UNIVERSITY OF MINNESOTA EXTENSION

REGIONAL SUSTAINABLE DEVELOPMENT PARTNERSHIPS

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Rural Grocery Store Survey: At-a-Glance

Fresh Produce and Farm to Rural Grocery

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INTRODUCTION

Rural grocery stores are a Main Street anchor business that, once closed, are very difficult to reopen. In our work with communities across Greater Minnesota, the University of Minnesota Extension Regional Sustainable Development Partnerships (RSDP) observed that the needs of rural grocery stores have not been adequately identified and supported. At the same time, there is increasing interest in healthy food access, one example of which is the recent establishment of the Minnesota Food Charter in 2014.

To correct a lack of information about this sector, RSDP partnered with the Minnesota Center for Survey Research to conduct a statewide survey of Minnesota's rural grocers. In July 2015, a questionnaire was mailed to grocery stores in Minnesota communities with populations less than 2,500. The survey was designed to better understand rural grocers' business conditions, fresh produce availability and challenges, interest in and sales of locally produced products, infrastructure conditions, energy usage, and energy efficiency needs and priorities.

Mailing and data collection took place from July to October 2015. The survey garnered a 69% response rate, with 175 out of 254 eligible grocers completing the survey.

Support for the study was provided by the Minnesota Department of Agriculture, AgCountry Farm Credit Services, AgriBank, AgStar, and United FCS. Researchers at Kansas State University provided additional review of the survey instrument.

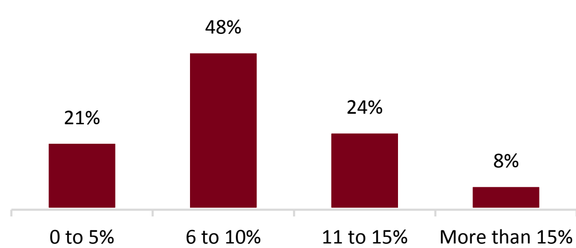
This is the second in a series of fact sheets sharing "at-a-glance" findings from questions related to what it is like to run a grocery store in rural Minnesota. This fact sheet shows results highlighting how grocery stores buy and sell fresh produce and locally grown produce. Throughout the fact sheet, sample size (N) reflects only those who answered a particular question rather than all 175 survey respondents.

FRESH PRODUCE SUPPLY

Almost all surveyed stores (92%) sold fresh produce, underscoring the importance of understanding challenges and successes with handling and selling fresh produce in Minnesota.

In those stores that do sell fresh produce, the majority of respondents (79%) said that it accounts for 6% or more of sales for their grocery store.

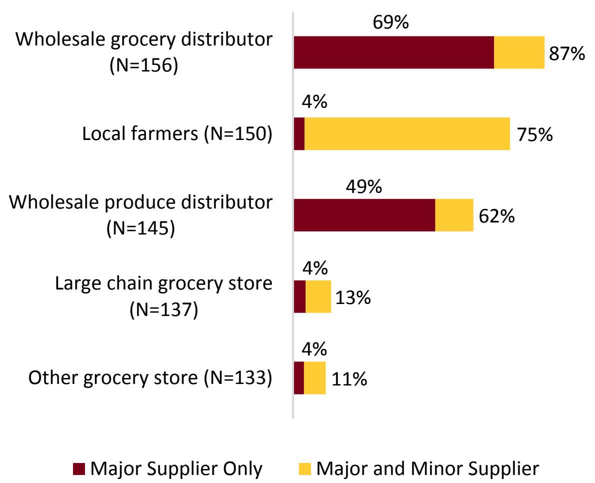
What percentage of your sales are fresh produce? (N=160)



Note: 92% of respondents indicated they sell fresh produce (N=175). Chart reflects only that group.

Most respondents (87%) said that wholesale grocery distributors are either a "major" or "minor" supplier of fresh produce. Sixty-nine percent said that wholesale grocery distributors were a major supplier. A majority (75%) indicated that they purchased some produce from local farmers. However, only 4% of grocers indicated that local farmers were a major supplier of fresh produce.

