SUSTAINING RURAL COMMUNITIES

A REPORT ON GROCERY STORES IN RURAL OREGON

Oregon FOOD BANK
Foreword

Many rural communities across the United States are struggling. These small towns are working against some long odds to sustain their community's core economic, nutritional, and civic needs. They are, in a very real sense, working to keep their towns alive. One of the most important assets communities have in this battle is the local grocery store. This is because these small businesses serve many important, community-sustaining purposes. Rural grocery stores are a vital part of the fabric of a rural community, providing a supply of nutritious foods. They are a cornerstone business functioning as an important part of the economic engine that drives rural regions of our country and these stores are vehicles for community development, serving as sites where social capital is created and sustained.

A vital function of any town is the provision of healthful food for its citizens. The most accessible nutrition source in rural communities is the local grocery store. Research tells us that, in general, rural grocery stores offer more healthy foods, at lower costs, than rural convenience stores and that the presence of rural grocery stores is inversely related with the incidence of obesity. Unfortunately, rural retail food access continues to erode with 2.3 million rural citizens living in ever-expanding food deserts - geographic areas where the population lacks access to a supermarket.

Grocery stores are also important cogs in the economic engine powering rural America. These stores are a significant source of local taxes which help fund city services, support local libraries and the arts, promote neighborhood improvements, sustain and improve local parks, build swimming pools, and facilitate a host of local community development initiatives. Rural grocery stores are also one of the primary employers in small towns. A study in Kansas, for example, found that rural grocery stores employed an average of 14 people (5 full-time and 9 part-time employees). The jobs provided - managers, food distributors, office and administrative support staff, butchers, cashiers, bakers, and stockers - often offer young people their first job, adults a full-time job, and seniors the opportunity to continue to be active and productive.
Besides serving as a cornerstone business and a vital source of healthful foods, grocery stores also function as important social and civic spaces. Just like schools, post offices, restaurants, and churches, grocery stores are gathering places – places to meet friends, catch up on the latest news, and build the bonds of community interconnectedness. Grocery stores often serve as public spaces for meetings and socializing. They provide a sense of cultural and civic identity to a community.

Unfortunately, almost daily another small-town grocery store shuts its doors and calls it quits. This is creating a crisis in rural regions of our country.

To address this crisis, Kansas State University’s Center for Engagement and Community Development (CECD) launched the Rural Grocery Initiative (RGI) in 2007. The RGI is a community/campus partnership involving multiple university centers and departments as well as food access non-profits, rural grocery store owners, regional food distributors, and government agencies. The RGI is working to catalog challenges faced by these small businesses, develop responses to those challenges, identify and support sustainable models of rural grocery operation, and build both virtual and face-to-face networks for rural grocers and rural food access stakeholders.

The Oregon Food Bank has been a strong partner in this initiative. The commitment to healthy food access and outreach has been critical. Through the efforts of the Oregon Food Bank and the Rural Grocery Initiative, communities are mobilizing to establish new stores, energizing their existing grocery stores, creating new jobs, providing healthful foods for rural citizens, and strengthening the local food system. Ultimately, this initiative is preserving America’s rural communities.

I hope you find this report as informative and helpful as I have.

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"[Rural grocery stores] provide a sense of cultural and civic identity to a community."
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Introduction

Small family-owned grocery stores and general mercantiles have always been an important part of daily life in rural America. Despite popular misconceptions, they still exist and in some cases thrive, despite tremendous challenges. That point was driven home for me this week at a FEAST community organizing event in Curry County as Lee Pastema, the “retired” owner of Langlois Market spoke to over 100 members of the community he serves. He was late. The store had been burglarized in the early hours of the morning and he had some things to take care of before he could come to the event.

Lee recently sold the store to his son who “allows” him to work there for minimum wage. The store opened in 1949 and the Pastema family has run it for the past 35 years. They sell lots of local products, among them eggs, produce from Valley Flora Farms (a local family farm) and grass-fed beef produced by another Pastema son, Joe. They have expanded their inventory to accommodate the needs of guests of a nearby up-scale RV park. The store is world famous for its hot dogs and deli-made sandwiches, but that was not what impressed me. What hit home for me was when Lee began to talk about his family’s relationship with the community. He choked up as he described their old fashioned book system and their customer community. Lee told us they carry about 50 customers “on the books” and they never send an invoice. There are also customers who have keys to the store. The participants at the FEAST event were extremely concerned for the welfare of the store and the Pastema family. One participant described the store as an institution and touch point for the entire county. It was clear that this family has dedicated their business to the well-being of the community, and their community is large.

The challenges faced by rural grocery stores surfaced during our first community food assessment in Malheur and Harney counties in 2008 through an interview with the owners of a store in Frenchglen, Oregon. Through OFB’s biennial Hunger Factors survey, we also became aware that emergency food pantries are often the best and sometimes the only food source in some areas. Low-income citizens cannot benefit from SNAP and WIC if there is no store within a reasonable driving distance, or if the only store has very limited inventory. Oregon is home to many areas with very limited food access and the survival and success of these stores is necessary to ensure food security for rural communities.

The purpose of the Rural Grocery Survey project and this report is to tell the story of rural grocery store owners; their challenges and their successes. We will continue to do surveys and gather information as we complete community food assessments for all of Oregon’s rural counties. It is our sincere hope that others will join the discussion and become interested in supporting these necessary community businesses.

Sharon Thornberry
Community Food Systems Manager
Oregon Food Bank
**A Profile of Rural Grocery Stores and Owners**

Rural grocery store owners are a mom and daughter team, a son continuing the tradition of his grandparents who opened the store in the 1800s; a husband and wife who saved up for years to fulfill a life-long dream; an entrepreneur who runs several independent grocery stores throughout the state; a former manager who now runs the largest grocery store within 2 hours drive. Rural grocery store owners’ reasons for running stores are as varied as the stores they run. And like any small business owner, rural grocery store owners are enterprising, hard-working and passionately committed to their work.

