Appendix B: North Dakota Rural Grocer Survey, December 2017

North Dakota Rural Grocer Survey

Report on the Opportunities of Improving Rural Grocer Access to Current and Future Food Distribution Resources

North Dakota Association of Rural Electrical and Telecommunications
Mandan, ND

with

N.C. Doty & Associates, LLC

and

The Upper Great Plains Transportation Institute

December 2017

By
Lori Capouch, Rural Development Director

and

Mary Stumpf, Rural Development Assistant

1

North Dakota Rural Grocer Survey

Introduction

This report highlights the results of North Dakota rural grocer survey conducted from May 2017 to July 2017. The survey was created by the North Dakota Rural Grocery Initiative (NDRGI) taskforce, with the help of N.C. Doty & Associates, LLC and was conducted by North Dakota Association of Rural Electric Cooperatives (NDAREC), located in Mandan, North Dakota and The North Dakota State University Extension Service – Center for Community Vitality. Please see appendix 1 for the survey questions.

The purpose for conducting this survey was to assist in improving rural grocer access to current and future food distribution resources. Defining characteristics of the grocery stores on the list are that the majority of them are independently owned and located in a community of 2,100 people or less. The final list used for this survey consisted of 127 independent grocers in North Dakota. Of those, 52 grocers, or 40 percent, responded.

North Dakota Rural Grocer Survey

Methods

The surveyors attempted to contact all 127[1] grocery store managers and/or owners in person and asked if they would participate in the survey. The surveys were hand-delivered by the researchers and had help from several ND county extension agents. Fifty-two independent and rural grocery store owners completed the surveys for a response rate of 40%. The survey results are from these participating 52 independent and rural grocery store owners and managers. Some towns had more than one store.

Survey Purpose

The purpose of the survey was to:

1. Identify ways to improve rural grocer access to current and future food distribution resources
2. Identify if there are pockets across the state where all favorable conditions converge to show an optimal location to conduct a pilot study
3. Collect and input data into a software mapping system to show current distribution routes and make future predictions

[1] In 2014, a total of 118 grocers filled out the North Dakota Independent Grocery Survey. In 2017, there were 127 stores that were contacted. Out of these, 75 did not return the survey. More information is included at the end of this report regarding follow up questions that were asked of the remaining 75 stores.

North Dakota Rural Grocer Survey

Sources used to acquire food

Grocery wholesalers and direct store delivery (DSD) operators are the major suppliers of food to ND Grocers. Small local food suppliers are used by more than one fourth of the respondents. Nearly one fourth of respondents purchase food at big box retailers. (Table 1.)

Table 1

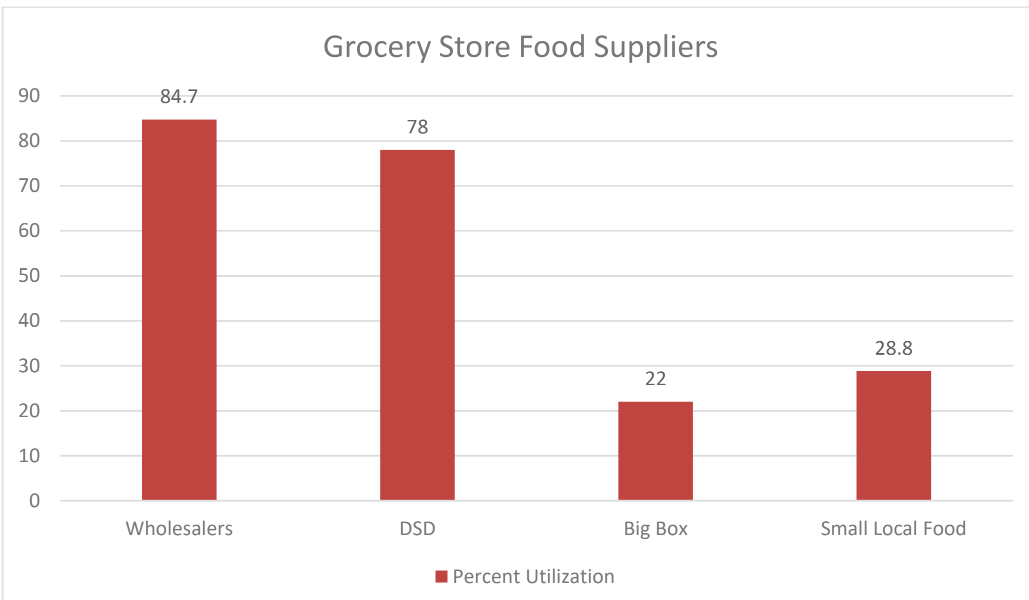

Table 1: ND Rural Grocery Store Food Supplier Utilization

4

North Dakota Rural Grocer Survey

Percentage of food items supplied by those sources

A large percentage of foods for ND Grocers are supplied by wholesale food distributors. Over one fourth of food is supplied by DSD operators. Even though approximately one fourth of respondents reported purchasing food from big box retailers and small local food suppliers, the amount of food purchased is quite small compared to wholesale food distributors. (Table 2)

