

# Economic Disruption & the Rise of the “Grocery” Dollar Store: WHAT INDEPENDENTS SHOULD KNOW & DO

A JOINT PRESENTATION

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&



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RURAL GROCER SUMMIT  
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## OVERVIEW

- Dollar store trends in rural America
- Dollar stores and the struggle for good groceries in Holmes County, Mississippi
- The Holmes County Mileston Black Farmers Cooperative
- The Mileston plan to expand a gas station / convenience store into a good grocery store
- The MG “Imperatives” strategy: market, community, moral, and policy    ACTION
- The cooperative approach as a viable solution
- The National Co+op Grocers as a local partner and resource



## A FEW COMMENTS ABOUT DOLLAR STORE TRENDS

This portion of the presentation is limited due to time allotted to the presentation and the range of content to cover

- Dollar General operates over 18,400 stores in 47 states throughout the U.S.
    - ❖ Texas = most DG stores (over 1,700)
    - ❖ Georgia, Florida, & North Carolina are about tied for second highest count (each have around 1,000 DG stores)
  - Over 2,300 DG stores in the U.S. offer fresh produce. DG projects 3,000 additional stores by the end of 2022.
- Most DGs do not have produce. Historically dollar stores of all types have come to specialize in shelf-stable snack foods high in salt, fat, and sugar and low in nutrients.

## A FEW COMMENTS ABOUT DOLLAR STORE TRENDS *CONTINUED...*

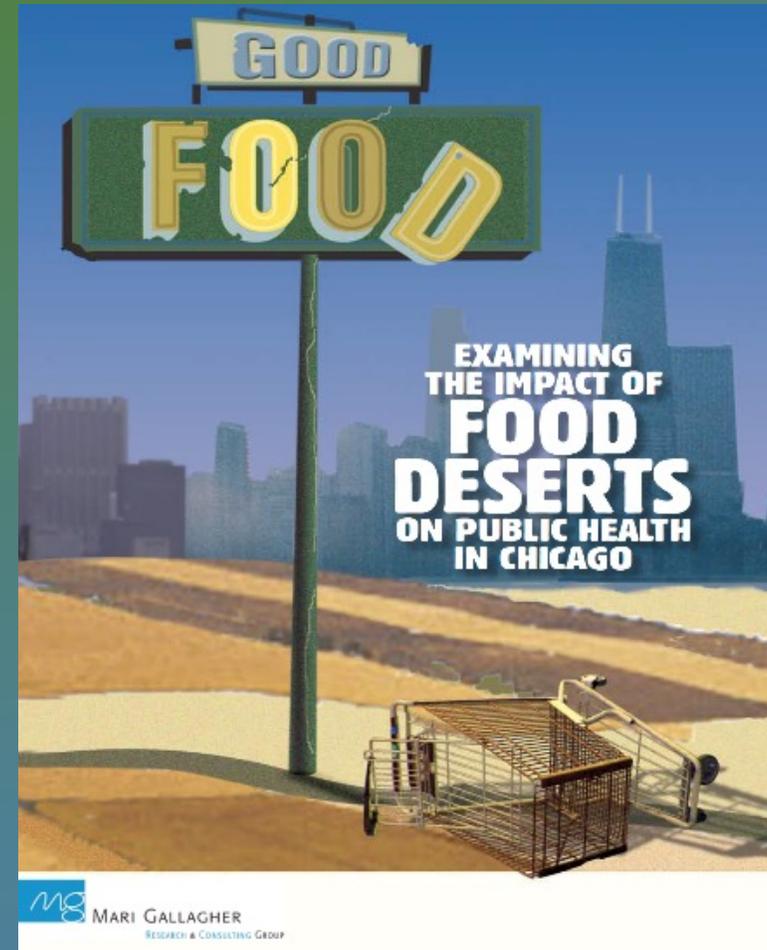
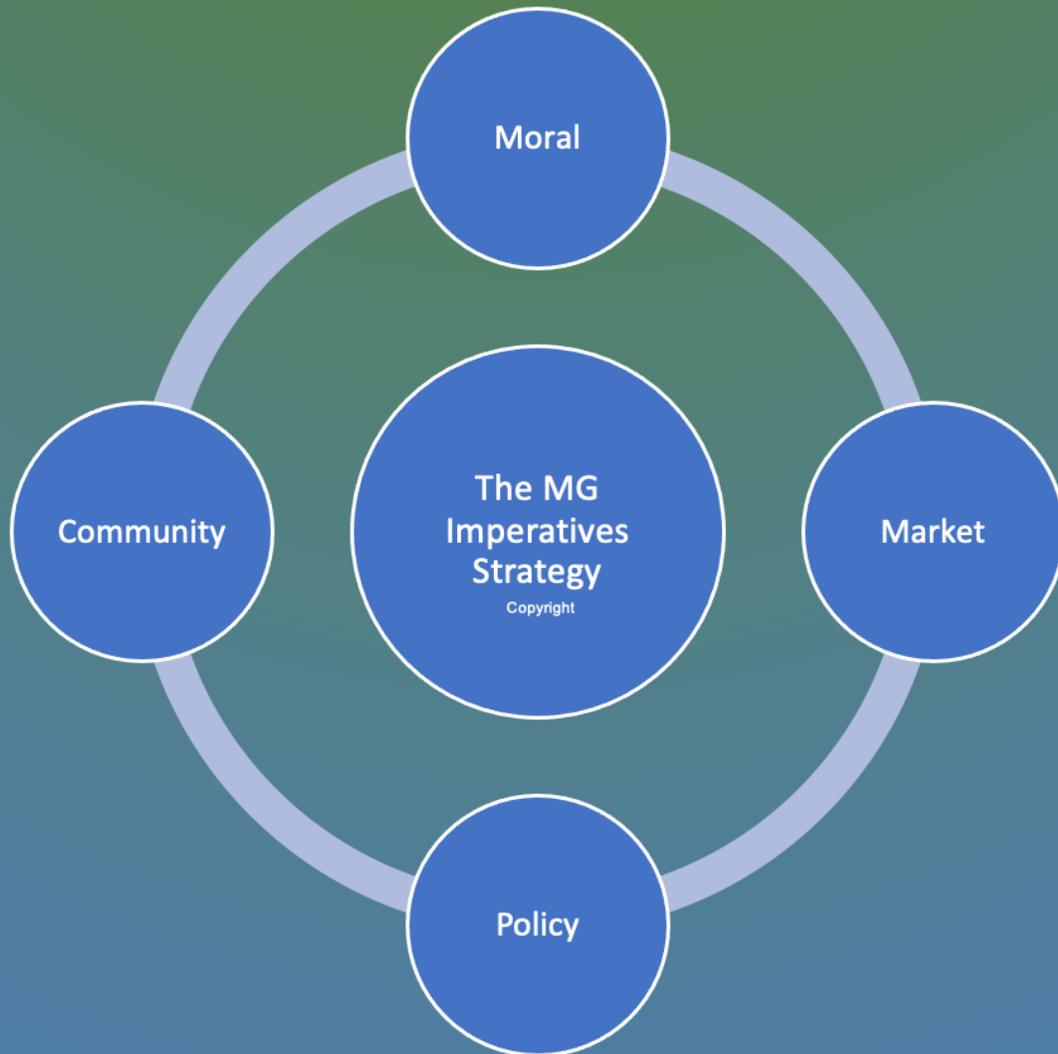
- Other dollar stores in the U.S. include Dollar Tree (about 16,000 stores) and Family Dollar (about 8,000 stores). There are also many independent dollar stores
  - Many rural areas have seen both a growth in dollar stores and a decline in full-line independent grocers
  - Generally, dollar store chains make lower contributions to local communities in terms of jobs, economic development, the provision of healthy, fresh groceries, and overall responsiveness to community needs than do independent grocers
- Meanwhile, many existing rural independent grocers struggle with product procurement, competitive pricing, and other challenges. Some likely are at risk of store closure

## **Pandemic challenges affect consumers, grocers, and charitable food systems**

- ✓ **Increased job losses among general population; became more price sensitive**
- ✓ **More households impacted, not just the poor; food pantry lines expanded**
- ✓ **Poor nutrition worsening COVID-19 effects**
- ✓ **More dollars to address crisis, but limited data to direct it effectively**
- ✓ **Bigger strain on retailers; many supply chain problems**



# POTENTIAL STRATEGY FOR HOLMES COUNTY & OTHER RURAL AREAS



# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY



Market

- MG is collaborating with the National Co+op Grocers (NCG)
- NCG is supporting Black Farmers advance good grocery solutions in Holmes County

# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY CONTINUED...



