Keeping Mom and Pop Fresh: Strategies for Getting Produce Into Corner Stores

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ABSTRACT

Availability of fresh, healthy produce for low-income people is a growing concern for advocates and public officials concerned with health disparities and diet-related disease. Healthy corner store conversions are a promising strategy to address issues of food access. To be successful, conversion programs must address the challenges of sourcing and selling produce. As a perishable product, produce requires store owner to possess significant skills and infrastructure for proper management. Additionally, corner stores face a supply chain increasingly structured for large supermarkets and must balance the often-competing factors of small scale, affordability, and quality. Finally, programs must consider how to appropriately serve and engage communities to ensure financial viability and maximize health impacts.

This thesis explores strategies to improve the provision of produce through corner stores through a review of reports, literature, and practice. Central to these approaches are the goals of increased efficiency and affordability and long-term sustainability. Several corner store programs have demonstrated the possibility for making money through produce sales using a holistic approach that engages community members and provides training and assistance to store owners. Supply strategies range from cooperative purchasing, shared docking with larger stores or institutions, convincing wholesalers to accommodate smaller orders, and developing new distribution infrastructure that integrates small stores into the local food system. This work concludes with key lessons for corner store programs seeking to improve produce supply practices and infrastructure. The discussion also includes opportunities for actors in produce supply and distribution to capture this emerging market and support food access efforts.

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Chapter 1: Introduction & Research Questions

Corner stores or bodegas are a common sight in urban landscapes across the U.S. While there is not a clear count of these stores, advocates in Philadelphia estimate that there are at least 600 corner stores in the city. Minneapolis officials estimate that around 300 corner stores dot the landscape of this Twin City. In Baldwin Park, a predominantly Latino community in the eastern part Los Angeles County, there are six corner stores for every supermarket.

In the current conversations about food access and public health, corner stores are often identified as sources of junk food, cigarettes, and alcohol. The food desert conversation, often defined by poverty rates and lack of supermarkets in a neighborhood, can overlook these small retail outlets. However, many public health and equity advocates believe that corner stores hold the potential to be a source of healthy food. Fresh fruits and vegetables are an essential part of a healthy diet, and yet pose real challenges for corner stores to source and provide as a product. This thesis will explore what barriers exist within the current produce supply chain to improving corner stores’ ability to provide affordable, fresh produce to low-income communities. It will also report on solutions in produce supply, management, and marketing with the goal of helping to increase the viability of corner stores as sources of healthy and fresh foods.

The Healthy Corner Store Network – a national coalition of over 300 organizations, advocates, consultants, researchers, and public health officials working to encourage increase provision of healthy foods at corner stores – defines a corner store as follows:

A corner store is typically defined as a small-scale store that sells a limited selection of foods and other products. Organizations that work with corner stores sometimes develop definitions that include additional criteria based on the store size, number of aisles, and/or number of cash registers. In practice, the term 'corner store'
encompasses a diverse range of small stores—both independent and chain stores; in rural, urban, and suburban settings; and not always located on a corner. Other terms that are commonly used to refer to this type of store include: small-scale store, convenience store, neighborhood store, and bodega.¹

According to many public health experts, researchers, and advocates the U.S. is facing an epidemic of obesity, diabetes, and other diet-related diseases. Most alarming is the rapidly rising rate of obesity and type-2 ("adult onset") diabetes among children. ² At the heart of this crisis is the food we choose to eat, which has become increasingly processed and prepared for us.³ However, there is a growing awareness of the benefits of eating a healthy diet, one that includes more whole foods including fresh fruits and vegetables. The problem that public health educators have found is that increasing awareness can only be effective if people actually have access and opportunity to buy healthy foods in their communities.⁴

While a large part of the food access discussion is focused on large grocery stores or supermarkets, many other strategies offer promising and more affordable means to ease food disparities. An important place to start is assessing and improving a neighborhood’s existing food stores including locally-owned small groceries, ethnic markets, and corner stores. Other food access advocates seek to promote greater local control of the food system through urban agriculture, farm stands, community-supported agriculture (CSA), and farmers’ markets. Cities are looking for tactics that can work more quickly and with less capital costs than developing a supermarket. New York City has launched a successful food cart program to bring fresh produce