Where do you get the fresh produce for your store?

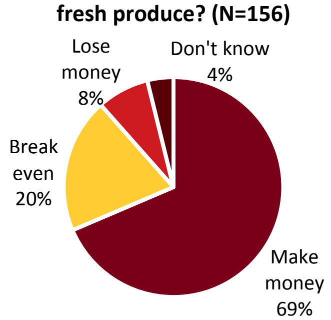


Note: 92% of respondents indicated they sell fresh produce (N=175). Chart reflects only that group.

FRESH PRODUCE SALES IN RURAL STORES

Overall, selling fresh produce is profitable for local grocery stores. A majority (69%) indicated they make money on fresh produce, and an additional 20% indicated they break even.

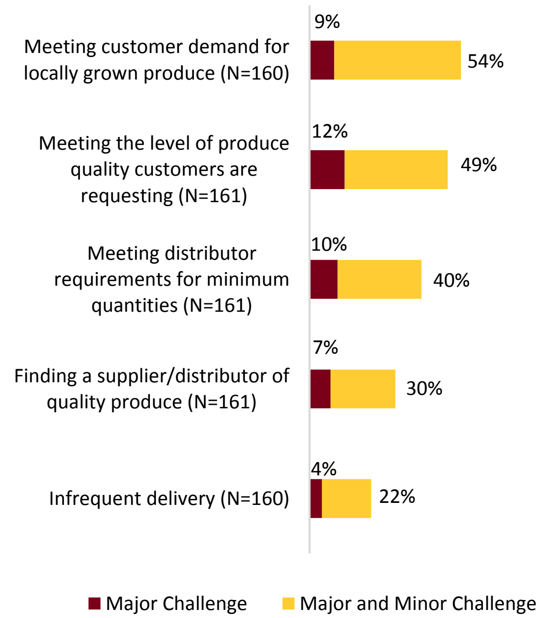
Overall, do you make money, break even, or lose money on fresh produce? (N=156)



Note: 92% of respondents indicated they sell fresh produce (N=175). Chart reflects only that group.

More than half of grocers (54%) said that meeting customer demand for locally grown produce is a challenge, and almost half (49%) said the same about meeting quality expectations.

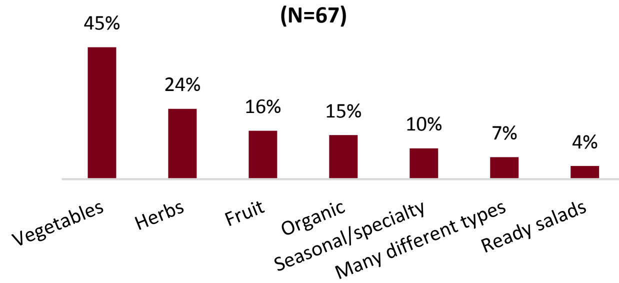
How much of a challenge for you are each of the following issues related to purchasing fresh produce?



Note: 92% of respondents indicated they sell fresh produce (N=175). Chart reflects only that group.

More than half (51%) of grocers said that customers requested items that they did not regularly stock. Forty-five percent of those grocers said that customers requested vegetables that were not stocked.

In the past year, what items have customers requested that you don't stock? (N=67)