Table 2

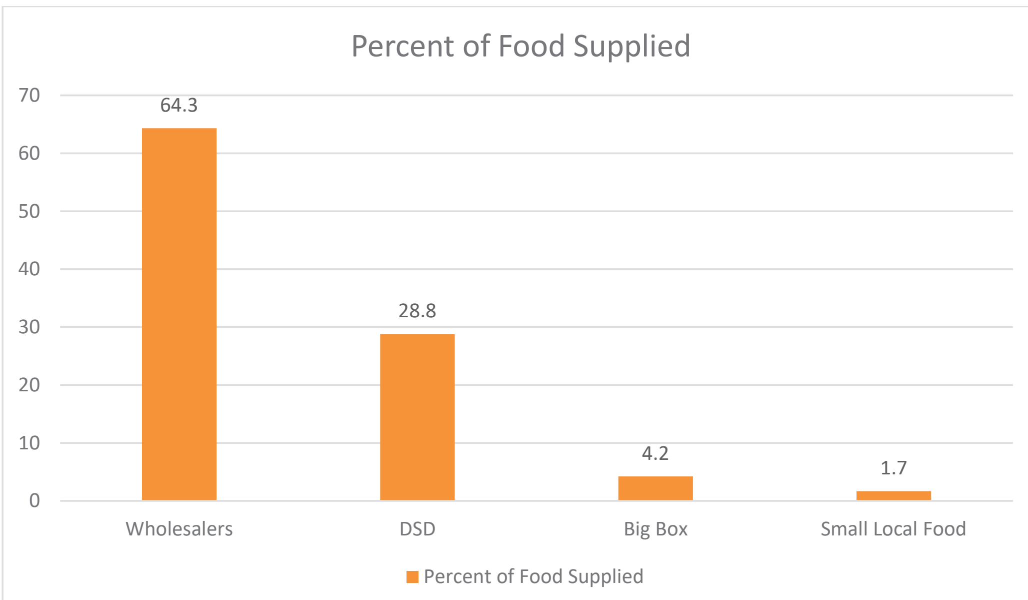

Table 2: Percent of Food Purchased from Distributors/Suppliers

5

North Dakota Rural Grocer Survey

Which distributors supply your food and what percentage of your food purchases are from those distributors

A score has been developed that is the product of the percent of respondents purchasing from a specific distributor times the sum of the percent utilization scores for each specific distributor. Even though Spartan Nash and Supervalu were identified more often by respondents as wholesale distributors, Henry's was identified more often as the "number one" wholesale distributor. The score was developed to reflect both frequency of identification and rank by respondents in order to obtain a better view of wholesale distributor importance to ND Grocers.

The distributors that had low scores were Associated Wholesale Grocers (AWG) (1.6), Sysco (3.6), and Quality Meats & Seafood (0.9). Distributors that were not selected by the respondents were Unified Grocers, Affiliated Foods Midwest, Wholesale Supply Co., Farner Bocken, Upper Lakes Foods, and Reinhart Foodservice, Inc.

The primary wholesale food distributors utilized by ND Grocers are Henry's, Spartan Nash, and Supervalu. The combination of DSD suppliers ranked fourth in food purchases score. Other wholesale food distributors operating in the area are AmCon, Mason Brothers, U.S. Foods, and Russ Davis. (Table 3)