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into communities with limited access.\textsuperscript{5} Baltimore has created a virtual supermarket where residents order groceries online and pick them up at a weekly drop-off point.\textsuperscript{6}

Of these diverse strategies, corner stores may seem an unlikely focus of attention. In the narrative of “food deserts” corner stores are often the bogey man. These urban landscapes are depicted as wastelands lacking places to buy healthy foods, particularly supermarkets. Some point to a history of redlining, migration, and disinvestment as creating disparities including a lack of access to healthy food and an influx of unhealthy products specifically targeted a low-income and communities of color. This disparity has been referred to as “food apartheid.”\textsuperscript{7} Neighborhoods are often left with corner stores with high prices and low quality selection as the only source of food retail. As a result of incentive programs run by tobacco and snack food companies, corner stores specialize in selling, chips, soda, and tobacco.\textsuperscript{8} Many of them operate primarily as liquor stores that further exacerbate community health issues and can even become centers of neighborhood crime. In the fight to bring healthy food to “food desert” communities, the prevalence of corner stores is often held up to exemplify what is wrong with the area’s food selection.


\textsuperscript{9} Keeping Mom and Pop Fresh
However, there is a movement of people that see corner stores not as a problem, but as an opportunity. Healthy Corner Store conversion programs have been popping up in cities all across the country as a way to address the public health issues related to unhealthy diets. From an economic development perspective, advocates recognize that many corner stores are small independent retailers that are largely minority-owned. In converting corner stores to provide a broader range of healthy offerings, including whole grains, low-fat dairy, and fresh fruits and vegetables, advocates have seen stores transform from magnets of crime to centers of community activity fueled by increased traffic for groceries. Additionally, corner stores provide an opportunity for more rapid intervention since grocery stores can take years and complex financing structures to establish. By intervening in corner stores, food access advocates seek to build on the existing infrastructure and customer bases of these businesses.

Supporting corner stores to provide healthy food and fresh produce can lead to multiple community and economic benefits. Dollars spent at these stores have a higher rate of circulation and impact on the local economy than dollars spent at corporate chain stores. Spending at local businesses generally has two to three times the local economic impact as spending at chain stores. Additionally, small local stores are often easier to access for people with limited mobility or lack of access to transportation. On average, low-income Americans eligible for the Supplemental Nutrition Assistance Program (SNAP) – formerly known as Food Stamps – travel 4.9 miles to the grocery store. With high gas prices, the cost of travel is becoming a serious hardship for many residents. Healthy corner stores, if successful, can help


solve this problem by operating as local access points for affordable fresh and healthy foods that people can get to by walking.

Fresh produce is key to these corner store conversions. Not only is increasing the intake of fresh fruits and vegetables central to public health goals, but produce is an important asset for small stores seeking to attract grocery customers. Due to the perishable nature of produce and some residents’ limited access to transportation, many people may be likely to need a convenient source of produce close to home, a niche that these small stores can fill. The recent change in Women, Infants & Children (WIC) nutrition requirements to include fresh produce in the package for the first time has been an incentive for many WIC-certified corner stores to sell fruits and vegetables, albeit often a limited selection.¹²

Healthy corner store conversion programs have shown success in increasing produce purchasing habits of customers. Generally, conversion programs integrate community education and outreach efforts with changes in the physical format and product mix of stores. A study of Hartford’s Healthy Corner Store Initiative documented that an increase in the diversity of produce in stores leads to an increase in the quantity of produce purchased by customers.¹³ Louisville’s successful Healthy in a Hurry conversion program also showed promising results. Customers who stated they purchased produce at least once a week increased from 18% before the program to an average of 39% after.¹⁴

Selling produce is not simple, however. Managing produce involves a whole host of related skills and knowledge to minimize loss and maximize appeal. Additionally, corner stores buy at far smaller quantities than grocery stores and therefore cannot access the same wholesale discounts and distribution networks. Stores that do a poor job of managing produce can quickly develop a negative reputation and lose customer confidence.