Of those who responded, 41% (28) of store owners have been in the grocery business for over 10 years. On average, store owners have been in the grocery business for more than 11 years. The stores themselves have been in their current locations for even longer: on average, 45 years and 28 stores (41%) have been at their current locations for over 50 years. The Lookingglass Store near Roseburg was built in 1875, was once the terminus of the Oakland to Lookingglass stage and freight road, and is still considered “the hub of the community” today.

The majority of store owners surveyed in this study own stores in towns with populations of less than 1,500. One in three store owners (24 stores) explained that they are the only grocery stores in their communities. Of store owners with other grocery stores in their communities, 39 stores (85%) have a ‘quick shop’ and 21 stores (46%) have another full-service grocery store. On average, the nearest discount grocery store is 39 miles away and 5 stores are 100 or more miles away from the nearest discount grocery store.

The survey examined rural isolation based on the distance to the nearest discount grocery store. Stores in the most isolated parts of the state, such as John Day in Grant County and Jordan Valley in far southeast Oregon, are located over 100 miles away from the nearest discount grocery store. Out of the 66 stores that answered this question, 12 stores (18%) were closer than 10 miles from the nearest discount grocery store. The majority of stores are less than 50 miles from the nearest discount grocery store (44 stores, 73.3%).

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“You have to stock the shelves yourself, and clean and dust, bookkeeping, there are so many things that a one man show is responsible for. It’s not that anything about it is difficult, it’s just time consuming. We do everything by hand.”

- Doug Crow, owner of M. Crow & Co., Lostine
Excluding the three largest stores (with full-time employees of 20 or more), the stores surveyed have on average 3 full-time employees and nearly 4 part-time employees. Seventeen (17) stores have no full-time employees. About 50% (33 stores) of stores identified “availability of satisfactory labor” as a major challenge for their store. Several store owners explained that minimum wage standards limit their ability to hire new labor.

Average weekly gross sales were used as a measure of size of store, ranging from less than $5,000 to greater than $20,000 in four different categories. All categories were represented among the stores surveyed, with the larger (greater than $20,000 average weekly gross sales) stores being better represented (22 stores, 36%) and the smaller stores being underrepresented (7 stores, 11%).

“\We have to pay the gas pumper the same as the person who has been managing here for 10 years. We can’t afford to pay more."

- store owner in rural Lane Country

Services Provided by Rural Grocery Stores

Rural grocery stores offer much more than just groceries. While each store indicated that they provided groceries as a service, the other most common answers were pre-packaged snacks and self-serve snacks and drinks. Other common services include books/cards/gifts, ATM Bank, hunting/fishing/camping supplies, and delicatessen. A laundry list of other services provided by rural grocery stores in the survey include: hardware, animal supplies, supplements, bill pay, and auto supplies.
The small town of John Day, population 1,700, sits in the heart of Eastern Oregon, surrounded by high desert and frontier land. The epitome of rural, the nearest discount grocery store is more than 100 miles drive, one way. On average, John Day inhabitants are older and less well off than the rest of the state - the median age is 45, which is 10 years older than the state average, and the average household income is around $30,000, which is $10,000 less than the state average. Food security and hunger are real concerns for a town experiencing this level of rural isolation and economic difficulties.

Since 1927, Chester’s Thriftway has been providing this rural Oregon community with a full service grocery store and community gathering place. Back then, multiple grocery stores served John Day, and as recently as 1985, there were five stores in town. Today, Chester’s remains as the only grocery store serving a community that is a three hour drive from the nearest discount grocery store. As Thad Cowan Thompson, store manager and son of the owner, explains it, “The two things that I’ve noticed, in order for there to be a town, is a grocery store and a school. If you’re missing one of those two things, you’re not going to have a town - people will leave.”

Several features of the store ensure its success and provide security to John Day residents that their grocery store - and town - is here to stay. A 5,000 square foot warehouse allows the store to purchase in bulk, which keeps prices down, and allows for on-site storage. Several remodels have built the store up to its current 30,000 square foot size, allow-
ing for more product variety, shelving, and a full service meat and deli counter. In total they have around 60 employees, with 70% of those being full time. From owner down to shelf stocker, the company enforces a strict 40 hour week ceiling. “I don’t want people to get burned out. That includes the owner and myself.” explains Thad. “We try to make it a good place to work and keep people refreshed.”

Chester’s Thriftway also serves as a supplier to institutions like hospitals and restaurants. Nutrition services staff from the local hospital visits the store daily to pick up items that will be served to patients. At one time, Chester’s had a delivery service which supplied most of the towns’ restaurants. Today, Food Service of America and Sysco supply the bulk of restaurants, though a few still rely on Chester’s.

The store’s role in the community goes beyond strictly supplying food. “Some people just go to the store to push the cart around to talk to people” explains Thad. Employees help run basketball tournaments and other community events. The six-month employee review features a review of the employee’s community involvement. The hospital and other employers use the store as a selling point in their recruitment process. In 2010, Thad and his father Bob, the store’s owner, attended and participated at the Oregon Food Bank supported Grant County FEAST (Food Education and Agricultural Solutions Together). At this community food event they met and heard from Grant County ranchers and farmers seeking economically efficient local distribution. On the spot they decided to start purchasing more local food to support these producers.