- Market study for the co-op store
- Assessment if a second co-op is viable in Holmes County



Usually not a component of market studies

## MG SNOWBALL EFFECT AND CODING OF STORES AS FRINGE OR MAINSTREAM

Retail attracts more retail, and like attracts like, in either a positive or negative direction. A successful shopping corridor or area attracts additional retailers at the same level of quality to locate in that same corridor, or as close to it as possible. Conversely, where there is no existing or quality retail, it is sometimes hard for communities to attract that first quality store, even when there is an obvious nearby consumer base to support it. The highest level of retail sets the tone, and the overall tone sends a signal to the marketplace that can attract certain retailers and repel others. **The conundrum is that good grocers go where good grocers are already.** And shoppers, to some degree, are also affected by tone. The constant signaling of “fringe” could draw in more customers to fringe stores after holding other factors (such as income and product aspiration) constant. When a fringe tone dominates, it’s like nonstop advertising. For example, if a consumer is regularly bombarded with advertisements for and establishments offering fast food, and fast food is an option in every direction, one might turn to it more often than otherwise. The same is true for dominating fringe stores that sell some snack foods but specialize in cigarettes, soda, chips, and/or alcohol. Fringe stores attract and support more fringe stores. Conversely, if there is an absence of healthy, fresh groceries, then there is also not the signaling of healthy, fresh groceries. Furthermore, there is a signaling (often incorrect) that the reason there are no good grocers is that there is not market demand.

SLIDES WILL BE AVAILABLE AFTER THE CONFERENCE TO PROVIDE ACCESS TO THE SMALL FONT CONTENT



# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY CONTINUED...



- MG developed special coding in 2007 for all stores selling any level of groceries or food product
- Two key categories are mainstream and fringe
- Dominating fringe can suppress market potential
- Potential impacts on health and other factors
- Vast majority of fringe are SNAP authorized
- Vast majority due not comply with SNAP program requirements



# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY CONTINUED...



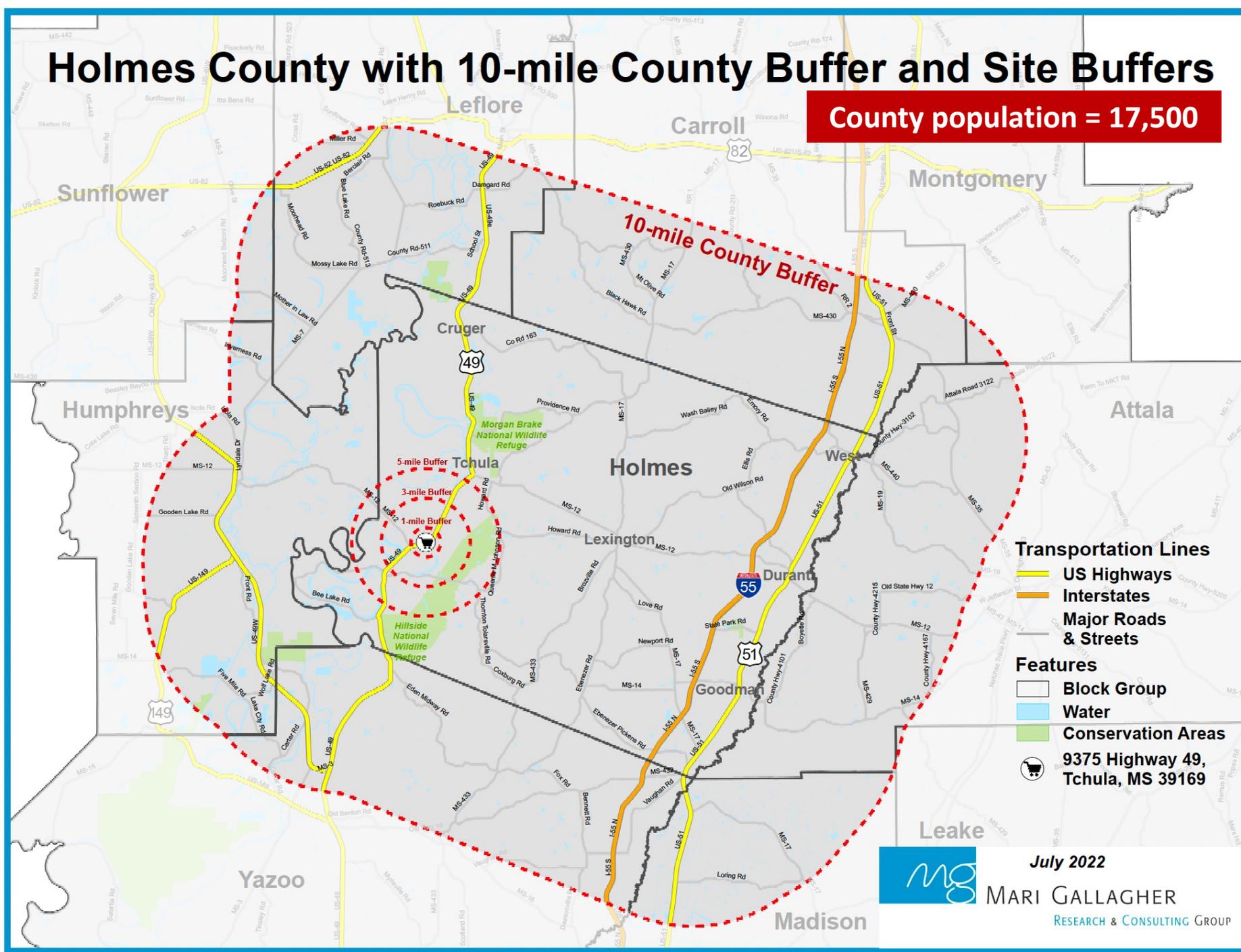
- Research and commercial tone assessment are underway
- Next, we share initial findings

- Commentary reflects MG's early exploration, not necessarily adopted strategies by the local co-op or NCG

