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Rural Grocery INITIATIVE

Grocers find rural niche Small-town groceries adapt to remain successful in changing times

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MDN Shawn Vedaa looks over the produce section in his store, Velva Fresh Foods, Feb. 26.

VELVA – Velva Fresh Foods fills a niche with its fresh produce, store-cut and ground meats and store-baked breads. The small-town, independent grocery continually looks for ways to stay competitive so Velva-area residents have a nearby source for the food they put on their tables. “I think these stores can survive,” owner Shawn Vedaa said of the single-owner groceries that are estimated to number about 82 in the state. Finding a way to be successful has been a learning process, though. “We just had to look at things differently,” Vedaa said. Velva Fresh Foods recently added Hot Stuff Pizza to encourage traffic into the store. Vedaa is looking

into the potential for other services, ranging from a UPS drop-off to greeting card sales. Already offering home delivery on Wednesdays, Vedaa said the store might want to expand the service. “If people are getting used to getting things online, maybe we need to start delivering more,” he said. Like many store-front businesses, groceries are feeling the impact of online shopping. “It’s going to be a factor in the industry forever, I would think, or until people decide they don’t want to lose their small-town grocery store,” Vedaa said. “The new generation has to decide if they are going to be happy buying everything online or if they want to

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have a swinging door to go through. The online stuff – it really takes a lot away from the shopping experience and, of course, the jobs that are lost by it.” Vedaa also has been contemplating the advantages of building a larger store, with space to add new lines of business, such as picking up hardware now that the local hardware store has closed. The expense is a hurdle, though, and requires a promise that the business will continue well into the future. Vedaa, who grew up working in his father’s grocery in Stanley, purchased the Velva store in 2003. Vedaa has sought to regularly upgrade and keep his store modern, both for his customers and to ensure the business is in position to pass along someday to the next generation of ownership.

“I think if the younger generation wants to do this, there’s opportunities for them,” he said. Lori Capouch, rural development director with North Dakota Rural Electric Cooperatives, said the REC development center wants to help rural communities keep their groceries thriving. The center conducted a survey about four years ago that identified 137 groceries in towns of 2,100 or smaller in the state. Since then, the number has dropped to an estimated 123 groceries. “The other trend that’s just fascinating is that 10 percent of our small town owners are some sort of nonprofit model. They are doing that because they can’t afford to pay employees. They might be able to afford the manager but beyond that, it would be volunteers,” Capouch said. The center reports about 14 groceries are community-run as nonprofits or cooperatives. Another 27 rural groceries are operating under multi-store ownership, including eight connected with Leever’s. In some cases, there are local grocers who own multiple stores within a region. That leaves an estimated 82 stand-alone, independent groceries. The REC development center took an interest in rural groceries after it began getting

calls from grocers looking for grant funds to replace failing coolers or simply for operations. There were enough calls that it became apparent rural grocers in the heartland were struggling, Capouch said. “Our ultimate goal is to change the way food is distributed in rural areas. It seems it may be a bit inefficient,” she said. Capouch said nontraditional stores that carry groceries, such as Menards, are taking 43 percent of the market share once dominated by traditional suppliers such as Super Valu or Spartan Nash. “As they do that, it’s affecting the efficiency of our traditional suppliers that care about delivering food to our own local areas,” Capouch said. It’s also affecting the ability of rural grocers to get products. Some grocers report going to big box stores to purchase inventory because it is their least expensive source of providing food for their communities. “They are working really, really hard some of these grocers just to keep food available,” Capouch said. “We want to make that easier for them.” Solutions might include rural groceries banding together to purchase in bulk, she said. It might involve utilizing the post office as a grocery distribution arm. Finding ways to improve the sustainability of rural grocers and increase affordability to consumers is important to avoid the expansion of “food deserts,” in which people must drive more than 10 miles to obtain groceries, she said.