Rural grocery stores, in towns large and small, are facing real difficulty surviving, yet Chester’s Thriftway has remained successful for so many years. “My father is very active with our main supplier, Unified Grocers” explains Thad. “He goes to meetings. He talks with other retailers about what they’re seeing in their store – their problems, etc. Keeping active with other retailers helps out a lot.” A mix of providing a service the community needs, re-investing back into store infrastructure, taking an active role in the community, and collaborating and learning from other grocery store professionals have proven to be successful strategies to keep Chester’s Thriftway a thriving rural store.
United Grocers was the most commonly identified primary supplier (19 stores) with Harbor Wholesale following with a close second (18 stores). Several stores listed Pepsi (9 stores) and Frito Lay (4 stores), as their primary grocery supplier, which correlates with the high number of stores offering pre-packaged snacks and self-serve snacks/dinks. Other primary grocery suppliers include Inderbitzen (7 stores) that distributes primarily convenience or snack items, Columbia Distributing (6 stores) that distributes malt beverages, Coremark (5 stores), and Sysco (3 stores).

Several stores, especially the smaller stores with average weekly gross income of less than $5,000, indicated that they themselves are the primary grocery supplier. Jane from Ranch Hand in Jordan Valley drives the 120 mile round trip to Nampa, Idaho to shop at Winco and Costco for her store. Five out of nine stores in rural Benton County identified Winco as a primary/secondary supplier. Julie and Leon, owners of the Shedd Market, make weekly trips to Albany to stock up on items at Winco and Costco.

Soft drinks (28 stores), beer/wine (27 stores) and snacks/chips (21 stores) were by far the most common products supplied by secondary suppliers. Other products supplied by secondary suppliers included dairy products (9 stores), bread (7 stores), produce (6 stores), meat/deli (5 stores), and tobacco/cigarettes (3 stores), to name a few.

**What about locally produced food?**

More than half of rural grocery stores indicated that they sell locally-produced food in their stores (39 stores). Not surprisingly, the most common local food item is produce (27 stores) followed by meat (9), eggs (5), wine (4), bread (3), and milk (3). Other local food items listed include beer, chocolate, tofu, honey, soaps, and other processed foods like salad dressings, salsa, fruit leathers, and jerky.

For the stores that don’t sell locally-produced items, many expressed interest in doing so, yet they were prohibited by either high prices or lack of knowledge of what local foods are available.

Only a handful of store owners (3) explicitly stated that they have no interest in supplying locally-produced food items.

**Do stores accept SNAP/WIC?**

Another important service provided by rural grocery stores is acceptance of SNAP (Oregon Trail Card or Food Stamps) and/or WIC (the Special Supplemental Program for Women, Infants and Children). According to the USDA Economic Research Service, since the 1960s, nonmetropolitan areas (rural) have consistently had higher rates of poverty compared to metro areas (urban). Most recently, in 2010, the nonmetropolitan poverty rate was 16.6% and the metropolitan poverty rate was 14.8%. In Oregon, the rural poverty rate is 18.3%. This data highlights the importance of acceptance of federal nutrition programs such as SNAP and WIC at rural grocery stores.
During the course of survey implementation, the first batch of surveys did not ask about SNAP or WIC (17 stores). The other 53 store owners were asked about federal nutrition programs in two different ways: the first batch of surveys (24 stores in total) were asked in the first question, “What major products/services does your store offer?” and the second batch of surveys (29 stores), were asked the question, “Do you accept Food Stamps/SNAP?” and “Do accept WIC?” In both cases, the percentage of stores that accepts Food Stamps/SNAP was 87% and the percentage of stores that accept WIC was much lower, 37.5% (9 stores) from the first batch and 27.6% (8 stores) in the second batch.

### Store Owner Self Assessment

As part of the survey, store owners were asked two questions related to the running of their store. These self-assessment questions help to explain what store owners perceive as their most important services, and what they believe is most important to their customers. Each question asks about seven services: quality of food, availability of food (variety, brand, choices), prices of items offered, customer service, business hours, buying locally, and acceptance of SNAP/WIC. The owners responded with answers on a scale of importance from 5, very important, to 1, not very important (*Note: only 24 stores were asked about accepting SNAP/WIC).

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*only 24 stores were asked about this service

Based on these responses, the most important offerings are customer service with 88.4% of stores ranking this “very important” (5) and quality of food with 80.0% of stores ranking this “very important” (5). Only 24 stores were asked about accepting SNAP/WIC, however of those that were asked, 62.5% of stores indicated that this was very important (5) to their store. Business hours and availability of food, were about of equal importance, followed closely by prices of items offered. Buying locally was seen as least important, garnering the most 1’s, 2’s, and 3’s and the least 5’s (with the exception of “accepting SNAP/WIC”).

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“We are all like family, so customer service is our highest priority. We also have a large elderly population who appreciate good customer service.”

- Halsey Select Market

“Without SNAP/WIC, we wouldn’t be able to make it.”

- Mill City Market
“By knowing our demographics. For example, there are less than 1100 children in Florence so we don’t often carry products like baby food. On the other hand, 70% of the population is over 55 years of age so we cater more to that age group.”

- Florence Grocery Outlet

“[We] follow up unless the product has been discontinued. [We] are also at the mercy of Unified’s stock brands. If they don’t carry it then [we] can’t get it.”

- Shady Cove Market

Store owners were asked separately to identify which of the above offerings was most significant for their store. For the most part, their answers matched up with the data: customer service was chosen most often (20 stores) followed closely by quality of food (15 stores). Next most significant was prices of items offered (10 stores), availability of food (5 stores), buying locally (5 stores), and accepting SNAP/WIC (4 stores, again only asked to 24 stores). Two stores indicated that all were most significant. Based on these responses, the most important offerings are customer service with 88.4% of stores ranking this “very important” (5) and quality of food with 80.0% of stores ranking this “very important” (5). Only 24 stores were asked about accepting SNAP/WIC, however of those that were asked, 62.5% of stores indicated that this was very important (5) to their store. Business hours and availability of food, were about of equal importance, followed closely by prices of items offered. Buying locally was seen as least important, garnering the most 1’s, 2’s, and 3’s and the least 5’s (with the exception of “accepting SNAP/WIC”).