**Research Questions & Approach**

According to a national review of healthy corner store conversion programs published by Public Health Law & Policy in 2009,\(^\text{15}\) advocates identified two major questions identified as priorities for future research:

1. *What changes in the distribution system would make it easier for corner stores to offer healthy foods, including local produce?*
2. *What would a healthy corner store business plan look like?*

For those that believe corner store conversions are a promising piece of addressing issues of food access in underserved communities, addressing these challenges of sourcing and selling produce becomes an important task. To provide a sustainable and scalable business model, corner store conversion programs need to consider how to balance the often competing factors of small-scale, affordability, and quality. This thesis will explore models and strategies to viably improve produce supply toward more efficiency and affordability through addressing the following questions:

- How have existing corner stores successfully brought produce into underserved urban neighborhoods?
- What are the challenges or limitations in the produce supply and distribution networks for small retailers seeking to source produce?
- What strategies have been used to improve or enhance produce supply channels for corner stores?

\(^{15}\) Public Health Law & Policy, *Healthy Corner Stores: The State of the Movement.*
Ultimately, how can we take some of these strategies to scale in order to maximize the impact of healthy corner stores as access points for fresh produce?

This research began through conversations with experts and researchers in the field and co-conveners of the Healthy Corner Store Network. I spent significant time gathering relevant resources in the grey and academic literature related to healthy corner stores, food access, and produce supply. Additionally, I reviewed available online information on specific corner store conversion programs.

To further understand challenges corner stores face in sourcing produce, as well as the key strategies and innovations, I conducted 14 interviews with healthy corner store program managers. I also interviewed researchers and consultants in the field, as well as produce wholesale professionals and a couple of small store owners.

**Overview of this Thesis**

Through an exploration of current work in the field, this thesis seeks to address the previous questions to provide a resource for public health advocates concerned with food access and corner store conversion practitioners. Additionally, the research and findings presented here seek to address actors in produce supply and distributions looking for a better understanding of the potential of corner stores as an untapped market. The next chapter will provide an overview of healthy corner store conversion programs and produce supply chains that traces the challenges and barriers stores face in procuring and selling quality, affordable produce. The third chapter will examine various strategies healthy corner store programs employ to address challenges in produce supply, handling, and marketing. The fourth chapter will provide a summary or findings as well as recommendations and implementation steps for advocates seeking to promote corner stores as a vehicle for access to produce.

The heart of this paper is a synthesis of 28 interviews conducted with healthy corners store and produce supply professionals. Through an analysis of these interviews combined with reports, literature, and industry trade sources, this thesis finds that corner store programs have demonstrated the possibility for making money through produce sales using a holistic approach.
that engages community members and provides training and assistance to store owners. Supply strategies range from cooperative purchasing, shared docking with larger stores or institutions, convincing wholesalers to accommodate smaller orders, and developing new distribution infrastructure that integrates small stores into the local food system. This work concludes with key lessons for corner store programs seeking to improve produce supply practices and infrastructure. The discussion also includes opportunities for actors in produce supply and distribution to capture this emerging market and support food access efforts.
Chapter 2: The Supply and Demand of Produce in Healthy Corner Stores

Corner stores are a subset of the growing convenience store industry. According to the National Association of Convenience Stores/Nielsen’s count, there are over 148,000 convenience stores in the U.S. While 81.7% of these stores sell gasoline, $248 billion of the $576 billion in total 2010 sales came from non-fuel items. Dominated by independent, single-store owners (62.9%), the convenience industry is becoming a major source of food retail. These mom and pop shops have long been recognized as an important market for petroleum and tobacco manufacturers. However, the industry is beginning to recognize the demand for fresh format retail that features a significant produce section.

Given these market conditions, the work of healthy corner store conversion programs does not need to be driven by public health interests alone. Market forces can help drive and sustain the transition of corner store to healthy food sales if program managers better understand the supply and demand challenges of produce retail. First, understanding the current pressures corner stores face to sell unhealthy products is key to transformation. Second, corner store owners face many challenges, including scale and cultural barriers in sourcing affordable, quality produce through the existing wholesale and distribution infrastructure. Third, once they source produce, owners face the added challenge of needing proper produce maintenance and management skills to avoid loss to rot. And finally, owners need to be able to market and build demand for fresh produce in order to maintain and increase sales over time.