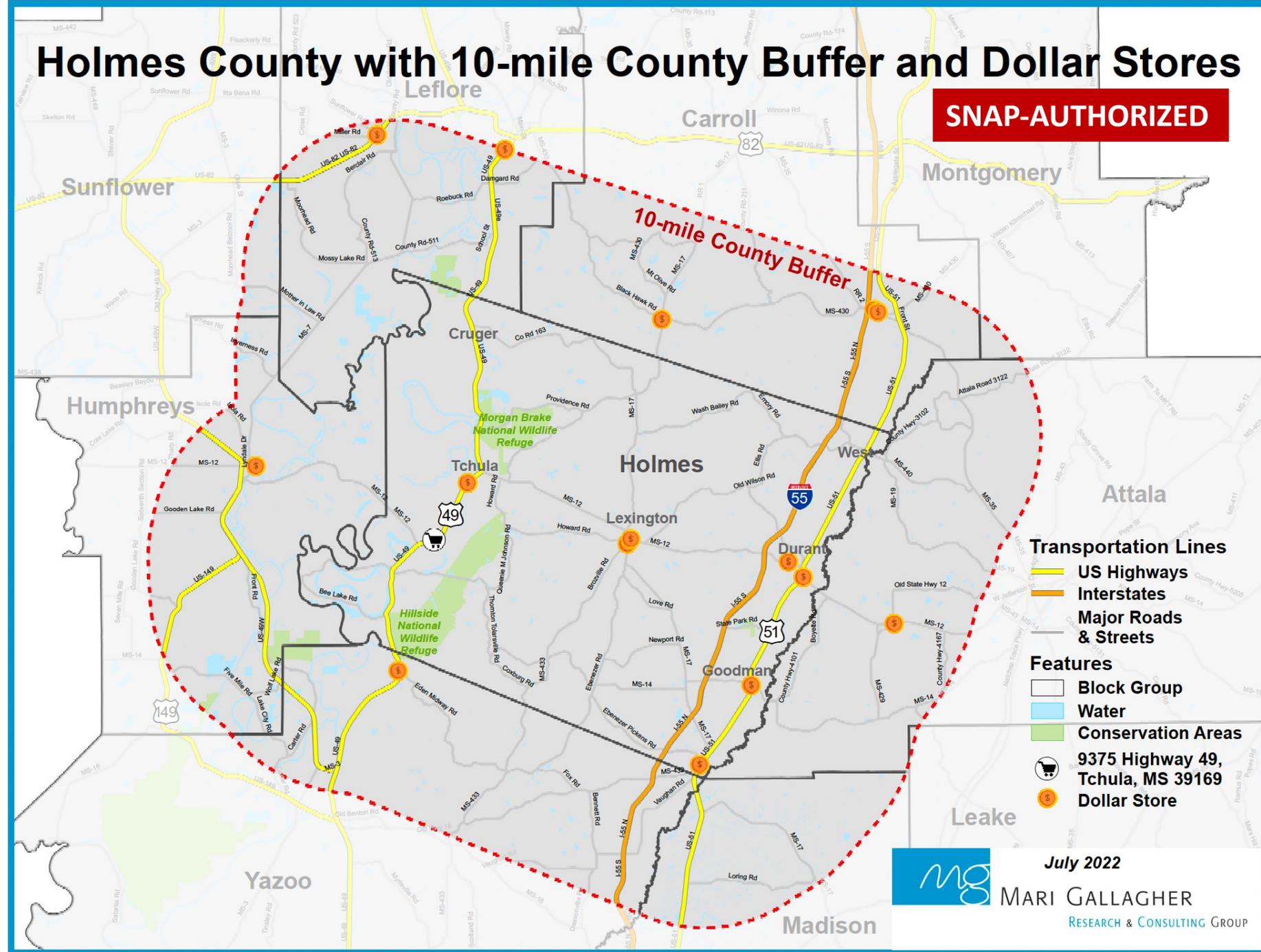


## SNAP-authorized Retailers & Commercial Tone

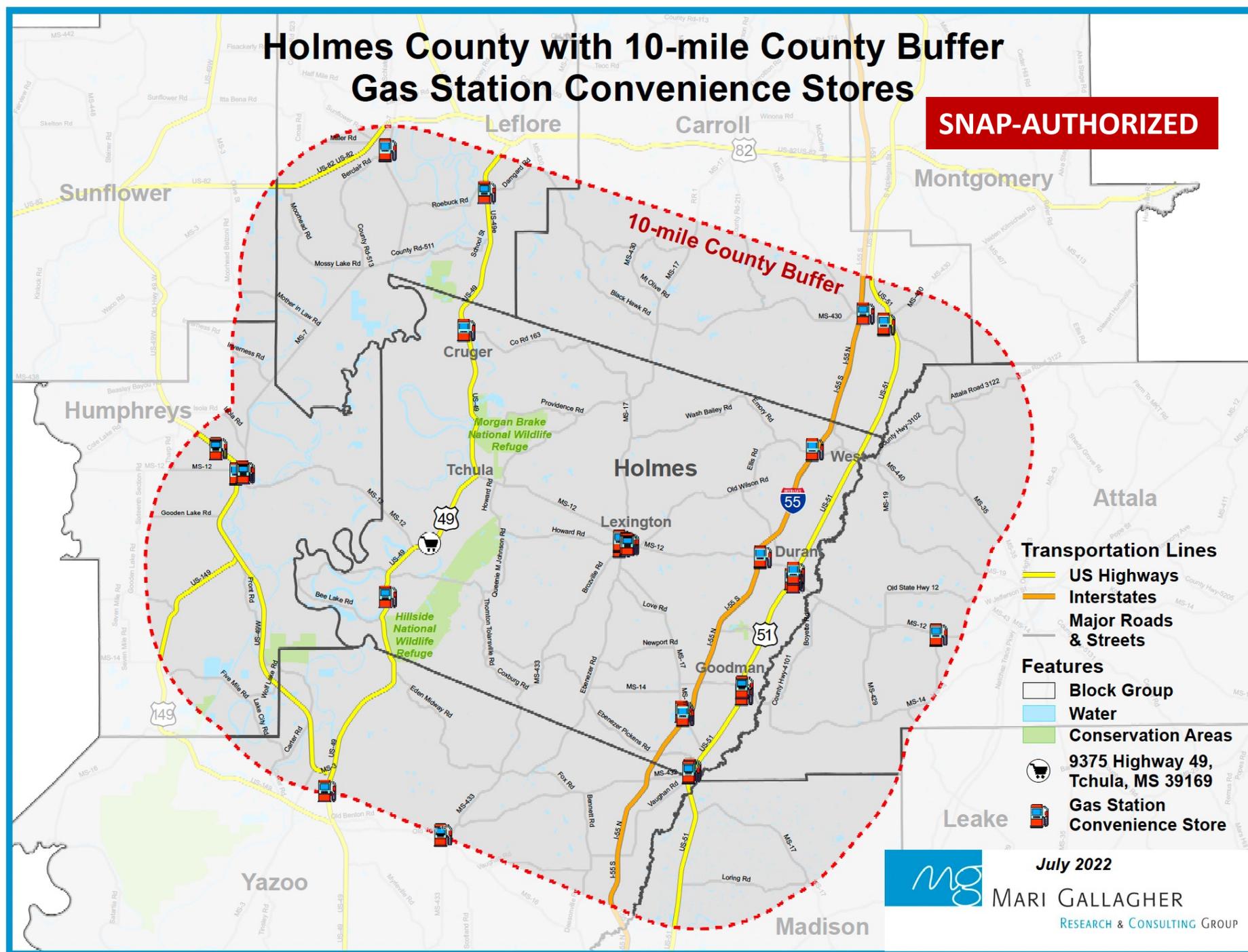
- Within Holmes County and a 10-mile buffer around the county, there are 60 SNAP-authorized retailers
- 29-SNAP authorized retailers are within Holmes County alone
- Within Holmes County, 4 are Dollar Generals & are 3 Family Dollar stores
- And there are many more dollar stores just outside the County and within the 10-mile buffer