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The second question asked store owners to comment on how well they believe their store is doing in providing certain offerings. Customer service, which was rated the most important offering, was also ranked as the service store owners felt they were providing very well (65% of stores answered 5, “very well”). Again, acceptance of SNAP/WIC was
asked to fewer stores; however accepting SNAP/WIC had the second highest quantity of “very well” responses (63.3%) when based on percentage. The next most important were quality of food followed closely by business hours. Store owners identified areas for improvement in availability of food, prices of items offered, and buying locally, which had the most “3”, “2”, and “1” responses.

Store owners were asked separately to identify which of the above offerings was most significant for their store. Again, their answers mostly matched up with the data: customer service was chosen most often (14 stores) followed closely by quality of food (7 stores) and prices of items offered (7 stores). Next most significant was availability of food (5 stores), accepting SNAP/WIC (3 stores), and buying local (1 store). No stores identified “business hours” as most significant for their store.

The ways that store owners assess the buying needs of their customers ranges from simply listening to using comment cards and from monitoring buying habits to knowing customer demographics. The larger stores tend to utilize the more indirect methods of feedback, like comment cards and inventory data, while the smaller stores work with more direct, in-person customer feedback.

Store owners were asked “is your stocking of products responsive to customer requests?” Only 60 store owners answered this question, with 58 responding “yes” and 2 responding “ok” while 0 answered “no”.

How are Rural Grocery Stores Doing?

Doug Crow, owner of M. Crow & Co. in Wallowa County, explains that his family saw a dramatic shift in support for their rural grocery store starting in the 1960s. It was at this time people and communities became more mobile. The support their small store once garnered in the 1930s-50s was gone. It was also at this time that the local saw mill closed. And since then, Crow and his store have been struggling to keep the doors open.

This story is not unique to just the M. Crow & Co. store or Wallowa County – it was echoed by several stores throughout the state: John Day was once a roaring timber town and in 1985, there were 5 grocery stores. Today, the last mill is about to close and Chester’s Thriftway remains as the lone grocery store in the town. In the last 50 years, Jordan Valley and nearby Winnemucca, NV, have seen several grocery stores close, to the point where today both towns have only one or two grocery stores. Mark McDonald, owner of the Sweet Home Thriftway, remembers in the 1970s and 80s when the rumble from logging trucks driving next to the store would rattle the windows out of their panes - they had to pay monthly to have the windows put back in place! Today, most of the mills and logging jobs in Sweet Home are gone and so are the crowds of customers the store used to see.

“We used to have a roaring business; you couldn’t even move around the store it was so crowded.”

- Rascal’s Market, Oakridge

“In the winter, it’s hard to pay bills when you aren’t getting a lot of business because you get so much overhead. It’s really hard out here in the winter; it has led to a lot of businesses closing. If you don’t put a lot of money away in the summer you put yourself in a lot of trouble in the winter.”

- Vida Community Market

“The most significant is shortage of working capital. If we had working capital we could do wonders. We know what to do and what’s needed and what to provide.”

- Cascade General Store, Oakridge

“When your electric bill is almost as much as your mortgage it’s really tough.”

- Dink’s Market, Oakridge
Stepping inside the M. Crow & Co. store is like taking a step back in time: the ancient wood-stove gathers a crowd on a blustery winter day, like it always has; an old oil lamp hangs from the ceiling, a relic of the days when its warm light lit the store; the old wood floor, worn and creaking, with an authenticity only achieved through more than 100 years of the shuffling feet of customers.

In December of 1906, Michael Crow purchased a building in the small town of Lostine in far northeast Oregon with the hope of operating a successful general store. Today, Michael’s grandson Doug Crow continues the legacy of the M. Crow & Co. store. “Great Grandpa, my son, my granddaughter, and grandson all help or helped bag,” explains Doug Crow, “so when we stretch it out, we have six generations at this store.”

Much has changed in the 107 years since the Crow family has owned and operated M. Crow & Co. “In the 1930s-50s everyone supported the small, local store. Though during the 1960s things changed - people became more mobile” explains Crow. “That and the closing of the Bates sawmill. The lower end of the Valley has never quite recovered.” Over the last 50 years, societal changes, persistent unemployment, and the absolute isolation of the store, have made it increasingly difficult to keep the doors open.

Like many rural grocery stores, Crow faces difficulty getting food delivered. Even though his distributor drives through town twice a week, he’s only able to receive product once a week, and then only if he can achieve the $1000 minimum order - though beer, wine, and soda are no problem to have delivered more regularly. Crow explains that “these little
stores don’t allow you to pay for help” so most days he is stocking the shelves, cleaning and dusting, bookkeeping, ringing up customers – “nothing that is too difficult – just time consuming. Occasionally I pay for help, even if it isn’t economical, because you can only put in so many 10 hour days each week.” The profit margins are incredibly slim. “There are items that come in here like baby food; the retail price after I paid wholesale for it, I was losing about $8 by selling six cans of baby food” explains Crow. Even though M. Crow & Co. receives a fair amount of support from Lostine residents, Crow explains that they “struggle with anyone coming in here and buying anything more than $20.”

With all these struggles, it seems like the logical conclusion is to close the store and cut your losses. What about the store’s role as the central gathering place for “the men’s group” that meets each morning, or the ladies who gather there most afternoons? Or residents unable to travel the 20 mile round trip to the grocery store in Enterprise? The store plays a critical role in the fabric of the little town of Lostine. Yet perhaps the most significant factor is the incredible burden and responsibility that stems from working to sustain a family legacy:

“I’ve been trying to keep the store going and be successful and tapped my IRA account. I did a real foolish thing. I just couldn’t let the store die. Family heritage...good grief grandpa made it through the great depression. Mom and dad made it through difficult times. I just wasn’t going to let the store die on my watch.”