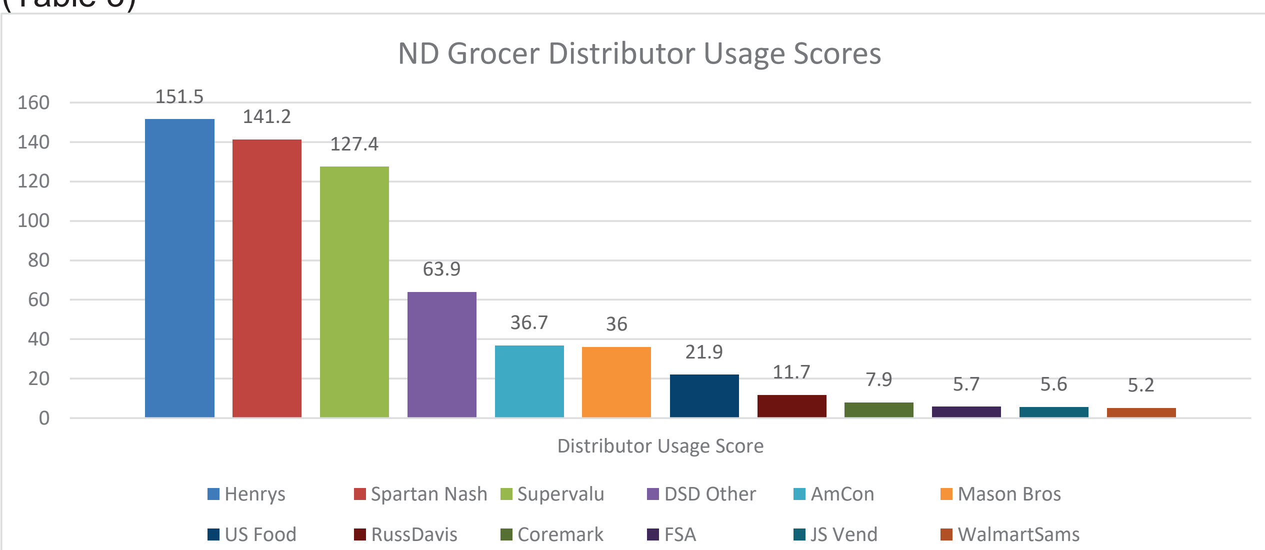

Table 3: ND Grocer Distributor Usage Scores

6

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Direct Store Delivery (DSD) usage percentages

ND Grocers reported purchasing foods from a number of DSD operators. Coca Cola, Pepsi, and Frito Lay were the most cited DSD operators. Next cited was Bernatello's and Nestle, both of whom distribute frozen pizzas. The snack and baked goods DSD operators Old Dutch, Sara Lee, and Pan O Gold were frequently cited as well. No locally owned DSD operators were identified in the top 12 DSD operators. (Table 4)

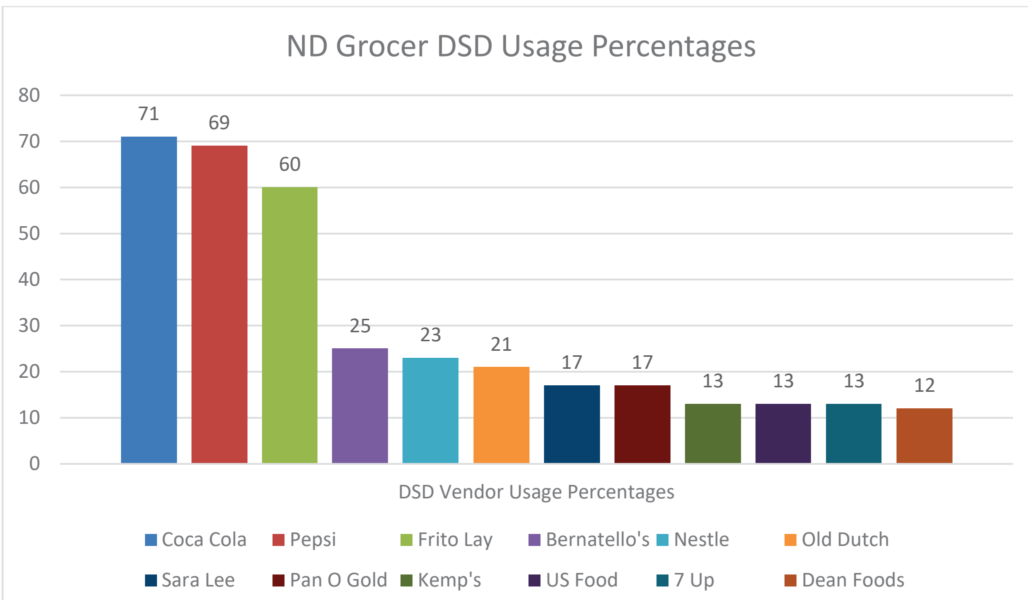

Table 4: ND Grocer DSD Usage Percentages

Frequency of food deliveries from wholesale food distributors; 53 stores

The average is slightly more than one delivery per week.

40 stores – Weekly
3 stores – every 2 Weeks
1 store – every 3 Weeks
No stores – every 4 Weeks
10 stores – Other– 1 to 3 times per week

Other Comments: When needed (1), Weekly & twice a week (4), Weekly & daily (1)

Wholesale food delivery frequency does not appear to be a concern.

Frequency of food deliveries from DSD vendors; 47 stores

The average is slightly more than one delivery per week.

32 stores – Weekly
2 stores – every 2 weeks
No stores – every 3 weeks
No stores – every 4 weeks
13 stores – Other

Other comments: Weekly & every 2 weeks (6); Weekly, every 2 weeks, every 4 weeks (2); 2-4 times per week (1); 2 times per week & some weekly (1); Weekly & daily (1); when needed (1)

DSD food delivery frequency does not appear to be a concern.

