UNIVERSITY OF MINNESOTA EXTENSION

REGIONAL SUSTAINABLE DEVELOPMENT PARTNERSHIPS

Rural Grocery Store Survey: At-a-Glance

Business characteristics and environment

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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 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 establishment of the Minnesota Food Charter in 2014.

To correct a lack of information about this sector, RSDP worked 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, store characteristics, 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.

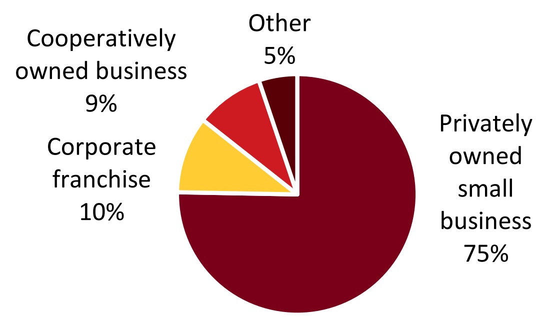
Support for the study was provided by the Minnesota Department of Agriculture, AgCountry Farm Credit Services, AgriBank, AgStar, and United FCS. Researchers at Kansas State University provided additional review of the survey instrument.

This is the first 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. Throughout the fact sheet, sample size (n) reflects only those who answered a particular question rather than all 175 survey respondents.

BUSINESS TYPE

Three-quarters of survey respondents (75%) indicated their store is a privately owned small business.

What is the type of ownership for this grocery store? (n=174)



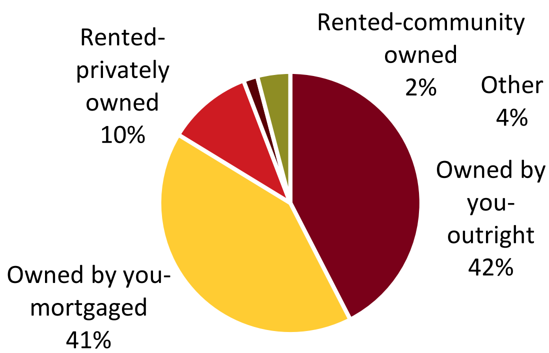
BUILDING/STORE

Survey respondents typically own the building where their store is located.

Key findings

- 84% of respondents own the building where their store is located.
- 43% of rural grocery stores are in buildings that are more than 50 years old.
- More than a third (36%) have owned their store for over 20 years.

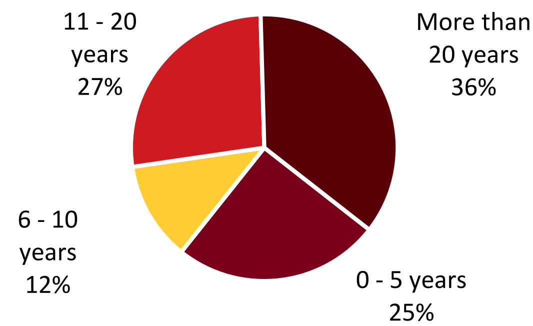
Do you own or rent the building where your grocery store is located? (n=172)



Note. Combined, 84% of respondents own their own store and the remaining 16% rent or have other arrangements.

How old is the building where your grocery store is located? (n=171)		
AGE	FREQUENCY	PERCENT
0-15 YEARS OLD	21	12%
16-50 YEARS OLD	76	44%
MORE THAN 50 YEARS OLD	74	43%

How many years have you owned or operated this grocery store? (n=175)



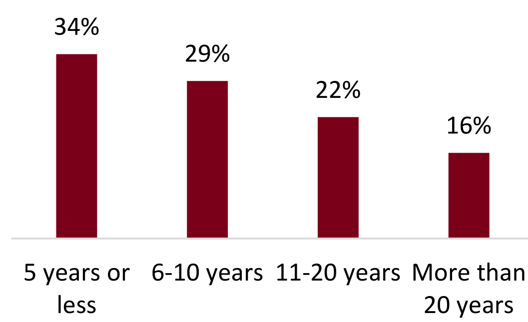
TRANSITION PLANS

A majority of rural grocers indicated they intend to own their store for fewer than 10 more years, and many do not have a transition plan.

Key findings

- A majority of respondents (62%) intend to own their store for 10 more years or less.
- Many respondents do not have a plan to transition their business (71-86% depending on business type).

For how many more years do you intend to own this grocery store? (n=122)



Do you have any other transition plans for the future ownership of this grocery store?		
BUSINESS TYPE	YES	NO
FAMILY BUSINESS THAT WILL BE PASSED DOWN (N=63)	29%	71%
FAMILY BUSINESS THAT WILL NOT BE PASSED DOWN (N=57)	19%	81%
NOT A FAMILY BUSINESS (N=35)	14%	86%

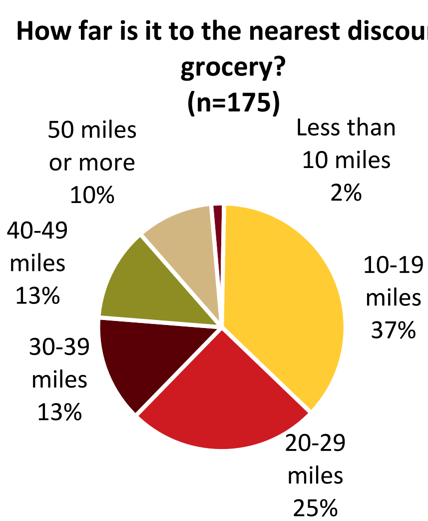
TRAVEL

Rural grocers report large service areas and long distances to discount groceries.