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16 Convenience store definition: stores that include a broad merchandise mix, extended hours of operation and a minimum of 500 stock-keeping units (SKUs).
17 “U.S. Convenience Store Count | Fact Sheets.”
The manufacturers of tobacco, junk foods, and beverages have made it easy for corner stores to be unhealthy. The manufacturers and their distributors frequently offer in-kind support of refrigerators and shelving in exchange for prime product placement. The tobacco industry alone spends the majority of its $11 billion annual marketing budget for in-store promotions in convenience stores.\textsuperscript{19} In addition, snack food and beverage distributors often save owners work by taking inventory and rotating and adding new stock. Often the owners will only be charged for products sold after the fact when inventory is taken.\textsuperscript{20} This benefits the owners by providing limited financial risk because there a no up-front capital costs for display cases or inventory.

**Landscape of produce supply to corner stores**

Unlike junk foods, sodas, and tobacco, produce can be much more challenging for small stores to access. Outside of corner store conversion programs there is no consistent source of incentives or subsidies provided by the industry. Corner store owners must navigate the landscape of researching, locating, and selecting sources of produce supply in their city. Many store owners for lack of time or trust will opt with a familiar source, a family friend or acquaintance or even a retail outlet. Some more produce savvy store owners will shop at the local Wholesale Produce Market. Others may have a relationship with a distributor that delivers in the small quantities that corner stores require. Advocates have to quickly learn the local produce supply landscape to fully assist corner store owners in sourcing fresh produce that is affordable and good quality.

\textsuperscript{19} Campaign for Tobacco Free Kids, Counter Tobacco, and American Heart Association, *Deadly Alliance: How Tobacco Companies and Convenience Stores Partner to Market Tobacco Products and Fight Life-Saving Policies.*

\textsuperscript{20} Sasha Belenky, “Interview: Healthy In a Hurry, YMCA of Greater Louisville.”, March 22, 2012.
Large Mainstream Wholesale Distributors

Mainstream distributors tend to offer the best value in terms of price and quality. However, with the consolidation of food wholesale and retail companies and the rapidly increasing vertical integration of food marketing from farm to store, these distributors often operate at a

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22 Martinez, “The U.S. Food Marketing System.”
scale that is beyond the reach of small corner store retailers. Many large produce or grocery distributors require minimum orders of $5,000 to $10,000 and may also charge an additional delivery fee.

**Jetro, Cash and Carry and other Restaurant Supply Wholesale Stores**

Many program managers say that a significant number of stores shop at cash and carry wholesalers such as Jetro (particularly Philadelphia, New York, and San Francisco). These outlets provide prices higher than what high volume wholesale distributors charge, but generally lower than retail. The name “cash and carry” refers to the ability to shop at these wholesale outlet without requiring the credit approval needed to hold an account, as many larger wholesalers require. Wholesalers like Jetro have locations in major urban centers nationally, including New York, Chicago, Los Angeles, and the San Francisco Bay Area. Cash and carry outlets provide a broad range of wholesale packaged and processed foods, fresh products such as meats, dairy, and juice, and other grocery and restaurant supplies such as paper goods and cleaning products. These outlets market themselves as having no minimum purchase requirements and no membership fees. Jetro, unlike other outlets that brand themselves as “cash and carry,” offers exclusive sales to businesses to avoid competition for consumers. Jetro serves over 75,000 clients and supports small business owners with some degree of marketing and advertising assistance. For produce, however, Jetro does not always have the best quality or selection.

**Wholesale Produce Terminal Markets**

Wholesale Produce Markets (WPMs) have existed in many US cities since colonial times. Their role has always been to be a center where produce is aggregated from farmers to multiple competing wholesale vendors. These wholesalers then sell and redistribute the produce to retailers. WPMs allow business customers, and often the general public, to purchase produce at wholesale prices. This arrangement provides benefit to the buyer since wholesalers are competing with each other on price. The central location also creates efficiency by facilitating the distribution and logistics of getting produce in and out of the wholesale hub. The shared
infrastructure also allows for smaller businesses to operate out of these facilities with lower capital start up costs.