North Dakota Rural Grocer Survey

How often do you travel to and purchase from big box retailers; 19 stores

The average is every 2 weeks.

7 stores – Weekly
4 stores – every 2 weeks
1 store – every 3 weeks
3 stores – every 4 weeks
4 stores – Other

Other comments: Rarely; Not very often; Once in a while

Those ND grocers traveling to big box retailers are purchasing food on a frequent basis.

How often do you purchase from a small food producer(s) (including farmers and entrepreneur businesses); 25 stores

The average is a little over 1 time a week when in season.

8 stores – Weekly
4 stores – every 2 weeks
1 store – every 3 weeks
1 store – every 4 weeks
11 stores – Other

Other comments: Seasonal (4); Weekly (1); yearly (2); once in a while (1); rarely (1); weekly, 2 weeks, 4 weeks (1); once or twice yearly (1)

Those ND grocers receiving food from small food producer(s) are purchasing food on a frequent basis.

North Dakota Rural Grocer Survey

How often do you purchase (when in season) fruits and vegetables; 33 stores

The average is 1 time a week when in season.

24 stores – Weekly
1 store – every 2 weeks
1 store – every 3 weeks
1 store – every 4 weeks
6 stores – Other

Other comments: When available; Sometimes; local grower very seldom; more interested in going to larger markets

Of the ND grocers purchasing in season fruits and vegetables nearly three quarters receive fruits and vegetables on a weekly basis.

Average weekly gross sales

There appear to be three main groups of ND Grocers based upon sales; small with sales less than $5,000 per week, average with sales between $10,000 and $30,000 per week, and large with sales greater than $50,000 per week. (Table 5)

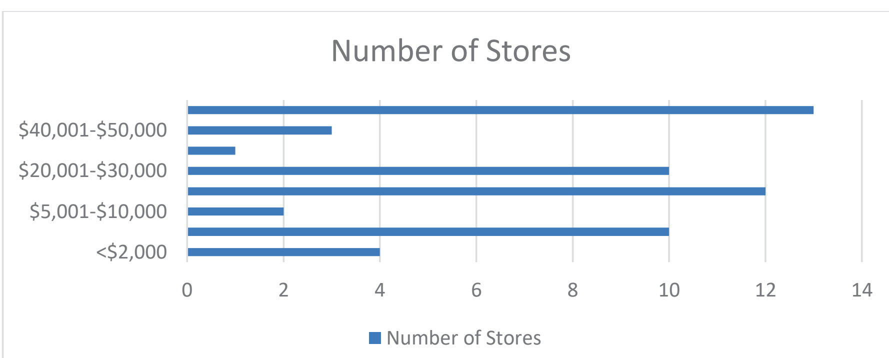

Table 5: Weekly Sales Distribution Among 55 Store Respondents

10

North Dakota Rural Grocer Survey

Do you collaborate with other grocers to combine food purchases
Most ND Grocers (85%) do not collaborate by purchasing food with other grocers. Number of stores out of 59 stores. (Table 6)

9 stores – Yes
50 stores - No

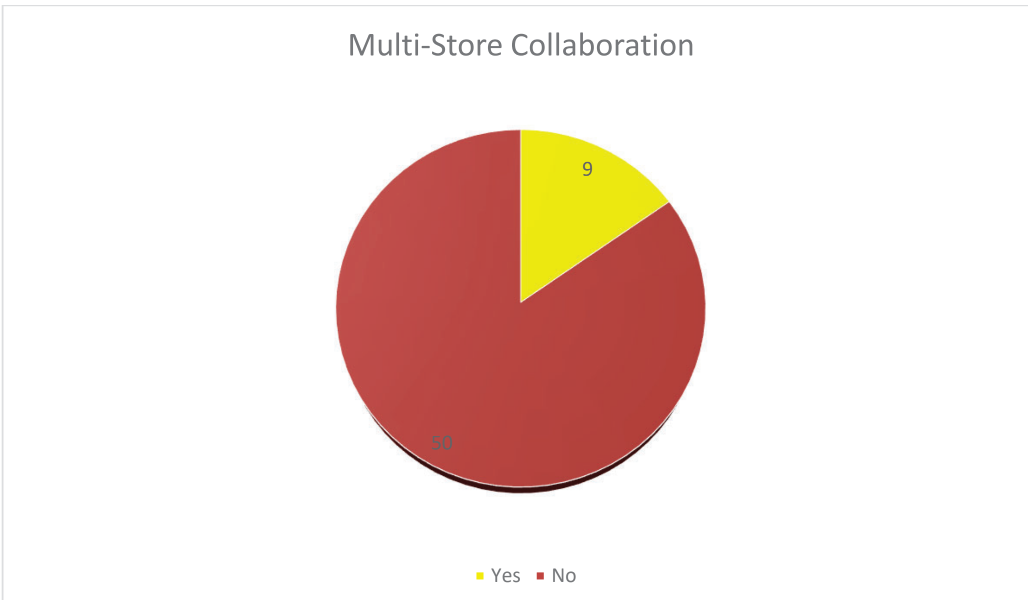

Table 6: ND Grocers Collaborating in Purchasing Food

11

If you do collaborate, who do you purchase food with in your community?

