“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 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
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

1. 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
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Thank You

Questions?

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