- Our in-person site inspection has not taken place yet
- But it appears that many of these dollar stores are fringe in nature and contribute to a negative commercial tone
- The highest level of retail sets the tone; other retailers typically follow suit
- There are many other potentially “negative tone” retailers affecting the marketplace
- Dollar stores are only one example

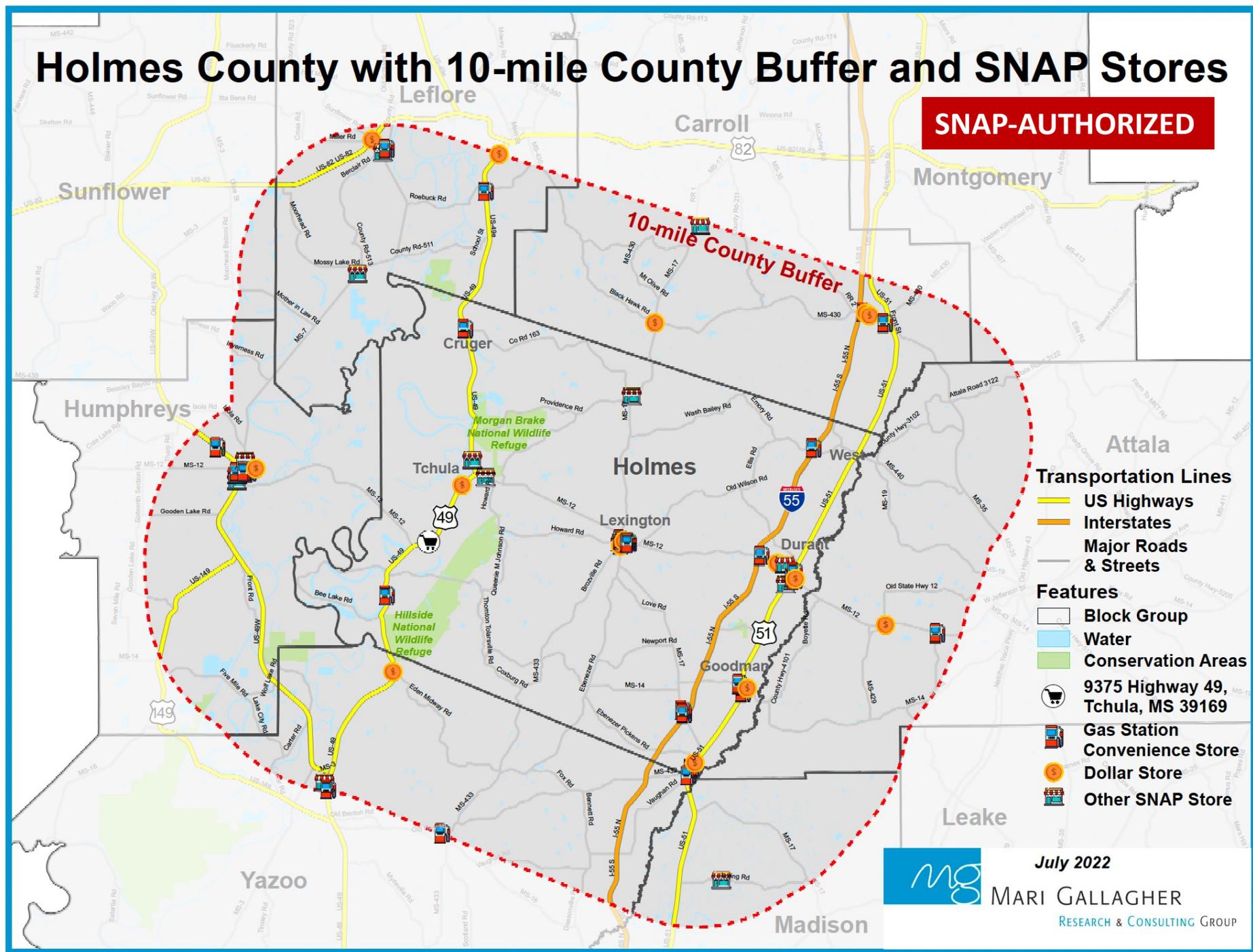


- Here we present the SNAP-authorized gas station Convenience Stores
- There are 29 total within Holmes County and the 10-mile buffer around the County
- It appears most are fringe
- A fringe store primarily specializes in non-food items and shelf-stable snack foods high in salt, fat, and sugar and low in nutrients
- A mainstream store can be small, but it supports a healthy diet



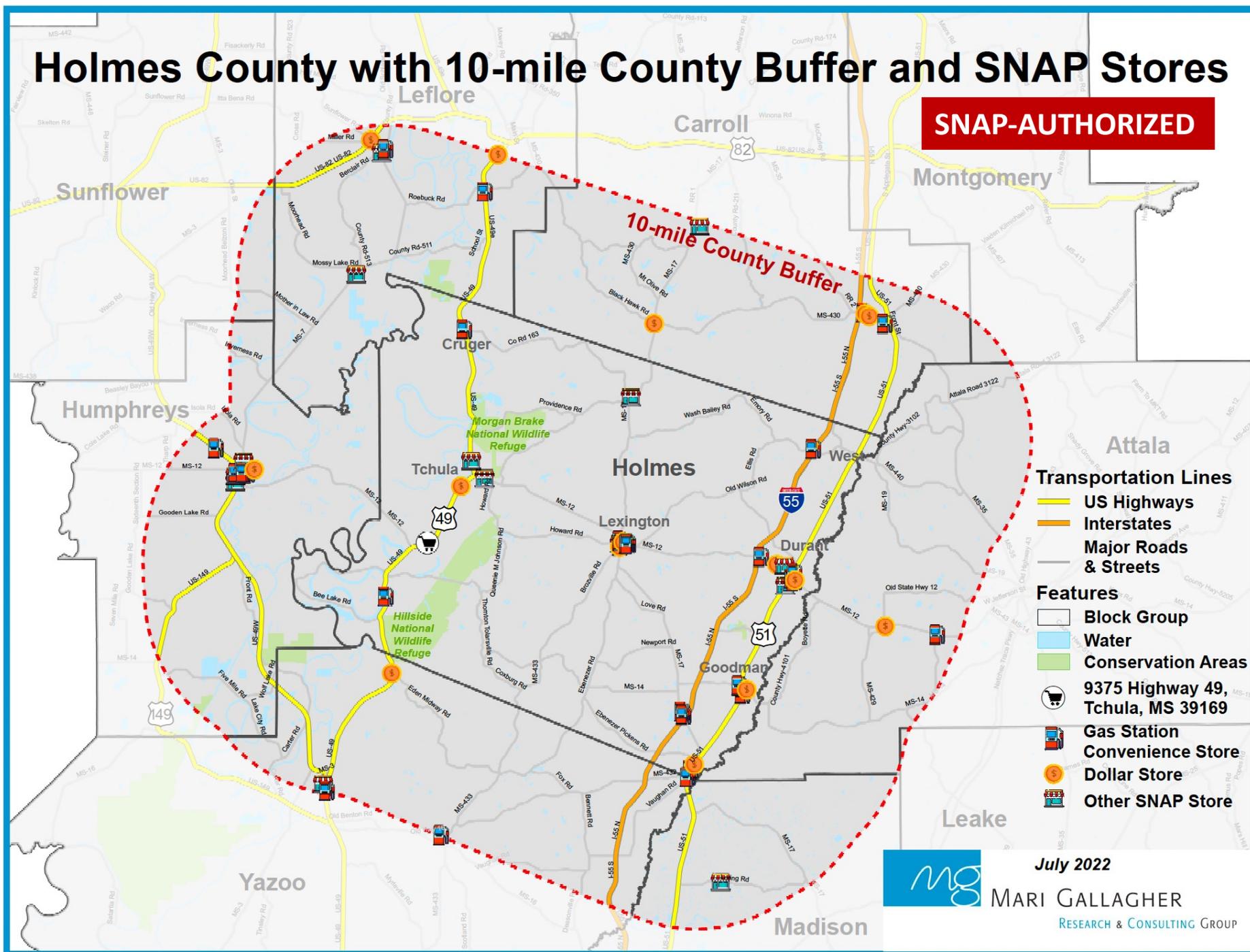
# Here we Present ALL 60 SNAP-authorized Retailers