M. Crow & Co. remains open to this day, 107 years since Michael Crow first purchased the building. Thanks to the tireless effort of Doug Crow and his family, the little town of Lostine continues to have its own rural grocery store, serving the community as it has since 1906.
“Not enough money to meet requirements for trucks to deliver and not enough space for full truck loads.”

- Long Creek Café

“I have to go without until I can meet the minimum. This limits who I can buy from—some minimums are impossible for me to reach.”

- Crawfordsville Market

“We combine orders with others around here.”

- Rascal’s Market, Oakridge

“We would be out of business without Oregon Trail Card acceptance.”

- Shady Cove Market, Shady Cove

Rural grocery store owners face a number of challenges in running and maintaining their stores. All 70 stores were asked about 13 potential challenges running a rural grocery store. Only 4 stores indicated that their store faced none of the challenges while one store explained that their store faced all of the challenges stated. The most common challenge was narrow profit margins (36 stores, 51.4%) followed closely by high operations costs (35 stores, 50%). Other common challenges include availability of satisfactory labor (33 stores, 47%), competition with large chain grocery stores (29 stores, 41%) and taxes (27 stores, 38.6%).

**Minimum Purchasing/Ordering Requirements**

Nearly all distributors have defined a minimum quantity of goods that they are willing to deliver, known as a minimum order. Occasionally they will deliver a quantity of products below this minimum if a penalty or fuel surcharge is paid. Store owners explained that this minimum could be anywhere from a few hundred dollars to up to $5500.

Based on responses from all of the stores together, only 40% (28 stores) of stores confirmed that minimum purchasing/ordering requirements cause a problem for their store. Though this includes both large and small stores and does not take into account distances to the nearest discount grocery store.

Stores with smaller average weekly gross incomes found minimum purchasing/ordering requirements to be more of a challenge. Five out of six (83.3%) rural stores with average weekly gross income levels of less than $5,000 explained that minimum purchasing/ordering requirements cause a problem for their store while only 4 stores (22.2%) with average weekly gross incomes of greater than $20,000 found minimum purchasing/ordering requirements to be a problem.

Stores further away from the nearest discount grocery store also found minimum purchasing/ordering requirements to be more of a challenge. Over 71% (10 stores) of stores with distances of greater than 50 miles to the nearest discount grocery store expressed that these minimum requirements were a challenge, compared to only 35% (28 stores) of
stores with distances of less than 50 miles to the nearest discount grocery store.

Rural store owners offered the following solutions to the minimum buying requirement:

“Harbor Wholesale has a minimum of about $1,200 or $1,500 per order and delivers weekly. They are flexible and store can forward the balance to the next week. Sometimes cooperate with other stores to bridge gaps before a delivery (ex. trading beer with another store owner)” - Lookingglass Store

“(Pick) it up yourself in town. Work out some sort of co-op where four or five of us get together to go into town.” - Vida Community Market

“We will try to fill the $500 minimum order every two weeks rather than once a week, and then we’ll supplement it by going to Eugene. We can’t combine orders with other grocery stores because of tax purposes we need an invoice...Costco is the most (expensive), $35. They charge that even if they deliver to the other stores in town on the same day, but we can’t combine orders because we need the invoice, especially for things like tobacco and alcohol.” - Dink’s Market, Oakridge

**Fair Pricing from Suppliers?**

As is the case with most purchases, the more of a product that you order, the cheaper the per unit cost. This is the same for grocery store owners as well. Both suppliers and distributors offer price discounts for larger volume orders. Less than 50% of store owners (29 stores, 43.9%) feel that as independent grocers, they are getting fair pricing from their suppliers compared to chain stores.

As an independent grocer, do you feel you are getting fair pricing from your suppliers compared to chain stores?

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>43.94% (29)</td>
<td>56.06% (37)</td>
<td></td>
</tr>
</tbody>
</table>

For stores with weekly gross income:

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater than $20,000:</td>
<td>52.94% (9)</td>
<td>47.06% (8)</td>
</tr>
<tr>
<td>Between $10,000-$20,000:</td>
<td>40.00% (4)</td>
<td>60.00% (6)</td>
</tr>
<tr>
<td>Between $5,000-$10,000:</td>
<td>37.50% (6)</td>
<td>62.50% (10)</td>
</tr>
<tr>
<td>Less than $5,000:</td>
<td>33.33% (2)</td>
<td>66.67% (4)</td>
</tr>
</tbody>
</table>

For stores with distance to nearest discount grocery store:

<table>
<thead>
<tr>
<th>Distance</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 25 miles:</td>
<td>40.00% (10)</td>
<td>60.00% (15)</td>
</tr>
<tr>
<td>Between 25-50 miles:</td>
<td>42.86% (6)</td>
<td>57.14% (8)</td>
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<tr>
<td>Between 50-100 miles:</td>
<td>66.67% (6)</td>
<td>33.33% (3)</td>
</tr>
<tr>
<td>Greater than 100 miles:</td>
<td>20.00% (1)</td>
<td>80.00% (4)</td>
</tr>
</tbody>
</table>

“Products are available in The Dalles stores cheaper than my wholesale prices.”

- Huskey’s “97” Market, Moro

“My suppliers don’t care if I’m a customer.”

- Mrs. Z’s, Jordan Valley

“We get horrible prices. I could go to Winco and buy this stuff cheaper than I buy it from my wholesalers. It’s horrid, pathetic. Everyone thinks we’re ripping them off but really we have to mark things up to make any profit off of it, and we’re already buying it at a higher price from the wholesalers so our prices are higher than say, Winco.”

- Harbick’s Country Store, Blue River
“Bread vendors do not come into our area. We have a limited selection to pick from.”