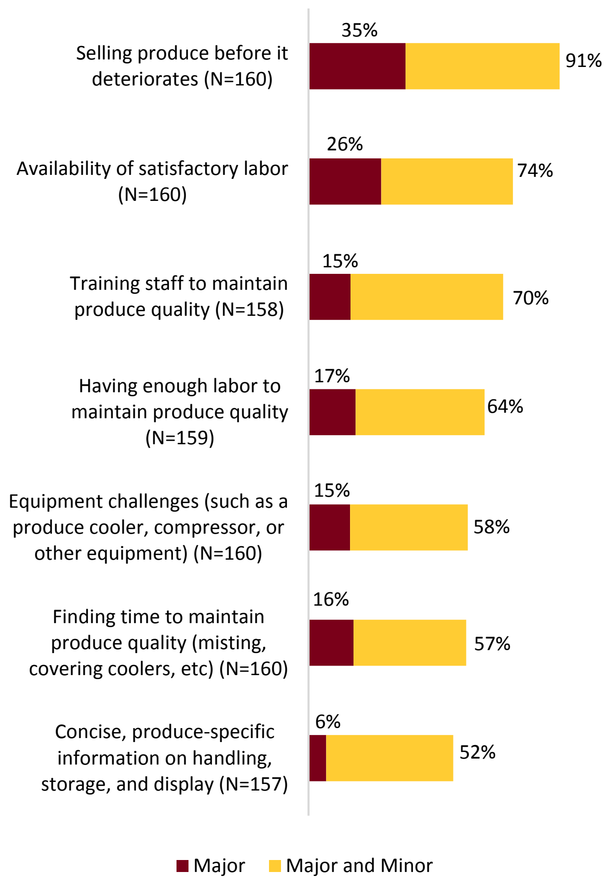
Note: 51% of respondents indicated that customers requested produce items that were not stocked. Chart reflects only that group. Respondents were able to write in multiple items. Therefore, percentages sum to more than 100%.

Asked to explain how they handled requests for items they did not carry, respondents most frequently described ordering the item for the customer, beginning to stock the item on a regular or short-term basis, or explaining their reasons for being unable to stock the item.

CHALLENGES TO SELLING FRESH PRODUCE

Rural grocers experience a variety of challenges when selling fresh produce. The vast majority (91%) reported that selling produce before it deteriorates is one of these challenges.

How much of a challenge for you are each of the following issues related to handling, storing, and displaying fresh produce?



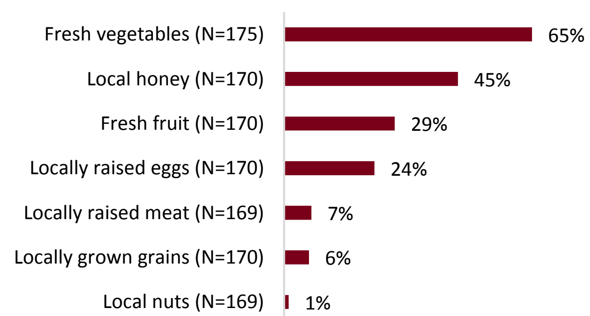
Note: 92% of respondents indicated they sell fresh produce (N=175). Chart reflects only that group.

Although selling produce before it deteriorates is a highly reported challenge, 69% of producers also reported discarding or donating 0-10% of their produce weekly (24% of respondents said 11-20%, 6% indicated 21% to 30%, 1% indicated 31%-40%, and no grocer reported more than 40%). This may reflect the tight margins within which rural grocers operate.

LOCAL FRESH PRODUCE

The majority of grocers (68%) reported knowing local farmers who sell fruits and vegetables in their area. At the same time, 30% would like additional help in finding or connecting with local farmers who could supply fresh produce and another 18% were unsure if they would like additional help connecting with local producers. Although 94% of grocers indicated that locally supplied fresh produce accounts for 10% or less of their fresh produce purchases (4% said 11-20%, and 1% said each of 31%-40% and more than 40%), rural grocers sell a variety of goods that range from locally raised meats to locally grown grains. Fresh vegetables and local honey were the most common locally grown and raised items sold in rural grocery stores.

Which of the following do you buy from local farmers or producers?



Note: Some respondents listed specific fruits and vegetables in “other.” These were recoded into the generalized groups.

When asked about barriers to selling locally grown fresh produce, over 60% of respondents said that maintaining shelf-life and knowing how long a producer can supply a given item were barriers. Additionally, understanding rules and regulations around selling local produce was a barrier for over 60% of respondents.