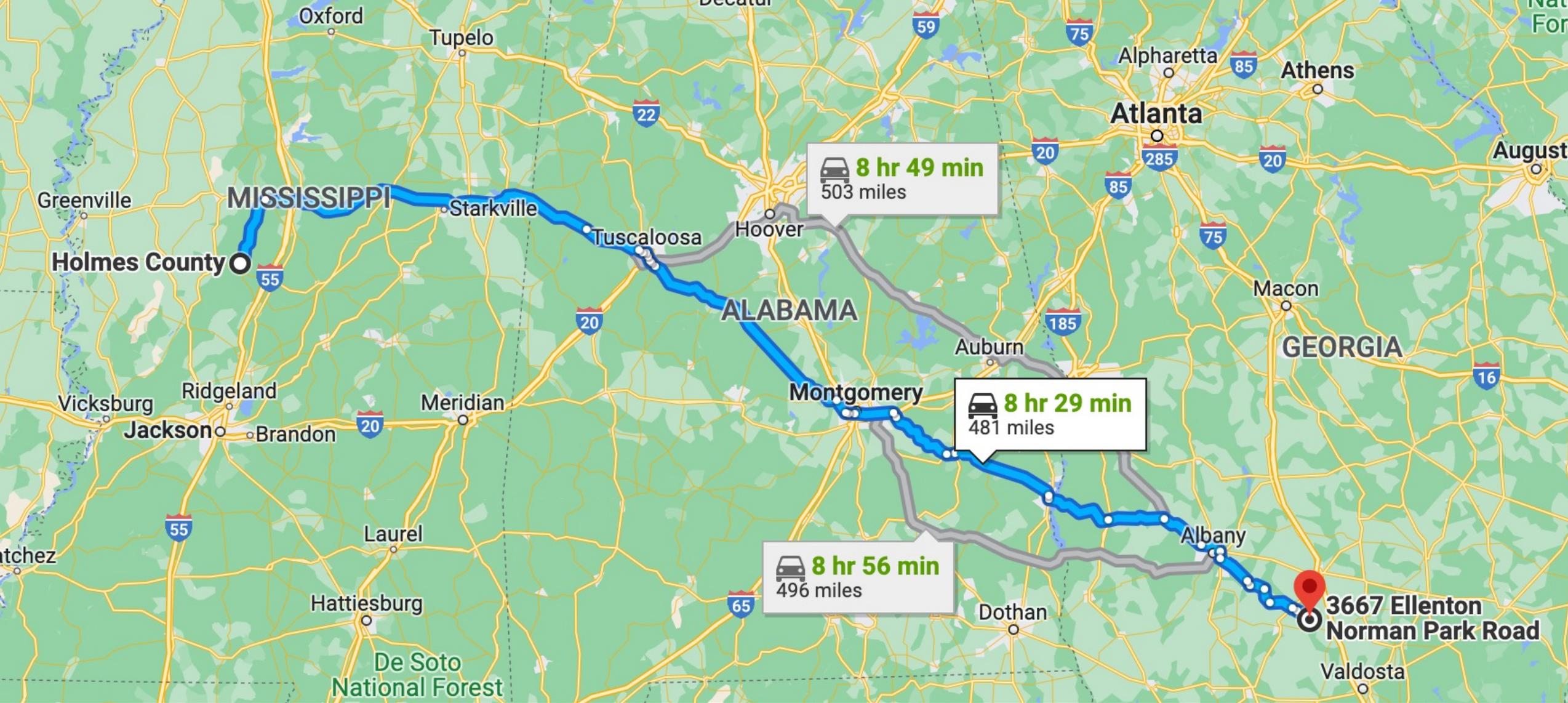
- Because retailers often agglomerate, some icons overlap
- It appears that most of the 60 stores are fringe
- So many fringe stores dominate the market and set the tone that others follow



The Limited Produce that Shoppers CAN Find in & Around Homes County Comes from a Big Ag Farm in Georgia

# Holmes County with 10-mile County Buffer and SNAP Stores





The Big Ag Farm is Almost 500 Miles Away



# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY CONTINUED...



## Community History

- Holmes (a majority Black County for most of its history) was originally made up of cotton plantations
- The Farm Security Administration (FSA) was a New Deal agency created in 1937 to combat White and Black rural poverty during and after the Great Depression
- Around 1940, the FSA purchased roughly ten thousand acres of Holmes County land pieced together from the former plantations
- The FSA transferred the land to individual private Black farmers and invested in both private and cooperative assets throughout the County
- This included houses, barns, chicken coops, outhouses, wells, smoke shacks, and a cotton gin

# THE MG IMPERATIVES STRATEGY IN THE CONTEXT OF HOLMES COUNTY CONTINUED...

## The Community Today

**The co-op owns  
a convenience  
gas station store  
that it hopes to  
expand into a  
quality  
grocery store**

- The cooperative spirit is still alive, and the local Black Farmers co-op is the oldest Black co-op in existence today (over 80 years old!)
- Yet Holmes is one of the poorest counties in the U.S., and farmers feel isolated and disconnected from market opportunities and resources
- NCG is a new and welcomed partner
- The co-op consists of 13 farmers that grow produce such as watermelon, squash, peas, bok choy, and herbs; production is fairly high considering conditions and challenges; they have yet to crack the local produce market; most produce goes outside the County
- Only minimal local produce is consumed within the County