- Huffman’s Select Market, Prairie City

“Milk and dairy are no longer delivered... [our] distributor was Darigold. It’s cheaper to pick up what is needed at the Shady Cove Market or at Food 4 Less.”

- Sunset on the Rogue Country Store, Trail

“Certain suppliers just won’t deliver here, or they will charge a delivery fee. They’ll charge all of the convenience stores one separately even if they make the delivery in the same trip.”

- Rascal’s Market, Oakridge

“We benefit from emergency food distribution sites because they buy from us when they are short on items. We also donate to them.”

- Florence Grocery Outlet

As expected, stores with greater average weekly gross incomes felt they were getting fairer prices. Only 36% of stores (8) with average weekly gross incomes of less than $10,000 felt they received fair pricing from their suppliers compared to chain stores. The higher the average weekly gross income, the more likely that store felt they received fair pricing from their suppliers compared to chain stores.

Less fluid correlation was found between distance to nearest discount grocery store and fairness of pricing. Four out of five (80%) stores greater than 100 miles from the nearest discount grocery store felt they did not receive fair pricing from suppliers compared to chain stores. The stores between 50-100 miles to the nearest discount grocery store were the anomaly: 67% of stores (6) in this category felt that they received fair pricing from their suppliers (5 out of 9 of these stores had average weekly incomes of less than $10,000).

**Challenges with Product Delivery**

The majority of rural grocery store owners surveyed (40 stores, 58%) felt that they had problems getting products delivered to their store because of location. These difficulties were attributed to both isolation and volume of products ordered. The further the store was from the nearest discount grocery store the more likely the store owner was to have difficulty in getting products delivered to their store.

**Have you had problems getting products delivered because of your location?**

57.97% (40) yes 42.03% (29) no

For stores with weekly gross income:

- Greater than $20,000: 58.82% (10) Yes 41.18% (7) No
- Between $10,000-$20,000: 50.00% (5) Yes 50.00% (5) No
- Between $5,000-$10,000: 70.59% (12) Yes 29.41% (5) No
- Less than $5,000: 64.29% (9) Yes 35.71% (5) No

For stores with distance to nearest discount grocery store:

- Less than 25 miles: 56.00% (14) Yes 44.00% (11) No
- Between 25-50 miles: 62.50% (10) Yes 37.50% (6) No
- Between 50-100 miles: 66.67% (6) Yes 33.33% (3) No
- Greater than 100 miles: 80.00% (4) Yes 20.00% (1) No
Effect of the Emergency Food System

The 29 most recently surveyed rural grocery store owners were asked about the effect of emergency or supplemental food distribution in their community. Only 2 stores (6.9%) indicated that their store was negatively affected by the presence of emergency or supplemental food. Both stores in Malheur County, Ranch Hand and Mrs. Z’s, indicated that “availability and quality of food are important things to offer in their grocery stores because of their central role in supporting hunger alleviation in their community.”

“The food banks always been here, and people can’t get everything for free. We sell a lot of things that the food bank doesn’t give. I haven’t given it much thought. Everyone’s working on this together, not much negative competition.” - Cascade General Store

“When you pass out free food it affects anyone in business.” - Warren General Store

How do Rural Grocers Address Challenges?

Nearly 50% of store owners explained that they collaborate with other small independently owned stores (34 stores, 48.6%). The most identified purpose for collaboration is to share concerns and/or ideas (24 stores, 70.6% of those that answered yes). Other common purposes for collaboration include grocery distribution (15 stores, 44.1%), to achieve minimum buying requirements (14 stores, 41.2%), and for cooperative advertising or marketing (14 stores, 41.2%). Additional reasons noted on surveys included notifying each other of bad customers, coordinating through the Chevron forum, ownership of other stores, delivery, or informally trading to meet minimum buying requirements. For store owners that answered “no” 47.4% (18 stores, which includes one store owner who answered “yes” and “no”) indicated that they would be interested in collaborating.

Statewide Alliance of Rural Grocery Stores

The majority of store owners, 42 stores (65.6%), believed that a statewide alliance of small, independently owned grocery store owners may have value.

“It would keep costs down if everyone joined together. [We] could share costs of delivery.” - Halsey Select Market

“If all independents could, should, and would stand together we should get the same cost for 12 pack and 2 Liter pop. Also the fact that merchandisers are supplied to ALL major chains 7 days per week to work back stock to the shelf called FREE Labor to me.” - McIssac’s, Parkdale

“Keep costs down. A small co-op could share in costs.” - Shedd Market and Deli

“No - but [we] would want to buy local beef...if a group of stores/people could purchase, and that would help make local beef purchases happen, [we] would see the benefit of working together.” - Mrs. Z’s, Jordan Valley

“Maybe, I feel all other stores are my competition.” - Boyer’s Cash Market, Monument

“[We’re] too far away and order enough already, though [we] would be willing to work with other stores.” - Mill City Market
Randy and Allison Bechtol do not come from a long line of grocery store owners, nor did they inherit a store with the family name. Instead, the two former health insurance professionals decided to purchase and run the Maupin Market as a way live in an area they love while also supporting a town that is 40 miles from the nearest full-service grocery store.

The small town of Maupin, population 400, is located in Central Oregon about 40 miles south of The Dalles. Flocks of tourists visit the town from May to November for fly fishing, hunting, and rafting on the Deschutes River. The Bechtol’s interest in Maupin stems from their own love of fly fishing. For years, they too were “weekenders” who owned a vacation home in town, and visited regularly.