Number of stores out of 9 stores:

7 stores – with other grocers
1 store – with Senior Center
1 store – with Food Bank

ND Grocer food purchasing collaborators work with other grocers and no other food purchasing entities.

If you do not collaborate, any interest in collaborating with other grocers to combine food purchases to attract/retain distributors, lower costs and/or improve delivery frequency?

There are a significant number of ND Grocers (40% of respondents) who would be interested in collaborating with other grocers to purchase food. (Table 7)

Number of stores out of 50 stores:
20 stores – Yes
30 stores – No

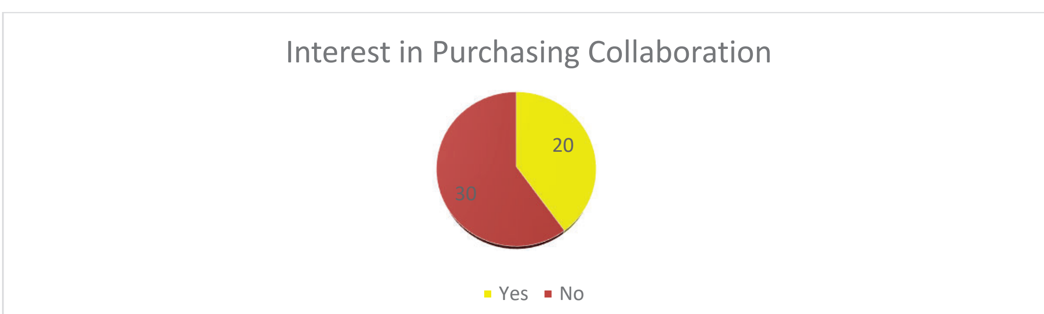

Table 7: ND Grocers Interested in Starting to Collaborate on Purchasing Food

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Extra space available

Out of 57 ND Grocers, 16 indicated that they have extra storage space for temporary food storage. Those could become cross dock distribution nodes for a regional group of grocers.

16 stores – Dry storage
7 stores – Refrigeration
6 stores – Frozen
40 stores – No storage available

Areas of improvement in relation to your current primary food distributor

Wholesale prices for food items; number of stores out of 58 stores.

Most ND Grocers indicated that wholesale food prices in specific categories are priced too high.

3 stores – Most Too High
26 stores – Some Too High
16 stores – A Few Too High
13 stores – Priced Right

Delivery frequency; number of stores out of 59 stores

Delivery frequency is not a problem for ND grocers.

No stores – Not often enough
59 stores – Frequency about right

North Dakota Rural Grocer Survey

Minimum order quantity; number of stores out of 58 stores

Minimum order quantity is not a problem for the majority of ND grocers.

2 stores – Way too high
3 stores – Too high
4 stores – Somewhat high
49 stores – About right

Overall food quality; number of stores out of 58 stores

Overall food quality purchased by ND grocers is acceptable.

4 stores – Always high
28 stores – High
26 stores – Average
1 store – Low

Wholesale products choices available; number of stores out of 58 stores

Wholesale product choices are acceptable for most ND grocers.

11 stores – High number
38 stores – Acceptable number
8 stores – Limited number
1 store – Low number

North Dakota Rural Grocer Survey

Payment terms; number of stores out of 59 stores.
Payment terms are not a problem for ND grocers.

14 stores – High acceptable
44 stores – acceptable
1 store – Needs improvement

Sales promotions from distributor; number of stores out of 59 stores
Overall sales promotions from distributors are adequate for most ND grocers.

9 stores – Highly adequate
43 stores – Adequate
6 stores – Need more
1 store – Need much more

Distributor customer service; number of stores out of 59 stores
Distributor customer service is at least quite good for most ND grocers.

20 stores – Excellent
24 stores – Quite good
13 stores – Adequate
2 stores – Poor

North Dakota Rural Grocer Survey

Advertising and promotional assistance; number of stores out of 58 stores

Advertising and promotional assistance is at least quite good for most ND grocers.

10 stores – Excellent
24 stores – Quite good
23 stores – Adequate
1 store – Poor

Quality of perishable products; number of stores out of 54 stores

Quality of perishable products is more than adequate for most ND grocers.