MG developed a new hunger model called

### THE MEAL DEFICIT METRIC

Results are statistically significant and at small, pointed geographies

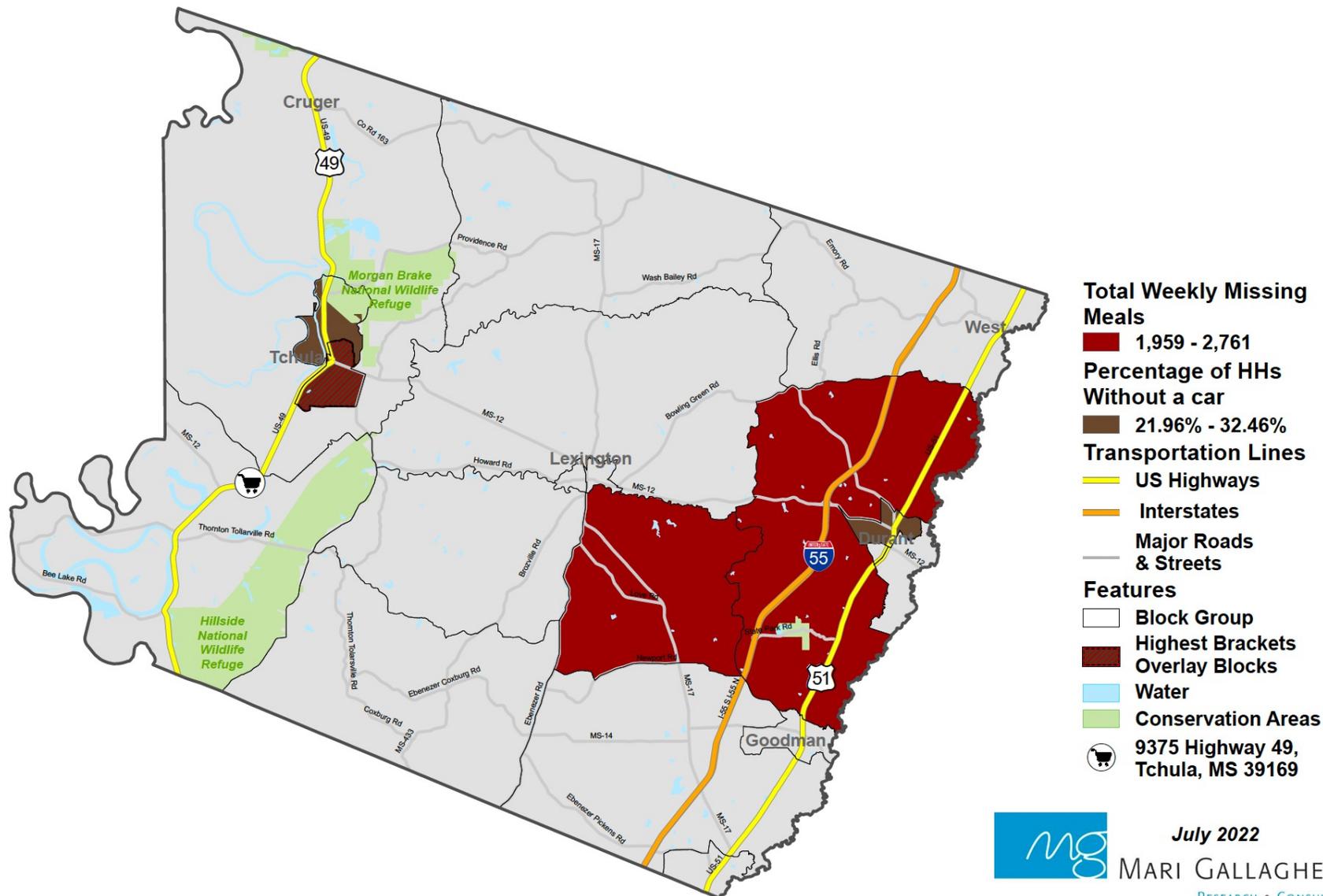
Scores are in net missing meals

We include ALL households & net out EVERYTHING:  
Government programs  
School meals  
Food banks and pantries  
Help from friends and family

ALL WAYS HOUSEHOLDS ACQUIRE FOOD

We have 19 pinpointed scores covering all of Holmes County

## Percentage of Households without a Car and Total Weekly Missing Meals in Holmes County by Block Group (Highest Bracket Only)



July 2022

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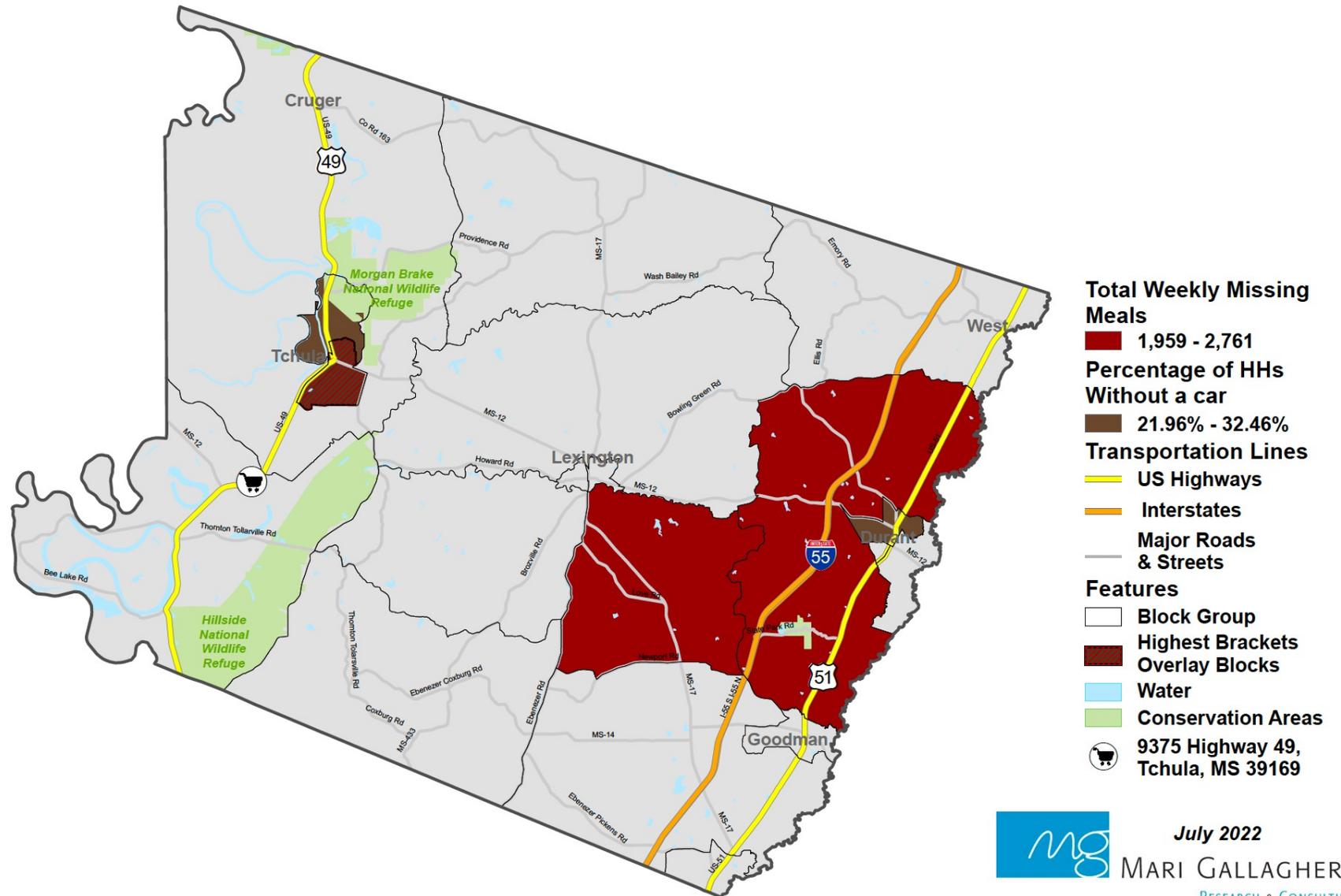
Shows 5  
separate shaded areas;  
one area has  
both conditions