John “Jiggs” Dyste, president of the North Dakota Grocers Association, said changes in small-town groceries were gradual until World War II. In the early years, small towns often had multiple groceries. Velva had three. Dyste said his hometown had 250 people and three grocery stores and a butcher shop at one time. That changed to one full-service grocery for 650 residents in the early 1970s. “Improved transportation was a main reason for the demise of towns and reduction of the number of stores,” Dyste said in an email. “Better cars

and roads allowed customers to go farther in a shorter amount of time. Eventually consumers would bypass smaller towns and go to ‘regional shopping centers,’ which would be towns like Carrington, Velva, Lisbon and Langdon. In a few years those towns were replaced by the larger regional centers such as Fargo, Minot, Bismarck and Grand Forks.” The rise of retailers such as Walmart and Target, where consumers could buy groceries and other products in one stop, put even more stress on the small-town businesses. “Rural grocery stores are now under pressure from a new form of competition, which is the large out-of-state companies that are opening business in many of the rural towns of North Dakota – stores like Dollar General and Family Dollar and convenience stores like Casey’s. This dilutes the amount of spending in the trade area and will stress the local stores that do not have the resources to survive with less sales,” Dyste said. Vedaa said businesses in rural communities, including groceries, must support each other because there’s a ripple effect when any loss occurs. “Any business that exists here in Velva that keeps people here is a benefit to me,” he said. “It’s very important that we all work together to keep the dream alive.” Dyste said there is much small-town grocers don’t have control over, including population shifts, school consolidations and the regionalization of essential services such as medical care and everyday needs such as auto service and farm parts. However, they can know their customers wants and needs, provide quality products and embrace technology, he said. Successful grocers are those who have been progressive and have focused on supporting their communities, he added. “Rural grocers have faced many obstacles throughout the years,” Dyste said. “Those who figure out who their customers are and what they want will continue to be successful.” **RGI**

Building Relationships with Local Farmers Markets

By Holly Mawby, Dakota College at Bottineau



In the summer Festival Foods hosts farmers39 markets in store parking lots

It is easy for small or rural grocers to see the local farmers market as competition, however there is evidence that building a relationship with the farmers market can be a 'win-win' situation.

The North Dakota Rural Grocers Initiative conducted a consumer study in 2017. One hundred and sixty eight people out of one hundred and eight one that responses to the survey indicated they would like to see more local produce available for purchase. When asked what the most important fresh food department was at their store, 178 people responded the produce department was the most important.

The produce supply and distribution networks present real barriers for small grocers seeking to source produce. In some areas, stores lack access to produce suppliers that offer products at a price and quality that match store owners' needs. Some have minimum purchase requirements or delivery fees that are cost-prohibitive for small food retailers. Others offer produce only by the case, in quantities that are too large for small stores to sell before the product spoils, or they charge fees to cover the cost of splitting cases. Even in places where produce is available through local distributors, store owners may lack the equipment to properly manage produce. In many stores, refrigeration equipment is outdated, driving up energy costs. When produce lingers on the shelf, quality quickly deteriorates, which leads to waste and lost revenue.

Some of these issues may be resolved through innovative and exciting relationships with your local farmers market. Tim White, owner of a small Thriftway store in Kansas has developed a partnership with his local market, "They come to the market to sell their goods, and they hope they sell out. If they don't, I'm here to help them out. I want to sell that product on my shelves, too, and give people who can't make it to the market the opportunity to buy those locally grown products out of my store." By working with the market producers to purchase their unsold produce at the end of the market day, Tim sources local, fresh produce and has it available to his customers all week. White said at first he was skeptical about putting competition at his front door, but he remained open-minded. A customer helped him see how the situation could prove beneficial. "A customer looked at me and said, 'You know, you put that farmers' market in your parking lot, I'm going to shop it, and then I'm going to shop your store,'" he said. "So a light bulb went on at that time." The customer was right indeed. The market has created a social event that White said has made him feel as though he's contributing to something greater for his community. It has even brought new faces into the store. A parking lot that belongs to a neighboring church has been used at times for vehicle overflow on Tuesday evenings, which he said used to be the store's slowest night of the week. "The grocery business is a hard business," White said. "Profits are almost unattainable sometimes, but that particular evening, we saw about a 4 to 5 percent increase in sales. I consider that amazing, because to get a 4 to 5 percent increase in sales is almost impossible to buy through advertising."