How much of a barrier are each of the following issues to selling locally grown fresh produce?	
BARRIER	MAJOR OR MINOR BARRIER
MAINTAINING THE SHELF-LIFE OF LOCAL PRODUCE (N=156)	63%
KNOWING HOW LONG AN ITEM CAN BE SUPPLIED BY THE LOCAL PRODUCER (N=157)	62%
UNDERSTANDING THE RULES AND REGULATIONS FOR SELLING LOCAL PRODUCE (N=157)	62%
WEATHER AND OTHER FACTORS AFFECTING PRODUCER DELIVERY DATES (N=154)	59%
RELIABLE DELIVERY OF PRODUCE WHEN RIPE (N=156)	56%
HAVING PRODUCE ARRIVE READY FOR SALE WITHOUT FURTHER PACKAGING (N=153)	56%
MEETING LOCAL GROWERS (N=155)	54%
NEGOTIATING A PURCHASE PRICE (N=159)	53%
PURCHASING ENOUGH PRODUCE TO FILL THE STORE SHELVES (N=156)	53%
NEGOTIATING PRODUCE AMOUNT AND DELIVERY TIMES (N=156)	51%
LOW CUSTOMER INTEREST (N=158)	46%

Fifteen percent of grocers indicated that understanding rules and regulations for selling local produce was their greatest barrier.

What is your greatest barrier to selling locally grown produce? (N=131)	
BARRIER	YES
UNDERSTANDING RULES AND REGULATIONS FOR SELLING LOCAL PRODUCE	15%
NEGOTIATING A PURCHASE PRICE	13%
LOW CUSTOMER INTEREST	10%
MAINTAINING THE SHELF-LIFE OF LOCAL PROUDCE	10%
MEETING LOCAL GROWERS	9%
RELIABLE DELIVERY OF PRODUCE WHEN RIPE	9%
PURCHASING ENOUGH PRODUCE TO FILL THE STORE SHELVES	8%
WEATHER AND OTHER FACTORS AFFECTING PRODUCER DELIVERY DATES	7%
KNOWING HOW LONG AN ITEM CAN BE SUPPLIED BY A LOCAL PRODUCER	5%
HAVING PRODUCE ARRIVE READY FOR SALE WITHOUT FURTHER PACKAGING	4%
NEGOTIATING PRODUCE AMOUNT AND DELIVERY TIMES	3%
OTHER	7%

Note: Respondents were asked to identify the greatest barrier from a list of options.

Respondents were asked to share any comments that they felt relevant to handling, storing, or displaying locally grown fresh produce in their stores. A number of respondents addressed barriers, such as that local produce has not been profitable for them or that customers question the quality, aesthetics, or shelf-life of local produce.

What other comments do you have related to handling, storing, or displaying locally grown produce in your store? (N=50)	
RESPONSE	YES
LOCAL PRODUCE IS NOT PROFITABLE	30%
CUSTOMERS QUESTION THE QUALITY/AESTHETICS/SHELF-LIFE OF LOCAL PRODUCE	20%
WE DO NOT HAVE THE SPACE AND/OR TIME TO FIGURE OUT LOGISTICS OF SELLING LOCAL PRODUCE	12%
PRODUCERS DO NOT UNDERSTAND PROFIT MARGINS OF RETAIL GROCERY STORES	12%
CUSTOMERS ENJOY WHEN WE OFFER LOCAL PRODUCE	10%
IT IS DIFFICULT TO COORDINATE DELIVERY	8%
LOCAL PRODUCE IS NOT AVAILABLE FOR US TO PURCHASE	6%
THE LOCAL PRODUCE IS SEASONAL, WHICH CUSTOMERS GROW THEMSELVES	6%
WE HAVE AN AGREEMENT WHERE PRODUCER HANDLES PRODUCT FACING, STOCKING, AND CARING FOR PRODUCE	6%
CUSTOMER GARDENS DECREASE DEMAND	4%

Note: Respondents' written comments were coded into themes. Many grocers addressed more than one theme. Therefore, percentages sum to more than 100%.

Data are from the 2015 Minnesota Rural Grocery Survey conducted by the University of Minnesota Regional Sustainable Development Partnerships and the Minnesota Center for Survey Research. For more information, contact Karen Lanthier at 612-624-8452 or korsl001@umn.edu.