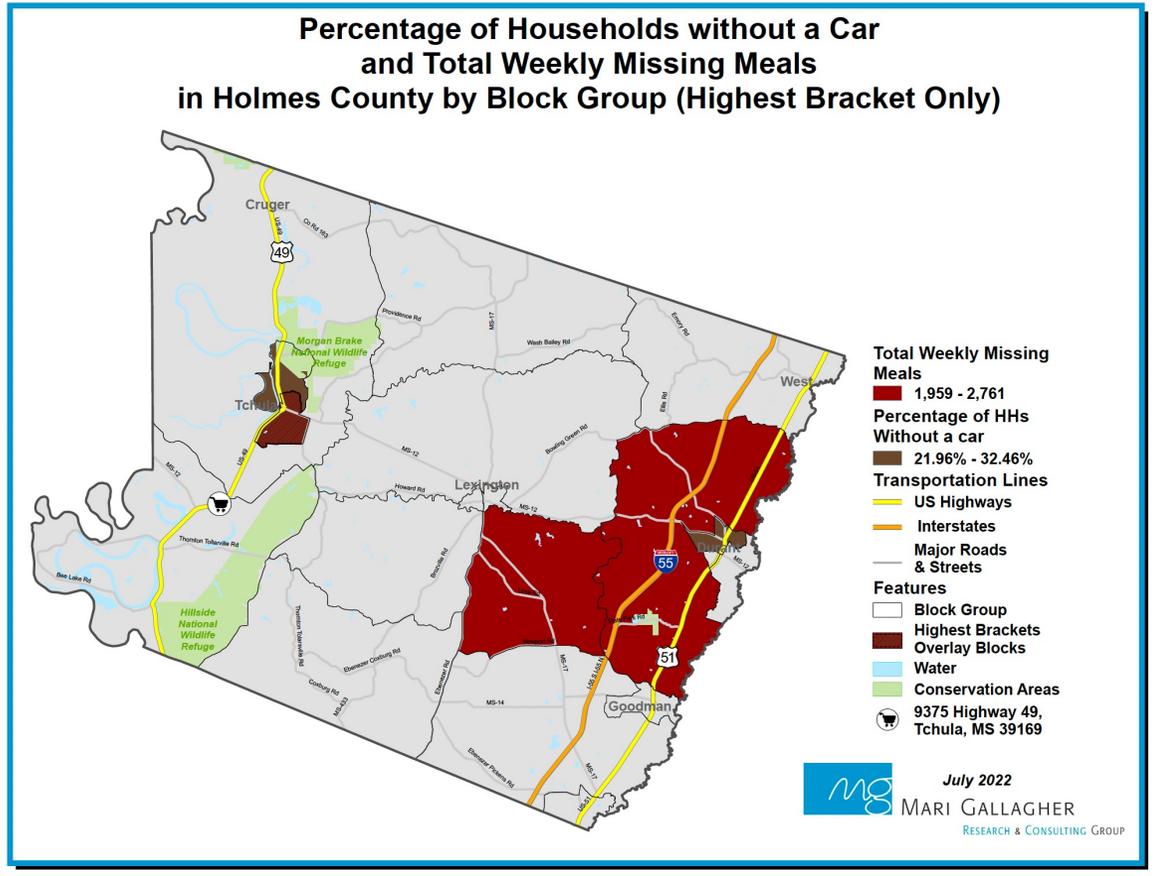
The QUANTIFIED lens can include:

- Net worth
- Quality of life
- Public health
- Food access  
(geographic & financial)
- & many other lenses!

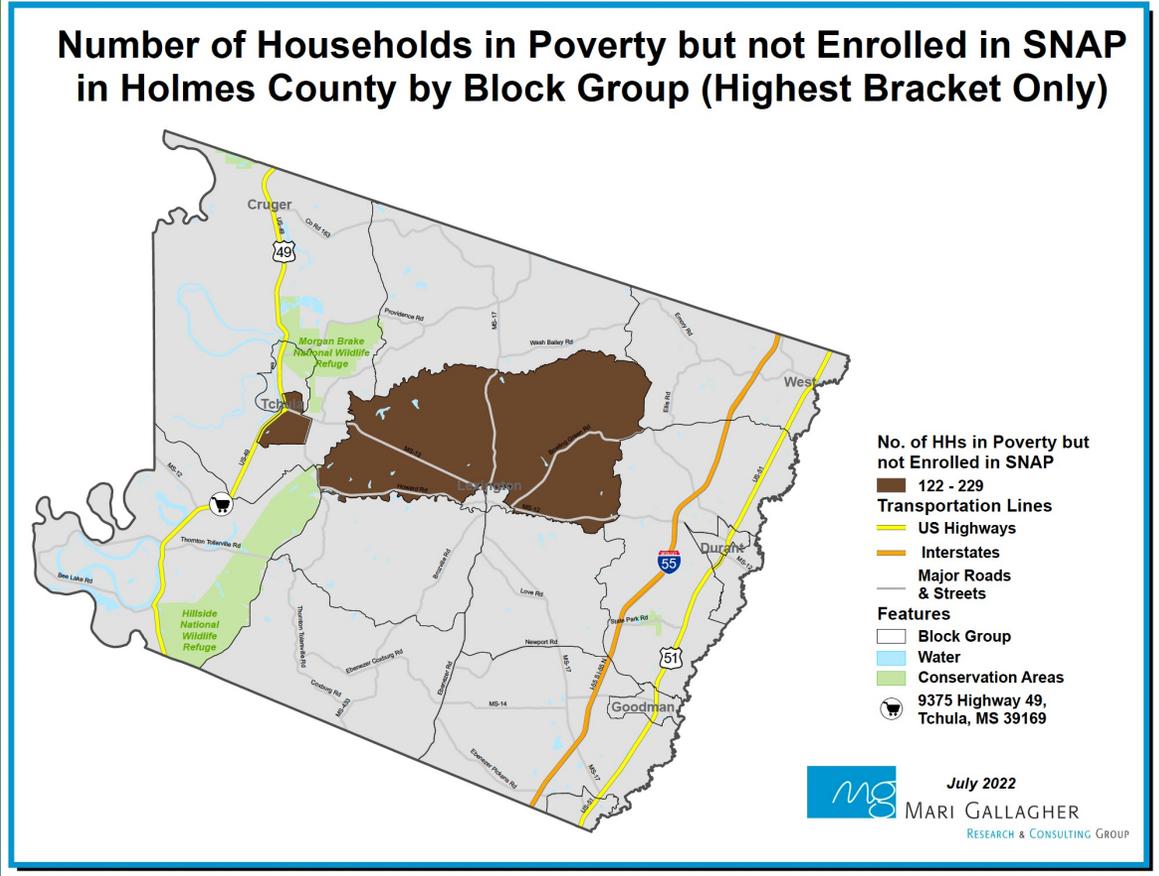
## Percentage of Households without a Car and Total Weekly Missing Meals in Holmes County by Block Group (Highest Bracket Only)