A few years ago, Randy was laid off. Randy and Allison weren’t quite ready to stop working, but this unfortunate event offered a unique opportunity to look for ways to retire near their beloved Deschutes River. Their journey to owning a rural grocery store started out slowly, by browsing through stores and talking with friends and family. “We would go to stores all around the state and look at what they offered, their prices, how things were set up,” explains Allison. “It got to the point where Randy sort of dreaded finding a new grocery store because he knew we’d be in there for a long time.” But soon, they got more serious and looked more fully into the costs, finding a location, and creating a business plan.

The Bechtol’s love of the Deschutes River naturally drew them to Maupin. On closer inspection, they also realized that there was a real need for a full-service grocery store in town, especially
one that offered healthy food. “Maupin was a food desert” explains Randy. “You have to go 40 miles to either The Dalles or Madras to get proper groceries. We saw starting a store in Maupin as an opportunity to change that.”

It took about two years to negotiate the sale of the building that is now home to the Maupin Market. The previous owner’s family ran a store at the location for about 50 years, and they were apprehensive to give it up. As is the case with many family-owned businesses, the weight of responsibility to carry on the family business was immense. Their decision was made a little easier though when it became clear that the younger generation of their family wasn’t interested in running the store. The Bechtols purchased the building and promptly gave it a full facelift - “we decided, if we were going to commit to the store, we were going all in” explains Randy.

The Bechtols were able to obtain financing for the store and remodel using some of their savings, a loan from a local community bank, a Small Business Loan (SBA 504), and a $100,000 loan from Mid-Columbia Economic Development District. It’s easy to see why an Economic Development District would support a rural grocery store: Maupin Market employs anywhere from 10-13 individuals (more in the summer), providing significant economic stimulus for a small town in rural Oregon. The Bechtols also work to get local food into the market, which they see as another way to boost the local economy.

The store offers a whole host of groceries, a deli department, café, beer and wine, and they operate as a state licensed liquor store. Now that the store has been up and running for a few years, the Bechtols are able to reflect on why they’ve had success. Aside from the usual - clean store, consistent hours, responsive to customer needs - they point to other rural grocery store owners in LaPine, Government Camp and Amity, to name a few, who provided advice, contacts, and were incredibly supportive and helpful as the Bechtols were building their business plan and setting up the store. “There aren’t as many resources for small stores like us,” explains Randy, “it would be great to have a network of small store owners who can share ideas and suggestions – either amongst ourselves or with distributors – so that we can all become more successful.”
"A statewide alliance of small, independently owned grocery store owners or an alliance of stores in the eastern part of the state could be helpful in some way because western part of the state and legislator affects what happens in eastern, rural Oregon. What they do in Salem is hard over here and they don’t necessarily think of the outcomes for this area." - Mrs. Z’s, Jordan Valley

“A lot of the small ones are really struggling, we have bought a lot of stores where it’s hard for them to operate with the overheads and without a total corporation behind you. Some type of alliance could probably help, some type of franchise like McDonald’s or Thriftway or A&W which are independently owned but operate and support each other.” - Ray’s Food Place, Oakridge

“A regional alliance might be better. We might be able to set up committees for buying groups, and share promotional ideas to get people out here. Maybe we could set up carpool or set up a bus schedule that runs more frequently.” - Vida Community Market

“Maybe, depends upon collaboration. Everyone’s on their own. Tried to have a small store co-op type situation in Roseburg. The association lasted less than a year because there was too much to deal with (consecutive ordering, stocking a warehouse that store owners could access, etc.).” - Lookingglass Store

Marketing Strategies

Word of mouth is easily the most common marketing strategy used by rural grocery store owners (58 stores, 82.9%). Other common strategies were advertisements in local newspapers (37 stores, 52.9%), promotions (both in-store and with other community businesses or organizations, 29 stores, 41.4%), flyers/inserts (24 stores, 34.3%), and radio (23 stores, 32.9%). Other less common strategies include the internet (6 stores, 8.6%) and TV (3 stores, 4.3%). Nearly 70% of stores (48 stores, 68.6%) utilize more than one marketing strategy.
Opportunities

Rural grocery stores play a unique and critical role in their communities. They provide access to food – especially to seniors, those with limited mobility, and low-income residents – play an important social role in their community, and spur economic development. Residents of Jordan Valley are over 100 miles from the nearest discount grocery store. For those without vehicles or on fixed incomes, either the local store or the food pantry are the only viable options. Across the state, store owners explained how their stores act as the social hub for town, whether it is meeting folks for morning coffee, picking up kids after school, or chatting with neighbors while shopping. The rural grocery store in John Day provides a significant amount of employment, acts as a recruiting tool for the local hospital, and provides storage and distribution for other food businesses.

Many rural grocery stores are struggling to keep their doors open. If suppliers are willing to deliver to the more remote locations, added fuel surcharges or large minimum purchase requirements are burdensome. Small store owners have low purchase volumes, which result in high per unit costs and slim profit margins. Rural stores face little difficulty in having beer, soda, chips or candy delivered, but often have to drive to town if they want bread, milk or produce. Without adequate refrigerator space and with fewer customers, stocking fresh produce is difficult for most and impossible for some. Unlike big box or chain stores that have a vast network of business support, many independent rural grocery stores explain that they are “on their own” and have little opportunity to collaborate with other store owners.

Yet despite all of these challenges, there are rural grocery stores in remote locations that are not only surviving, but also thriving. The owners of the Maupin Market – new to the grocery store business – sought out advice and suggestions from other rural grocery store owners throughout the state. They explain that this support was crucial in the success of their store. Other stores find success through sharing ideas or concerns with nearby store owners and collaborating on orders to fulfill minimum purchase requirements or to achieve price points. Successful store owners have an acute awareness of customer needs and desires and provide services, such as SNAP and WIC, which are valuable to their community.