Smaller Distributors
Wholesale Produce Markets also provide an opportunity for entrepreneurial individuals to start their own produce distribution businesses. While some wholesalers also do their own distribution, some independent distribution businesses operate out of the market by buying from wholesalers and then selling, sometimes in less than case size, to restaurants and small stores. Colloquially smaller independent distributors are often referred to as jobbers. These jobbers may or may not have a refrigerated truck. Typically they will have a set of customers that they take orders from and provide delivery to for cash payment. Other jobbers will pick up “good deals” on produce at the market and travel to the neighborhood offering the discounted produce they have that day to individual store owners.\(^2^3\) Similar to jobbers, redistributors buy from larger wholesalers with large minimum order, often $5000 or above weekly, and redistribute to smaller stores.

Retail
Particularly in cities where there are limited wholesale options and a lack of smaller produce or grocery distributors, small store owners will often shop at retail outlets such as Wal-Mart and Target or membership retailers such as Sam’s Club or Costco. While these retailers provide some of the lowest prices, with Wal-Mart and Target often underselling local grocery chains by up to 25%,\(^2^4\) stores still need to mark up grocery goods by at least 30% to make any money.

Challenges: Produce Supply to Corner Stores

Economies of Scale & Price

One of the major barriers corner stores face in accessing produce is the small scale on which they operate. Many stores involved in healthy corner store programs only purchase on average $50 to $100 of produce per week, with more robust stores purchasing $200 weekly. Generally owners can only move small amounts of product and cannot sell full cases. However, many wholesalers do not sell split cases due to the added labor cost. Those wholesalers that do split cases often need to compensate for the added labor cost by charging more or reducing quality of product they offer. In some cities, such as Denver, store owners have tried to work with distributors, only to find that shopping at discount retail outlets was actually more economical.

Quality

In the produce business, keeping produce cold at all times, or “maintaining the cold chain” in industry speak, is of the highest importance in extending the shelf-life of produce for as long as possible. However, smaller suppliers such as jobbers may not have access to a refrigerated truck, which reduces longevity the produce they provide. Additionally, in cities without a competitive produce market, wholesalers may have less incentive to provide the highest quality for the lowest price, particularly for smaller stores.

Corner store advocates often critique restaurant suppliers as providing lower quality produce than wholesalers or grocery distributors. But restaurant suppliers are generally more likely to break cases since restaurants often require frequent deliveries of smaller quantities. However, corner stores are generally just reselling the produce at retail prices rather than creating a value added restaurant meal. This makes it challenging for corner stores to pay the price premiums that restaurants often pay for freshness and convenience. Restaurants can also save by purchasing lower grade produce, which may taste equally good, but may not have an appealing shelf presence.

Access to wholesale produce market

The terminal markets that are still found in most cities were built in the 1950s and 60s. These buildings had loading docks that were built to accommodate large trucks (as opposed to horse carts). The majority of the produce in a region would often flow through these hubs. With the
consolidation of supermarkets, and the trend of vertical integration of the food supply chain, large food retailers often have their own wholesale distribution infrastructure. In the past decade, this trend has been exemplified by the largest grocery retail chains purchasing the largest wholesalers. The result is that grocery chains now tend to only rely on WPMs to fill occasional supply gaps and shortages. WPMs, which are in a state of decline and generally in need of upgrades, now depend on restaurants, caterers, and independent groceries and smaller retailers.

Both Minneapolis and Denver lack a wholesale produce market, and program managers report that many of the store owners they work with shop a retail outlets such as Target, Costco, or even local grocery chains. This leads to higher prices at corner stores, which then in turn reduces access of low-income consumers to the produce and healthy foods provided.

For cities that do have a wholesale produce market, small retailers are able to purchase at competitive prices and select for quality. Stores that are close to WPMs often go directly to the market. However, once stores are farther than 20 minutes away from the WPM, transportation and time start becoming a significant barrier. In Boston, the participating stores in East Boston are very close to the WPM in Chelsea and shop there regularly. However the stores in Dorchester are at least 9 miles or a 20 minute drive away (not including Boston traffic). Considering gas expense and the time cost for owners that are sometimes the primary or only staff for their stores, this distance becomes prohibitive enough that many opt to work with a jobber even if it means paying a little more and having less control over quality. Store owners in Baldwin Park, CA face a similar barrier of being 20 minutes away from the WPM (not including

25 Martinez, “The U.S. Food Marketing System.”
Los Angeles traffic). This results in store owners shopping at Costco or Vons for produce, similar to stores in cities without a WPM like Denver and Minneapolis.