5 stores – Excellent
25 stores – Quite good
25 stores – Adequate
No stores – Poor

How many employees does your store employ; 58 responded

Most ND Grocers employ paid part-time and full-time staff. Only four respondents indicated the utilization of volunteers.

Full Time Average 5.24 – Range 0 to 40
Part Time Average 6.24 – Range 0 to 30
Volunteers Average 0.36 (Only 4 Stores had Volunteers: one store has 3, one store has 10, one store has 6, and one store has 2)

North Dakota Rural Grocer Survey

Multi-store ownership; 59 stores responded
Most ND grocers are single unit businesses (68%).

9 stores – own 2 stores
4 stores – own 3 stores
2 stores – own 4 stores
4 stores – own 5 or more stores
40 stores – single unit business

Public health and nutrition and anti-hunger programs; 59 stores responded
Most ND Grocers responding (50%) participate in either or both SNAP, WIC, or other anti-hunger programs.

31 stores -Yes – Supplemental Nutrition Assistance Program (SNAP) 48.6%

30 stores -Yes – Special Supplemental Nutr. Program for Women, Infants, Children (WIC) 54.3%

5 stores - Yes – Other Program(s) – Local food bank; EBT 8.5%

28 stores -No SNAP; 29 stores -No WIC; 54 stores - No Other Programs

If you don't participate, why
Of the 25 out of 59 respondents that stated that they do not participate in public health and nutrition and anti-hunger programs, most indicated not enough customers are available and/or the cost of engaging in the programs is prohibitive.

6 of 25 Fees are too expensive (EBT processing fees)
4 of 25 EBT machine costs too much

4 of 25 Inventory rules are prohibitive (can't maintain the required inventory)
11 of 25 Not enough customers on program
10 of 25 Other (please specify)

Other (comments): Application process is cumbersome-who has a clue where their Social Security card is located?; Too high & limited customers don't justify it & extra paperwork; No one has come to set us up with WIC even though we have called; Not any call for it; not regulated through C-Stores; not familiar with them; not my decision; SNAP – Been difficult getting response ☹; I'm not aware of any programs; someone else must make those decisions; Up to Gen. Manager; undecided; I've never been approached about it.

Would any changes make accepting EBT/SNAP better or easier
A reduction in the cost of maintaining public health and nutrition and anti-hunger programs was cited as ways to make accepting EBT/SNAP better or easier.

22 of 31 EBT machine provided at no cost
23 of 31 EBT service fees free or reduced
9 of 31 Inventory regulations lessened
6 of 31 Quicker payment or reimbursement
6 of 31 Other (please specify)

Other (comments): I shouldn't have to pay for machine for people on free food program; Not interested; Some months EBT fees exceed what we take in, and we are forced to pay credit card fees, even though we do not accept credit cards; Need more information on programs; We pay $38-39 each month (EBT machine); We don't have these programs.

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If you sell locally grown food, what do you sell; 59 responded

24 stores – Yes
34 stores - No

20 - Vegetables	2 - Prepared Foods
11 - Fruit	6 - Baked Goods
2 - Meats	1 - Poultry
2 - Dairy	1 - Cheeses
2 - Eggs	4 - Other

Other: Nobody around here grows anything except for their own use; Honey

Approximately 40% of ND Grocer respondents purchase and offer locally grown food in their stores. The vast majority of locally grown food purchased consists of vegetables and fruit with a small amount of baked goods.

Would you be willing or interested in selling locally grown foods in your store; 34 stores responded

16 stores – Yes
18 stores - No

Of the ND Grocers not currently selling locally grown food, the respondents were evenly split whether they were willing or interested in selling locally grown food in their stores.

North Dakota Rural Grocer Survey

Which locally grown foods are you interested in having more local sources

27 ND Grocers indicated that they would be interested in having more locally grown vegetables and fruit followed by in rank by baked goods, eggs and prepared foods.

24 of 27 Vegetables	4 of 27 Prepared Foods
16 of 27 Fruit	8 of 27 Baked Goods
3 of 27 Meats	1 of 27 Poultry
3 of 27 Dairy	3 of 27 Cheeses
7 of 27 Eggs	2 of 27 Other Any

Comment: Health & Meat Inspectors won't allow local meats or poultry unless USDA Inspected

North Dakota Rural Grocer Survey

Summary

The information gleaned from the 2017 North Dakota Rural Grocer Survey represents a slightly different story based on several in-person conversations with grocers throughout the state. There are several observations that can be made from the survey data. One observation is that there was a good percentage of grocers who participated. Out of the 127 stores that were contacted, 52 participated in the survey for a 40% return rate, comparable to a 43% return rate in 2014. Overall, grocers seem to be happy with their delivery frequency. Grocers also indicated positive responses regarding quality, variety, terms and customer service when it comes to their distributors.