In many cases, grocery stores are

purchasing local produce for the same or less than the cost from their usual distributors. And, since the produce is grown locally, purchases in quantities that fit the store's storage, display, and sales volume can be made weekly after the market. If the store runs out, one quick phone call to the local producer can bring in just the right amount of produce in a timely manner.

In Wisconsin, Festival Foods stores see the value in hosting farmers markets right in their own parking lot. In some cases the stores even provide the farmers market vendors with shopping bags for the customers. Festival Foods Amy Baily says "We understand that the shoppers will not find everything they need to feed their family at the farmers market and they find it very convenient to come right inside our store and purchase all the rest of their groceries. We see a rise in sales during the time the farmers market is in operation."

Rural residents who travel distances to reach their nearest community try to combine their trips to get as many tasks and errands done as possible at one time. By collaborating with the farmers market these shoppers have access to locally produced goods as well as necessary grocery items. In Iowa, small grocery stores are working with the farmers market to plan sales items and specials based on what is in season and for sale at the farmers market. As an example, when cucumbers first become available at the farmers market, the stores will special other items necessary for canning, making creamed cukes, or items that fit well with cucumbers such as other salad items not offered at the market. Often times the store will feature a recipe using the fresh produce along with items that will need to be purchased in their store. **RGI**



Going Outside the Box When Operating Your Rural Grocery

By Glenn Muske, GM Consulting

It's a growing trend. Online stores selling to your consumers. And the trend is growing (See <https://www.entrepreneur.com/article/306678>).

Currently books, electronics, clothing, etc. are the more popular items being sold. But the available categories are expanding rapidly.

One of the growing categories is online grocery sales. This took the front page when Amazon purchased Whole Foods. But the trend was already on its way even before (<https://www.forbes.com/sites/forbestechcouncil/2017/06/30/the-e-commerce-paradox-brick-and-mortar-killer-or-is-it/#2eb279117736>).

Today I read an article connecting online grocery sales heading in another direction – home delivery (<https://retail.emarketer.com/article/how-walmart-amazon-transforming-grocery-shopping/5acd03e2ebd4000b78fe14e4?ecid=NL1014>). It is not only home delivery but same-day delivery. As the article notes, groceries are second in terms of the most quickly wanted products following restaurant orders.

So what might this mean for rural grocers? It can go three ways.

Perhaps it would have little or no impact. But probably not.

I suspect it will, or already does, impact your bottom line. Across the country, I have rural state friends who indicate they routinely buy grocery items as well as other items you find in those stores. What a dismal outlook.

Yet, there is a third thought. How many of you see it as an opportunity?

I do for several reasons.

First, in earlier ecommerce grocery efforts, deliver costs were high. Yet, your stores operate in small communities meaning you are close to the customer. This can keep your deliver costs lower. What does it cost to ship a can of fruit from Minneapolis or California as opposed to going only 10 blocks or 10 miles.

Second, as noted, people want grocery items quickly. Again, you live in the community giving you a substantial head start. In all likelihood, you will start the business offering the items you normally carry. You could have the products in the customer's home before that online competitor gets an order to its warehouse.

Third, you might build on another fast growing trend, the “meal in a box” idea with all the ingredients and the recipe to make it. This would be a little more trouble to put together but you may have an audience that would appreciate the time you save them. Some frozen steaks,

