

Grocery Store Survey Shows Serious Challenges for Many Rural Minnesota Communities

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ST. PAUL, Minn. (3/10/2016) — A survey of rural Minnesota grocery store owners and operators points to serious challenges facing regions of the state already coping with a lack of access to healthy and affordable foods.

The survey, which was designed by the University of Minnesota Regional Sustainable Development Partnerships (RSDP) and conducted by the Center for Survey Research, was initiated to better understand rural grocers' business conditions, store characteristics, fresh produce availability and challenges, interest in and sales of locally produced products, infrastructure conditions, energy usage and energy efficient needs and priorities.

Among the more notable findings of the survey was the fact that 62 percent of respondents intend to own their grocery store for 10 more years or less and the vast majority do not have a transition plan in place to help assure the store will continue to operate.

"We are seeing an aging of the farm population and there are resources available to help with farm transition planning," said Kathryn J. Draeger, statewide director of the University of Minnesota Regional Sustainable Development Partnerships (RSDP) and one of the authors of the report. "We wanted to know if rural grocery stores were facing a similar demographic trend and what the transition plans are. What we found is that nearly two-thirds of rural grocery stores owners plan to be out of the business in 10 years, but only a fraction of them have a transition plan."

The survey also found that the majority of rural grocery stores are housed in older buildings, which often require significant upkeep. The majority of survey respondents reported that their building was either 16 to 50 years old (44 percent) or more than 50 years old (43 percent).

"With aging buildings and thin profit margins, I'm concerned that we will see a continuation and worsening of our loss of small town grocery stores," said Draeger.

The importance of these grocery stores to Greater Minnesota consumers was also made clear in the survey, as were challenges to food access if they go out of business. The survey respondents reported that their existing service area ranged from 10 to 19 miles (39 percent), 20 to 29 miles (28 percent) or 30 or more miles (28 percent). In addition, almost all of the survey respondents (92 percent) indicated that they sell fresh produce. Customers for the fresh produce are not only individuals but also important community institutions such as restaurants, schools, daycare businesses, nursing homes, food shelves and hospitals.

"Grocery stores are the primary source of healthy food," said Karen Lanthier, co-author of the report. "When they close, consumers face serious access challenges, and in some cases rely on less-healthy food as part of their diet."

Major economic challenges to Minnesota's rural grocery stores include competition with large chain grocery stores, high operating costs and narrow profit margins.

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The survey findings will be used to help guide the University of Minnesota Extension RSDP future educational outreach and services to rural RSDP communities and grocery store owners. It will also inform the work of the Minnesota Good Food Access Fund coalition, which is working to help create opportunities to confront the problems many Minnesotans in both rural and urban locations have in accessing healthy and affordable foods. Led by the Minnesotans for Healthy Kids Coalition, the coalition is comprised of health, food, agriculture and community-investment interests, as well as the RSDP.

The questionnaire was mailed in July of 2015 to grocery stores in Minnesota communities with populations less than 2,500. Data collection occurred through October 2015. The survey garnered a 69% response rate, with 175 out of 254 eligible grocers completing the survey. The first in a series of fact sheets from the survey was completed in February of 2016.

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.

A full copy of the fact sheet, the first in a series related to what it is like to run a grocery store in rural Minnesota, can be found at <http://www.extension.umn.edu/rsdp/statewide/rural-grocery-stores/docs/RSDP-rural-grocery-survey-fact-sheet-business-characteristics-021816.pdf>

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