The survey also uncovered several opportunities that can be considered. Grocers indicated that the price they pay for food could be improved in some way. It is also important to note that, while only 9 stores currently collaborate for cost-efficiency, 20 additional stores would like to start collaborating. Confirmed in the 2014 grocer survey, the 2017 survey firmly points to an opportunity for local foods producers. Out of 59 survey respondents, 24 grocers already sell locally produced foods. There were 16 additional grocers (out of 34 respondents) that are interested in selling locally produced foods at their stores. Again, local food could be a point of differentiation for independent grocers from chain stores, and it appears from survey responses that grocers are open to purchasing more local food/goods. Another opportunity to consider is the mechanism by which

grocers offer SNAP (food assistance program) to customers. Grocers are interested in finding ways to help make this program more affordable to the rural grocers, while at the same time being of service to their customers who utilize this program.

Next Step: Food Distribution Pilot Project in Northeastern North Dakota

As a result of the survey, it was determined that the next logical step is to conduct a pilot project.

The pilot project area identified consists of Cavalier, Pembina, Walsh, and Ramsey counties in northeastern North Dakota and the Spirit Lake Reservation. This is a 5,618-square mile area with a population of 37,881, roughly 6.7 people per square mile.

The goal of this pilot project is to use comprehensive data that identifies opportunities to engage in a conversation with stakeholders toward the goal of developing strategies that may change the way food is purchased and/or distributed in rural areas in an effort to improve price, access, variety and quality; and to provide assistance to capitalize on opportunities identified.

This is a 4-phase project: data collection, analysis, convening, and implementation. The timeline for the pilot project is 12-18 months.

Follow up questions

To create a more complete geospatial map of the current distribution in North Dakota, two follow up questions were asked of the 75 grocers who did not participate in the survey. These questions were:

1. Who is your main supplier?
2. What is your average weekly sales per week?

Researchers were able to capture 67 of the remaining 75 stores' information. This information will allow the Upper Great Plains Transportation Institute to recreate on a geospatial map what distributors are currently doing, as well as make predictions on optimized routes based on how the data is manipulated within the mapping program.

Appendix 1

Date Delivered ___________

Due Date ___________

North Dakota Rural Grocers Survey, May 23, 2017

This survey is intended to assist in improving rural grocer access to current and future food distribution resources. Your answers to this survey will be kept individually confidential and aggregated as a part of a compilation of all survey responses.

1. What is your zip code? 58_ _ _

2. Which of the following sources do you currently use to acquire food items/products for your store? (Please check all that apply.)

   ☐ Wholesale food distributor(s)
   ☐ Direct store delivery vendor(s) (DSD)
   ☐ You purchase at big box retailers
   ☐ Directly from small food producer(s) (including farmers and entrepreneur businesses)

3. What approximate percentage of the food items/products in your store is supplied by the sources you marked in the question above?

   _____% supplied by a wholesale food distributor(s)
   _____% supplied by a direct store delivery vendor(s) (DSD)
   _____% you purchase at big box retailers
   _____% directly from small food producer(s) (including farmers and entrepreneur businesses)

4. Which food distributors supply your food and what approximate percentage of your food purchases are from those food distributors?

_____% SuperValu	_____% Spartan Nash
_____% Henry's	_____% Mason Brothers
_____% Unified Grocers	_____% Affiliated Foods Midwest
_____% Associated Wholesale Grocers	_____% Wholesale Supply Co.
_____% AmCon Distributing Co.	_____% Farner Bocken Co.
_____% Sysco	_____% U.S. Foodservice
_____% Food Services of America	_____% Upper Lakes Foods
_____% Russ Davis Wholesale	_____% Reinhart Foodservice, Inc.
_____% Quality Meats & Seafood	_____% Other_______________
_____% Other_______________	_____% Other_______________

5. List your Direct Store Delivery (DSD) vendors in order of purchase volume.
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________
   DSD vendor_______________________________

To complete the survey online, go to https://www.surveymonkey.com/r/2017RuralGrocerSurvey

25

6. How frequently do you receive food deliveries from wholesale food distributor(s)? You may check more than box in each category.