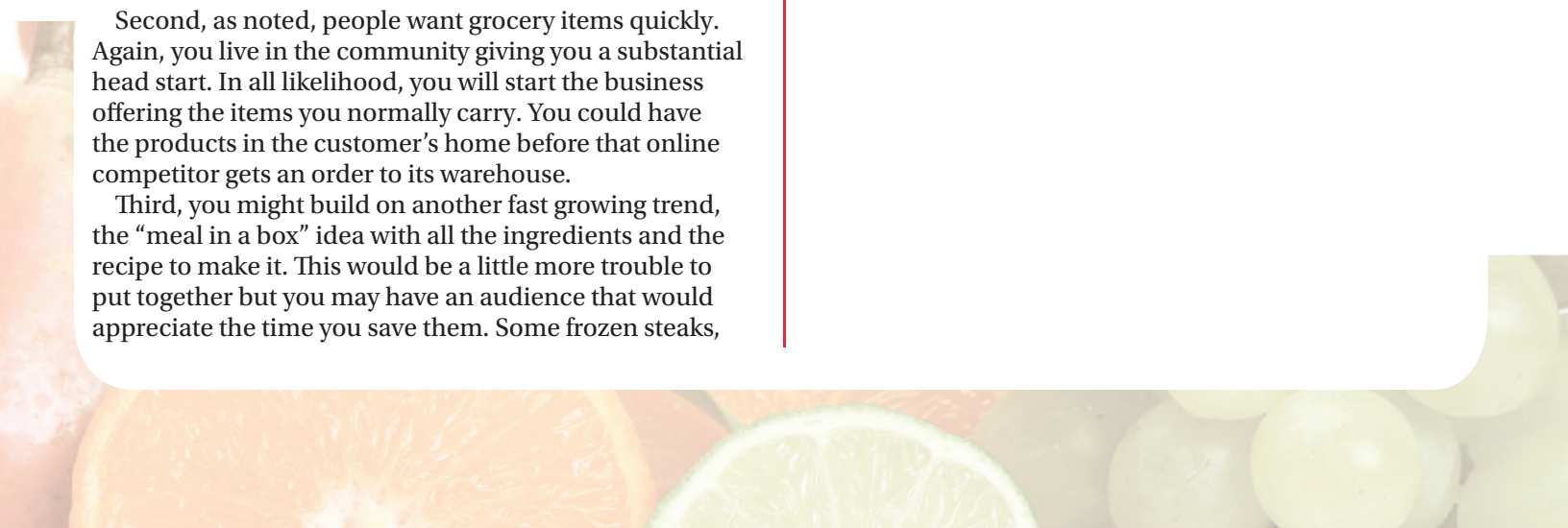
a couple of potatoes and a bag of salad could be one and you might just offer a ballpark special – hot dogs, buns, beans, potato chips and lemonade. It's corny but if it saves a run to the store, why not. (Just check with health department regulations first).

The fourth idea builds on #3 by connecting with local foods. Maybe your deliver point is from your own booth at the farmer's market. Based on what the vendors will have any week, offer a recipe and the items need to complete it along with some fresh and local products. Or taking this idea in a slightly different direction, connect with your local CSA (community supported ag) producers. As they provide their box of produce, you offer that box of “fixins” in order to build the rest of the meal or meals.

Finally, use the delivery idea to respond to people work out of town or work during the hours you store is normally open. Let them place their order and then make deliveries during the evening or other times they might be home. Volunteers or a high school student could make several deliveries in a couple of hours. And it can all happen when your store is technically closed. One thing to remember though, you don't need to do this for nothing. Taking a line from Field of Dreams, “people will pay” for this kind of service.

Actually, none of these ideas have to be done for free. A small charge will not keep everyone away. It will stop some, but if you do it well, people will be your best ambassadors in getting other people to try it.

So face the challenge. Look at online sales and delivery as an opportunity. Make your rural grocery the electronic commerce center on the prairie. **RGI**





Gleaning with the Great Plains Food Bank

By Nancy Cariveau

“Gleaning is the generous act of harvesting excess fresh produce from farms.”

Each year the Great Plains Food Bank (GPFB) partners with local growers throughout North Dakota and Clay County Minn to harvest local produce from the fields and to the hands of our neighbors in need. North Dakota Department of Agriculture, GPFB and other partners coordinate efforts to provide local fresh produce through the Hunger Free ND Garden Project.