Supporting rural grocery stores sustains rural communities. Here are a few opportunities that will ensure further success of rural grocery stores:

Healthy Rural Stores

* Many rural communities lack access to fresh produce. Common barriers for store owners from supplying fresh produce include lack of refrigeration space, perishability of fresh produce, apparent lack of demand, and potential customers that are becoming more and more accustomed to taking long trips to discount food stores.

* Food system, public health, and small business organizations can provide funding and resources for a “healthy rural stores” program.

“[I] feel as if [we] are providing an important service to the community with [our] store since there are some who need food in the town - there are widows who don’t drive. The burdens of [our] job are a necessary part of having a grocery store in the area.”

– Ranch Hand, Jordan Valley

“I could buy whiskey, cigarettes, and gamble within walking distance of my house, but I cannot buy food-stuffs.”

– Mike E., rural Josephine County resident
"Lots of elderly can’t access food...small communities need grocery stores."

- Mill City Market

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**Increase acceptance of SNAP/WIC**

* 1 in 6 rural Americans are in poverty*. In rural Oregon counties (with populations of less than 65,000) 37% of residents use SNAP benefits*. Without the ability to use SNAP or WIC to purchase food at grocery stores, many of these residents are left with no choice other than nutrient deficient food at convenience stores or gas stations.

* Rural grocery store owners need to be supported when registering for SNAP and/or WIC. This could include encouraging store owners to apply for federal nutrition benefit programs, assistance filling out paperwork, explaining that EBT machines are provided at no cost, or training store owners and their employees to avoid fines or penalties for unauthorized purchases. Food options required in order to accept WIC are much more stringent and other steps might be necessary to increase WIC acceptance at rural grocery stores.

**Infrastructure funding**

* Lack of refrigeration space is commonly identified as the main barrier to increasing healthy food offerings.

* Many rural store owners do not want to take on additional costs and risks since their margins are already very slim. Of those who are willing to take on new costs, some face difficulty securing loans.

* Increased access to infrastructure funding—through low-interest loans, community economic development grants, or rural development funds—will ensure that rural grocery stores can provide healthier food options, increase acceptance of federal nutrition benefit programs, and ensure that older stores are not burdened by high utilities costs from outdated equipment.

**Innovative distribution systems**

* Work with distributors or other food delivery services (farmers, fishers, etc.) to create innovative distribution routes that allow for increased delivery to the most isolated areas.

**Statewide alliance for independent grocers**

* A formalized statewide alliance for independent rural grocery store owners will ensure that all stores feel supported and are set up to succeed. This alliance will allow for sharing of best practices, marketing strategies, and funding sources or options. Smaller stores can collaborate to achieving minimum purchasing requirements, coordinate deliveries to bring suppliers into more remote locations, and coordinated orders can bring per unit costs down which will allow store owners to lower prices and/or have larger profit margins.

**Shop at Rural Stores**

* The easiest way to support rural grocery stores is to shop at them. Whether you live in a rural area, or you’re just passing through, spend your dollars at the local, independent grocery store. This small action supports rural food security and ensures the survival of rural communities.
Methodology

The surveys used in this study were designed and used with permission by Kansas State University's Center for Engagement and Community Development. Surveys were completed by 70 rural grocery store owners (or managers) in 19 counties throughout Oregon. The same survey – aside from minor adjustments in some questions – was administered by different individuals throughout the state, from 2009 to 2012. The majority of surveys were completed by 12 participants of the Resource Assistance for Rural Environments (RARE) AmeriCorps program, in conjunction with Oregon Food Bank, as part of county-wide Community Food Assessments. Surveys of rural grocery store owners in Benton County were completed by members of the Benton County Health Department.

Over the course of survey implementation, the bulk of the survey questions remained the same, however some questions were amended, added, or eliminated based on feedback from surveyors and store owners. All of the responses for any questions that were added or subtracted are marked with a note indicating the total number of stores who were asked that question. Store owners were not required to answer all questions, so in some case, there are less than 70 responses, even though all 70 stores were asked the same question.

The majority of surveys were completed on-site or over the phone with the store owner. This allowed for surveyors to ask follow-up or clarifying questions, which in turn produced the majority of quotes featured throughout the report. However, some surveys were left at the store, and the store owner completed them on their own.

All store owners who participated in this survey submitted their answers voluntarily. Therefore, not every rural grocery store is represented, even though surveyors took reasonable steps to invite most or all rural stores in their area to participate.

This report is not intended to provide a comprehensive report based on all rural grocery stores in the state. Instead, the hope is that these surveys represent a wide-swath of rural grocery stores in communities large and small, isolated and close to urban areas, and with experienced owners but also new owners.


Acknowledgments

First and foremost, we would like to thank the 70 rural grocery store owners or managers that generously donated their time to participate in this survey. Faced with little or no personal incentive, these store owners took the time out of their incredibly busy schedules to answer our questions and share their stories. Without their participation, this report would not have been possible.

Kansas State University’s Center for Engagement and Community Development generously provided the Rural Grocery Store Owner Survey used for this report. We appreciate their support for this project, along with their support for rural grocery stores nationwide. And especially David Proctor for taking the time to contribute a thoughtful and authoritative foreword to this report.

We’d like to thank the following surveyors who administered the rural grocery store owner surveys as part of participation in the Resource Assistance for Rural Environments (RARE) and Oregon Food Bank AmeriCorps program: Hannah Ancel (Grant and Jackson County), John Dean (Clatsop County), Sarah Hackney (Hood River, Sherman, and Wasco County), Danielle Hummel (Lane County), Spencer Masterson (Linn County), Chloe Rico (Harney, Lincoln, and Malheur County), Joshua Russell (Wallowa County), Jillian Tucker (Josephine County), Valerie Walker (Columbia County), and Katie Weaver (Gilliam, Morrow, Umatilla, and Wheeler County). And last, we’d like to thank Mac Gillespie and the Benton County Health Department for surveying grocery store owners in Benton County.