Key findings

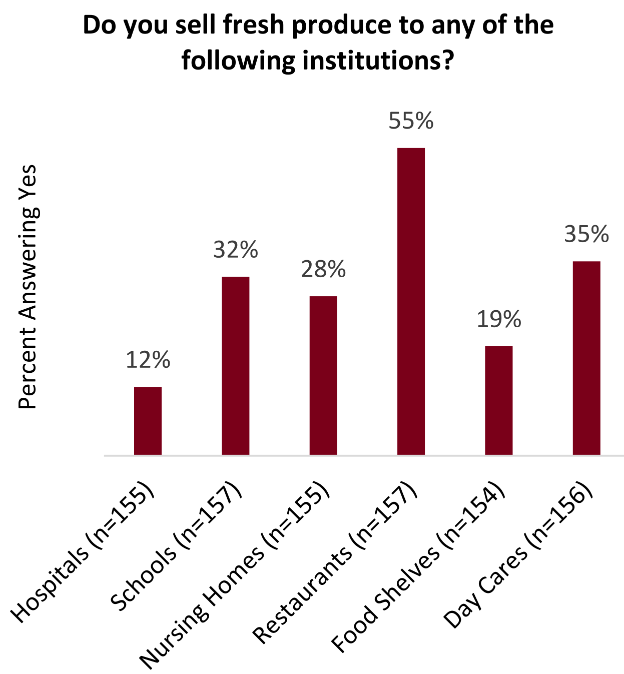
- More than a quarter (28%) have customers who travel 30 or more miles.
- For a majority (61%), the nearest discount grocery is 20 or more miles away.

What is the farthest that your customers travel to shop at your store, that is, how far does your service area extend? (n=172)	
DISTANCE	PERCENT OF GROCERS
FEWER THAN 10 MILES	5%
10-19 MILES	39%
20-29 MILES	28%
30 OR MORE MILES	28%



BUSINESS ENVIRONMENT

Almost all rural grocers (92%) indicated they sell fresh produce. These stores are most likely to sell fresh produce to restaurants (55% of rural grocers selling fresh produce), but they also sell fresh produce to day cares (35%), schools (32%), nursing homes (28%), and other institutions.



Note. 92% of respondents indicated they sell fresh produce (n=175). Chart reflects only those respondents who indicated they sell fresh produce.

STORE CHALLENGES

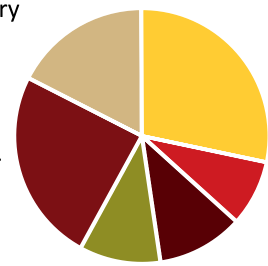
Minnesota's rural grocers report facing a variety of challenges.

Key findings

- More than 90% of grocers indicated that competition with large chain grocery stores (97%), high operating costs (95%), and narrow profit margins (94%) are major or minor challenges.
- Asked to name the most significant challenge, more than a quarter (29%) cited competition with large chain grocers.

How much of a challenge are each of the following issues for your store?		
ISSUE	MAJOR OR MINOR CHALLENGE	NOT A CHALLENGE
COMPETITION WITH LARGE CHAIN GROCERY STORES (N=175)	97%	3%
HIGH OPERATING COSTS (UTILITIES, BUILDING LEASE, REPAIRS, MAINTENANCE, ETC.) (N=175)	95%	5%
NARROW PROFIT MARGINS (N=174)	94%	6%
GOVERNMENT REGULATIONS (N=174)	88%	12%
TAXES (N=172)	87%	13%
AVAILABILITY OF SATISFACTORY LABOR (N=175)	85%	15%
LOW SALES VOLUME (N=174)	84%	16%
SHOPLIFTING/BAD CHECKS/INTERNAL THEFT/UNPAID ACCOUNTS (N=175)	81%	19%
HIGH INVENTORY COSTS/LOW TURNOVER (N=173)	77%	23%
LACK OF COMMUNITY SUPPORT (N=175)	77%	23%
DEBT AND/OR HIGH PAYMENTS (N=173)	67%	33%
SHORTAGE OF WORKING CAPITAL (N=173)	66%	34%
MINIMUM BUYING REQUIREMENTS FROM VENDORS (N=175)	51%	49%
GETTING PRODUCTS DELIVERED BECAUSE OF YOUR LOCATION (N=174)	37%	63%
AVAILABILITY OF GROCERY DISTRIBUTORS/DISTRIBUTOR SELECTION/OFFERINGS (N=174)	34%	66%

Which issue is the most significant challenge for you and your store? (n=155)



Note. “Other” includes several issues cited by less than 5% of respondents.

ENERGY EFFICIENCY

Respondents reported a variety of barriers to making their stores more energy efficient.

Which of the following are barriers to making your grocery store more energy efficient?		
BARRIER	MAJOR OR MINOR BARRIER	NOT A BARRIER
MONEY (N=170)	91%	9%
FINDING PROGRAMS TO HELP (N=167)	83%	17%
CHOOSING THE BEST ENERGY EFFICIENCY IMPROVEMENTS (N=166)	78%	22%
TIME (N=162)	64%	36%
FINDING A CONTRACTOR TO DO THE WORK (N=161)	49%	51%

Data are from the 2015 Minnesota Rural Grocery Survey conducted by the 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.