2016 marked a record year for 387,612 meals provided through the generosity of home gardeners, community gardens, and farmers who donated to local food pantries and the GPFB. Each year; 94,000 North Dakotans rely on the services of the GPFB. Through generous partnerships of growers, gardeners and gleaners we are able to provide fresh produce to families that would otherwise not have it on their dinner tables.

GPFB has partners who grow produce to donate, while others connect with the food bank when they find themselves with surplus or unmarketable produce. Volunteers are needed to harvest — or glean — this produce, which is then distributed back into the 112 communities we serve and 215 food pantries in our service area. **RGI**

There are multiple ways to get involved in providing locally grown, farm fresh food to our neighbors.

GROW – grow an extra row, backyard garden, company garden or community garden.

HARVEST – Volunteer to help glean the fields of your local neighbors’ fields or trees

Sign up as individuals, local employers, civic organizations, youth groups, academic clubs, athletic teams, Ag organizations, etc. to join a gleaning group in your community. With the start of harvest season, mid-summer, community gleaning groups will be called upon for opportunities as they become available.

DONATE – Food: Surplus and less-than-perfect produce

Funds: Funds from harvested commodity crops or to support your local growers

Land: Dedicate land to grow fresh food

How do I become a farm partner or gleaner? If you have excess produce on your farm or garden you’d like to donate to GPFB or would like to help in the gleaning activities, then please call 701-476-9126 or email ncarriveau@greatplainsfoodbank.org to receive more information.

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Farm-to-Table Fund Raiser a Great Success



Linda Grothberg shows off a platter of local salad with edible flowers – nasturtiums, roses, daisies, & pansies – dressed with Diane Schlecht's poppy seed dressing.

A farm-to-table supper to benefit the Wimbledon Community Grocery was held Friday night of the 125th Celebration, and it was a delicious success.

There are already plans for the next dinner. "We hope everyone will join us next year for the Wimbledon Community Grocery Store fundraiser during the 126th year celebration of Wimbledon," said Carol Peterson, Wimbledon Community Grocery Board Member. "Thanks for all the support for the store, and to everyone who donated time to make the supper a success and baked pies for the afternoon socials."

The original plan was to serve the meal in the street north of the store, but the chilly weather made the move into the former Wimbledon School Gym a prudent decision. "We were lucky to have the gym to move to when the weather turned cool," said volunteer store manager and Board President Linda Grothberg. "It would have been half the crowd without the gym."

Over 270 were served a buffet dinner of chicken breasts or ham, new potatoes & peas in a cream sauce, lettuce salad with strawberries and edible flowers, homemade baked beans, a selection of pasta salads, watermelon, and ice cream

sundaes. "Rave reviews came on the homemade baked beans and creamed potatoes," said Linda Grothberg. Over \$3,100 was raised for the store, a nonprofit 501 (c) 3 organization.

Donations for the event included hams from Agroline, ice cream from Midwest Dairy #5, roasters of homemade beans from Marge Guscette and Carol Peterson, watermelon from the Wimbledon Newsletter, and \$500 from Barnes County Farm Bureau.

"In turn, we are giving donations to Steve & Cassie Guscette for the use of the gym, and to Emilee Barnes for the lettuce. She planted the lettuce especially for the dinner," said Linda Grothberg.

Michelle Mueller and her daughter Charlotte thought the tables looked bare, and returned with 24 fresh flower arrangements just a few hours later.

Many volunteers were in the kitchen preparing food, transporting it to the school, serving, and cleaning up. The mountain of kettles and pots didn't deter volunteers Marion Kuhlmann and Judy Sund, and they were on their feet from the time they "reported to duty" at 1:30 to chop, shred, and dice until the last dish was



An hour before the dinner, the kitchen was a busy place. Volunteer Garrett Steckler (BCN 2011) and Wimbledon Community Grocery Board member John Schlecht (W 1969) assembled the creamed potatoes & peas.

washed just before 10 pm.

Attendees remarked that the dinner was a wonderful opportunity to socialize, and they "table hopped" throughout the evening, catching up with neighbors & classmates.