# Analysis is ongoing

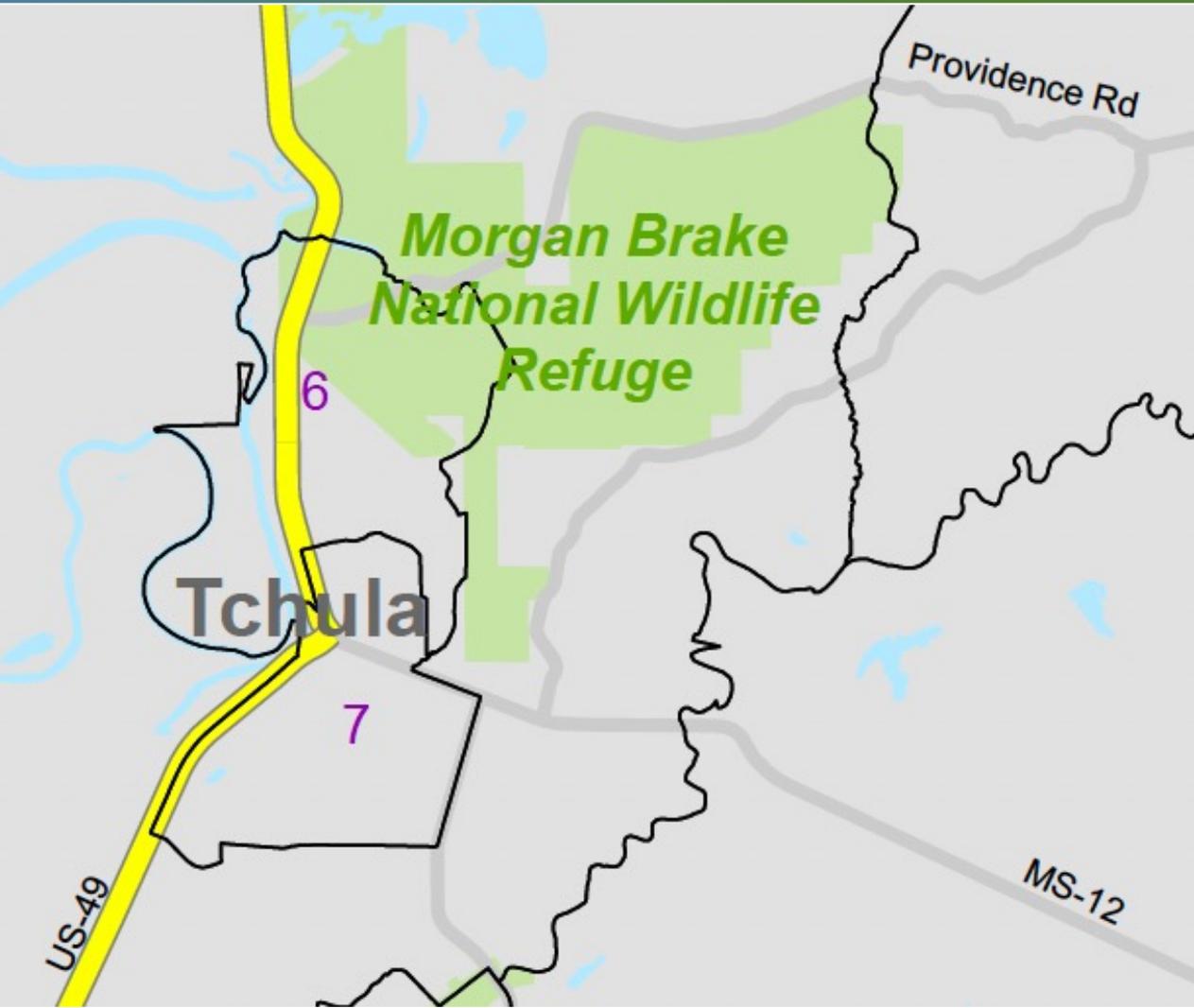


Shows the “worst bracket” of 2 conditions



Shows the “worst bracket” of 1 additional condition





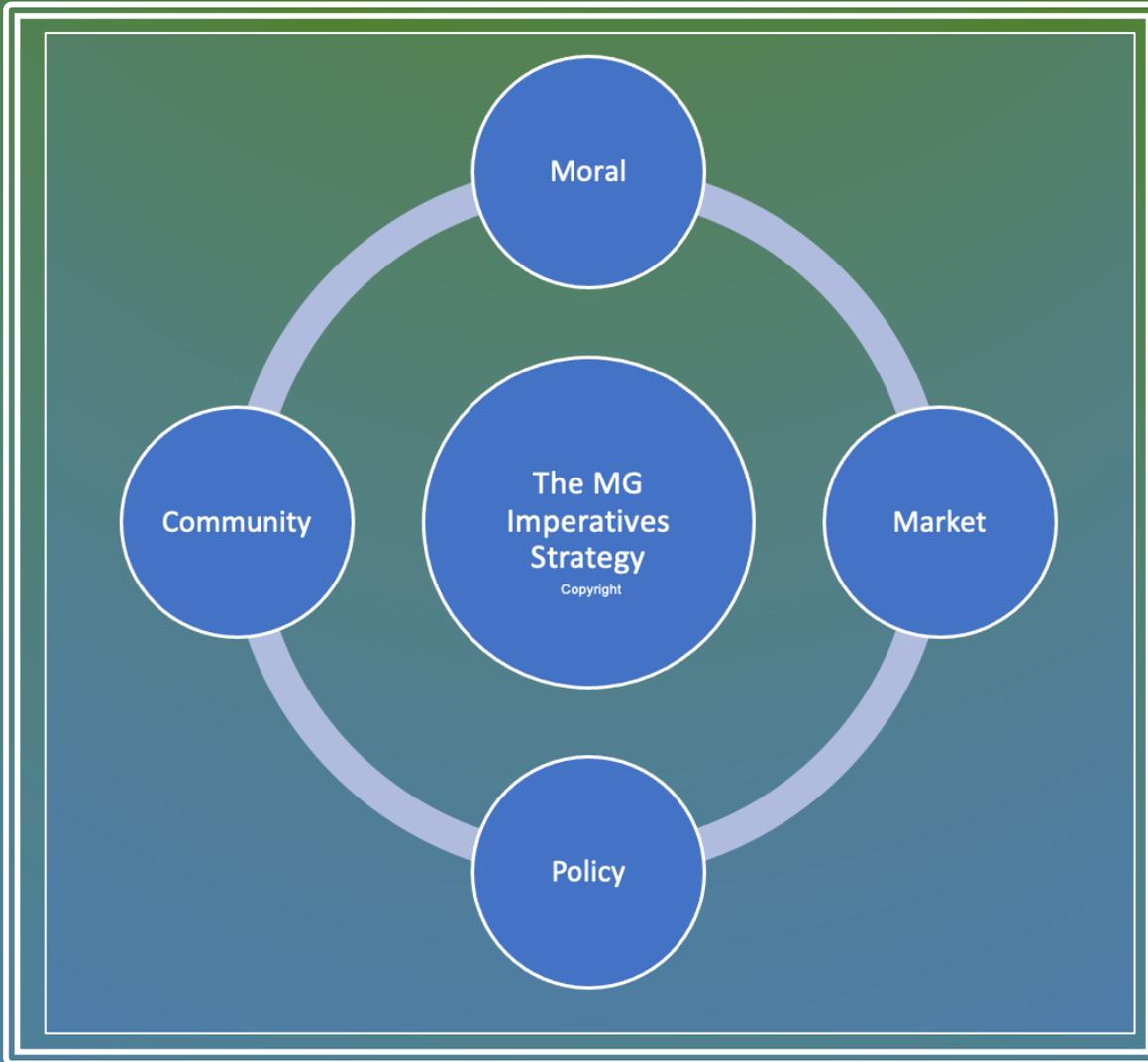
In this one area (#7), we find the highest:

- Net missing meals
- Lack of car ownership
- Number of Households in poverty, but not on SNAP

AND...

- Lowest net worth
- Health variables





**This reinforces market viability**





**Stronger Together!**

Anthony Goodwin  
Business Innovation Director

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## NCG today

- National business services co-op for retail food co-ops
- 149 U.S. food co-ops serving 1.3 million consumer owners in 38 states
- Allows co-ops to offer more value to members and shoppers
- Serves as key partner in helping co-ops achieve their missions:
  - Promote good health and consumer ownership
  - Build strong local economy and social capital in our society



# What NCG does

Brings value and business sustainability to food co-ops and their member-owners.

- Strengthens co-ops with combined purchasing power.
- Optimizes operational and marketing resources, including talent development.
- Provides wide range of business services and development support to food co-ops.



# NCG is a co-op!

- Owned and controlled by co-ops
- Core purposes:
  - Strengthen your co-op and our entire sector for today and for long-term impact
  - More co-ops in more communities serving more people!

