

“A Model for Keeping Rural Grocery Operations
Viable: City-Owned Community Supported
Enterprises”

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Grocery Stores are Critical to Rural Communities

Rural Grocery Stores are:

- ▶ **Powerful Economic Driver -**
 - Rural grocery stores are an important rural economic driver
- ▶ **Source of Healthful Food Access -**
 - Rural grocery stores provide a primary source of nutritious and competitively priced foods
- ▶ **Social Anchor -**
 - Rural grocery stores provide important local, civic and social meeting spaces



Rural Grocery Stores are Powerful Economic Driver

Rural grocery stores in KS, on average, contribute \$644,000 to the local economy

- Grocery stores provide, on average, 17 local jobs (6 full time; 11 part time)
- Kansas rural grocery stores generate significant tax revenue
- Grocery stores are barometer for other local, rural businesses
- Locally-owned, small business have larger economic multiplier
- SNAP and WIC benefits provide rural economic stimulus

SNAP puts food dollars directly and indirectly into local economies.

Food Dollar Leakage: Local grocery stores are critical to capturing SNAP dollars



Rural Grocery Stores are Source of Healthful Food Access

- ▶ Rural areas suffer the highest obesity rates in the nation.
- ▶ Rural grocery stores offer more healthy foods, at lower cost, than rural convenience stores.
- ▶ Presence of grocery stores in non-metro counties is inversely associated with incidence of obesity.
- ▶ Rural grocery stores are often a distribution point for locally-sourced foods.
 - Provides support for local producers
 - Provides site for fresh produce sales

Rural Grocery Stores are Social Anchors

- ▶ Provides social gathering place
 - Small talk among shoppers
 - Local, state, national politics discussion
 - Clubs, libraries, art displays
 - Place for eating with one another
 - Builds social capital



RGI Goals:

- ▶ Catalog / understand challenges facing rural grocery stores (2,500 or less)
- ▶ Develop evidence-based responses to identified challenges
- ▶ Build virtual / face-to-face information networks for rural grocers and stakeholders
- ▶ Increase rural access to healthy foods
- ▶ Identify and detail sustainable business models of grocer operation

THE RURAL GROCERY INITIATIVE

STRENGTHENING COMMUNITIES
STRENGTHENING HEALTH
THE RURAL GROCERY
STORE

Rural Grocery Ownership Models

- *Sole proprietorships*
- *Cooperatives*
- *School based enterprises*
- *Public / private partnerships*
- *501(c)3 operations*
- *City owned, community supported enterprises*



City Owned, Community Supported Enterprises (KS)

- ▶ St. Paul Market (2013)
 - Population: 650
- ▶ Erie Market (2020)
 - Population: 1,050
- ▶ Caney Market (2021)
 - Population: 1,800



City Owned, Community Supported Enterprises

Context:

- ▶ Local grocery store struggling or no grocery store exists
- ▶ Challenge to identify private investors because:
 - Stagnant local economies
 - Investment risk
 - Shrinking markets
 - Lack of investment capital



Organizing City Owned Grocery Stores: Lessons Learned

1. Build public support for city owned organizational structure
 - ▶ Establish that vital community need exists
 - Economic, health, social, existential needs
 - ▶ Cast meeting community need as government responsibility
 - Need connects to public good
 - ▶ Explain why private enterprise won't meet need
 - ▶ Argue that government grocery business will be sustainable

Organizing City Owned Grocery Stores: Lessons Learned

2. Seek public confirmation of local support
 - Support for city ownership
 - Forms of public confirmation
 - Survey (Erie, Caney)
 - Ballot measure (St. Paul)



Organizing City Owned Grocery Stores: Lessons Learned

3. Identify local entrepreneurial champion

- Advocate
- Organizer
- Communicator
- Networker

Organizing City Owned Grocery Stores: Lessons Learned

5. Community support of grocery operation is vital

- Locals commit to shopping at store
- Organizational buyers support grocery operation
 - Schools, churches, government agencies, businesses, hospitals, etc
- Continued fundraising, investments
- Volunteer assistance



Organizing City Owned Grocery Stores: Lessons Learned

6. Secure experienced and committed manager
 - Vital for competent individual to manage business
 - Can be challenge
 - Limited pool of qualified individuals
 - Willing to live in rural area
 - Work long hours



Benefits of a City-Owned Store

- ▶ Grocery store is run as a department or agency of city
 - Competitive salary structure
 - Wide range of employee benefits
 - Consistent cash flow
- ▶ City-owned stores preserve town's local character.
- ▶ Local ownership enables those who feel the impact of a decision to make critical decisions affecting the business.
- ▶ City-owned stores support local economies, keeping locally generated dollars recycling in the community
- ▶ The store provides access to healthful foods



Potential Concerns for City Operated Grocery Store

- ▶ Concern why some businesses are owned by city and not others
- ▶ Some citizens concerned government is running historically private business
- ▶ The grocery store can get wrapped up in politics

Rural Grocery Initiative: Contact Information

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Thank You

Questions?

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