A second opportunity to socialize was during Friday and Saturday afternoons at the café. Volunteers baked over 20 pies, and the pie & coffee (and root beer floats) raised another \$300 for the store. The store will continue to have the 1990 and 1977 cookbook reprints for sale at \$15 each, as well as the remaining t-shirt inventory and Wimbledon postcards. **RGI**



It was a full house, and extra tables were set up to accommodate those who came out to support the Wimbledon Community Grocery Store at the farm-to-table supper on June 23



Federal Proposals May Impact Food Access

By Karen K. Ehrens, RD, LRD Creating a Hunger Free North Dakota Coordinator

Two of the branches of government are floating ideas this year that would change people's access to food through the SNAP Program. SNAP is the Supplemental Nutrition Assistance Program once known as "food stamps." SNAP helps get food to the tables of around 42 million Americans with low incomes, including 53,269 North Dakotans. In North Dakota, nearly half of SNAP recipients (45%) are children, half of the households receiving SNAP benefits have a member with disabilities in their household and 28 percent have an elderly member. Nearly \$80 million/year comes to North Dakota's grocery retailers to purchase food.

"Harvest Boxes"

This spring the President's administration put forth an idea to provide food boxes to people who participate in SNAP. As part of the fiscal year 2019 budget proposal, the "Harvest Boxes" were suggested to box up to half of SNAP participants' monthly food allotment in the form of non-perishable foods that comes in cans, boxes, and bags.

Administration officials compared them to the luxury home food delivery service "Blue Apron." Blue Apron meals cost approximately \$9-\$10 per person per meal; SNAP recipients in North Dakota receive on average \$1.34 per person per meal. Administration officials noted that states would have "flexibility" in setting up how the program would be run, but did not provide details on how states would set up new programs and new warehouses to meet the idea's requirements.

The idea of handing out boxes of food to people with low incomes reminded some of soup lines during the Great Depression, and others of the "commodity boxes" filled with less than healthy foods that were provided to American Indians on reservations. The idea was strongly denounced by the nation's food bank network, Feeding America, whose local affiliate is the Great Plains Food Bank. Other groups in opposition to the proposal included anti-hunger and anti-poverty groups, politicians on both sides of the aisle, and the grocery industry. The National Grocers Association sent a letter to the administration, with 10 pages of grocers signing to state that they strongly opposed "replacing household SNAP benefits with a government-run direct food distribution service." So far, the Harvest Box idea hasn't gone any further than the announcement of the idea.

Farm Bill

The Farm Bill is up for reauthorization this year 2018. Nutrition programs, including SNAP, make up nearly 80 percent of Farm Bill spending. The version that has passed out of the U.S. House of Representatives, H.R. 2, offers proposals that, if enacted, would decrease the number of people receiving SNAP benefits and would increase food insecurity and hardship.

House Farm Bill proposals would add even more work requirements to those that are already in place. The proposals would cause each state to add more staff time and computer system requirements to ensure

people ages 18-59 without children would check in on a monthly basis to show that they are working, taking classes, or in employment training (E & T) programs. While there is funding for E & T programs in the House Farm Bill, each state would need to match the funding, which seems unlikely in a time when state budgets, including North Dakota's, are fiscally constrained.

While people generally agree that work is beneficial and brings dignity, the funding for SNAP E & T provided through the Farm Bill would be insufficient compared to other programs that have found to be effective in helping people find work. In addition, Congress has pilot E & T projects taking place right now, but has not waited to see if these are effective, or what it takes for the programs to help people find work. As a result of the way the House Farm Bill is written, children and people with disabilities could be most adversely affected due to potential drops in the amounts of benefits available for food for their households.

The Senate is expected to release their version of the Farm Bill in May, and it is expected to be crafted with bi-partisan input and with fewer changes to SNAP. Then, if and when, each House of Congress passes a version of the Farm Bill, a conference, or compromise, version will need to be passed again by each House. All North Dakotans are impacted by what is in the Farm Bill, from crop insurance to rural development, to conservation and nutrition education and research, and not to mention all who eat. **RGI**





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