communities to purchase food, often at great expense due to great distance?

- Jon M. Bailey, Center for Rural Affairs, Lyons, Nebraska