   ☐Weekly ☐2 Weeks ☐3 Weeks ☐4 Weeks ☐Other _________

7. How frequently do you receive food deliveries from direct store delivery vendor(s) (DSD)?
   ☐Weekly ☐2 Weeks ☐3 Weeks ☐4 Weeks ☐Other _________

8. How frequently do you travel to and purchase at big box retailers?
   ☐Weekly ☐2 Weeks ☐3 Weeks ☐4 Weeks ☐Other _________

9. How frequently do you receive food deliveries from small food producer(s) (including farmers and entrepreneur businesses)?
   ☐Weekly ☐2 Weeks ☐3 Weeks ☐4 Weeks ☐Other _________

10. How frequently do you receive food deliveries when in season (fruits and vegetables)?
    ☐Weekly ☐2 Weeks ☐3 Weeks ☐4 Weeks ☐Other _________

11. What is your average weekly gross sales volume?

    ☐< $2,000 ☐$20,001 to $30,000
    ☐$2,001 to $5,000 ☐$30,001 to $40,000
    ☐$5,001 to $10,000 ☐$40,001 to $50,000
    ☐$10,001 to $20,000 ☐> $50,000

12. Do you collaborate with other grocers to combine food purchases?

    ☐Yes ☐No

13. If yes, who do you purchase food with in your community?

    ☐ Other Grocers
    ☐ Schools
    ☐ Senior Centers
    ☐ Restaurants/Cafes
    ☐ Hospitals
    ☐ Nursing Homes/Long Term Care Facilities
    ☐ Convenience Stores
    ☐ Food Banks
    ☐ Day Cares

14. If no, would you be interested in collaborating with other grocers to combine food purchases to attract/retain distributors, lower costs and/or improve delivery frequency?

    ☐Yes ☐No

15. Do you have extra space available to temporarily store items for others to pick up (distribution hub)?

☐Yes Dry Storage	☐Yes Refrigeration	☐Yes Frozen	☐No Storage Available

16. Indicate the areas that could be improved in your relations with your current primary food distributor.

Wholesale Prices for Food Items
☐ Most Too High ☐ Some Too High ☐ A Few Too High ☐ Priced Right

17. Continued from previous question.:

Delivery Frequency
☐ Not Often Enough ☐ Frequency About Right

18. Continued from question 16:

Minimum Order Quantity
☐ Way Too High ☐ Too High ☐ Somewhat High ☐ About Right

19. Continued from question 16:

Overall Food Quality
☐ Always High ☐ High ☐ Average ☐ Low

20. Continued from question 16:

Wholesale Products Choices Available
☐ High Number ☐ Acceptable Number ☐ Limited Number ☐ Low Number

21. Continued from question 16:

Payment Terms
☐ Highly Acceptable ☐ Acceptable ☐ Needs Improvement

22. Continued from question 16:

Sales Promotions from Distributor
☐ Highly Adequate ☐ Adequate ☐ Need More ☐ Need Much More

23. Continued from question 16:

Distributor Customer Service
☐ Excellent ☐ Quite Good ☐ Adequate ☐ Poor

Advertising and Promotional Assistance
☐ Excellent ☐ Quite Good ☐ Adequate ☐ Poor

Quality of Perishable Products
☐ Excellent ☐ Quite Good ☐ Adequate ☐ Poor

24. How many employees does your store employ?

Full Time____________
Part Time____________
Volunteers___________

25. Is your store part of a multi-store ownership?

☐ Yes 2 Stores ☐ Yes 3 Stores ☐ Yes 4 Stores ☐ Yes 5 or More Stores ☐ No

26. Does your store participate in public health and nutrition and anti-hunger programs? (Please check all that apply.)

☐Yes – Supplemental Nutrition Assistance Program (SNAP)
☐Yes – Special Supplemental Nutrition Program for Women, Infants, Children (WIC)
☐ Yes – Other Program(s)____
☐No

27. If you don't participate, why? (Please check all that apply.)

☐ Fees are too expensive (EBT processing fees)
☐ EBT machine costs too much
☐ Inventory rules are prohibitive (can't maintain the required inventory)
☐ Not enough customers on program
☐ Other (please specify) ____

28. Would any of these changes make accepting EBT/SNAP better or easier for you? (Please select all that apply.)

☐ EBT machine provided at no cost
☐ EBT service fees free or reduced
☐ Inventory regulations lessened
☐ Quicker payment or reimbursement
☐ Other (please specify) ______

29. Do you sell locally grown food in your store?

☐Yes ☐No

30. If yes, what locally grown food to you sell in your store?

☐ Vegetables	☐ Prepared Foods
☐ Fruit	☐ Baked Goods
☐ Meats	☐ Poultry
☐ Dairy	☐ Cheeses
☐ Eggs	☐ Other (please specify) ______

31. If no, are you willing or interested in selling locally grown foods in your store?

☐Yes ☐No

32. Which of the following locally grown foods are you interested in having more local sources?

☐ Vegetables	☐ Prepared Foods
☐ Fruit	☐ Baked Goods
☐ Meats	☐ Poultry
☐ Dairy	☐ Cheeses
☐ Eggs	☐ Other (please specify) ______

Thank you for filling out and submitting this important survey. Once again, the purpose of this survey is to assist in improving rural grocer access to current and future food distribution resources.