Cultural Barriers & Trust

Ultimately, strong supplier relationships are based on a degree of good faith and trust. This is particularly important when stores are looking to work with independent distributors. Immigrant store owners are common and can face the added barrier of language in addition to not being tuned into cultural cues and norms. Rocio Pérez states that in Denver a lack of trust in doing business with distributors is a major barrier for predominantly immigrant store owners in sourcing produce more cheaply. Many of these owners cite negative experiences of exploitation and unkept promises in their homelands as a source of this unease. Additionally, many immigrant store owners may be unsure of their ability to place an order over the phone in English and actually get what they ordered. In looking at ethnic groceries, this may be why stores in Philadelphia’s Chinatown receive all their produce from Chinese distributors from New York, despite Philadelphia having the most up-to-date wholesale produce market in the country. Tad Thompson of PWPM states that the lack of diversity, language abilities, and knowledge of ethnic foods is a barrier to wholesale vendors in accessing ethnic markets.

Challenges: In-Store Produce Management

While there are significant barriers and opportunities for improvement of the produce supply chain to corner stores, it is important to note that many people working in the field feel that supply issues are not the primary concern. Several corner store program managers and consultants, mainly in cities where are stores are located within a reasonable distance of a Wholesale Produce Market (WPM), indicated that in-store produce management was a more

28 Pérez, “Interview: Denver Healthy Corner Store Initiative.”
29 Belenky, “Interview: Healthy In a Hurry, YMCA of Greater Louisville.”
significant challenge than distribution and supply. At the heart of the issue is that produce is a sensitive, perishable product and produce management and marketing is a significant skill set that requires a combination of training and experience. Many small stores have only one or two staff people, generally the owner and family, who perform all operating functions. Learning these skills takes significant time and commitment from store owners. Additionally, learning to match the mix of produce to community demand takes time and patience; it also poses a financial risk because store owners may go through a period of losing money before they make money.

**Management & Handling**

Produce is in the process of dying the minute it is harvested. From that moment, the clock is ticking in a race against decomposition. To slow this natural process, it is essential to maintain the cold chain during the whole journey from the farm through the distribution channels to the market and eventually onto someone’s plate. Once the produce arrives, retailers need to know how to keep produce fresh for as long as possible. This involves developing an understanding of the different requirements and qualities of various fruits and vegetables. All produce, to varying degrees, emits ethylene gas, which can accelerate ripening (and decay) of other produce. For this reason, some produce cannot be placed next to each other. For example, if a store places bananas next to pears they will turn brown at a much faster rate since pears emit a significant amount of ethylene. Additionally, some produce requires refrigeration and/or misting, while some does not.

**Challenges: Demand for Produce**

Corner stores are often seen as a problem in many low-income communities – the sources of widespread community health issues and the centers of crime and drugs. However, store owners are often local residents, small business owners, and from minority and immigrant communities. This creates an apparent tension between public health advocates who want to eradicate the negative influence of these stores and community and economic development interests that seek to support small, local, minority-owned businesses. Healthy corner store
conversion programs exist at the intersection of public health and economic development by supporting small business owners and community members to transform the contents of these stores and ultimately the role of these stores in the community.

A major challenge to marketing produce in corner stores is the direct competition from junk foods, alcohol, and tobacco. These products come with the benefits a long shelf-life, high profit margins, and attractive manufacturer incentives. Produce on the other hand has a short shelf life, lower profit margins, and entails significant work and financial investment from store owners. This means that retailers need to be extra-savvy marketers to move produce through their store as quickly as possible.

It is no coincidence that many public health officials and advocacy organizations, such as Public Health Law & Policy, have overlapping staff that deal with tobacco control and healthy food programs and policies. In fact, the corporate interests these advocates seek to reign in are often one and the same. Phillip Morris brands include Marlboro cigarettes, Kraft food products, Kool-Aid drinks, Now and Laters candies, Oreo Cookies, and Miller beer. Food and beverage companies share scientists and research with the tobacco industry regarding the addictive properties of their products. Salt, sugar, and fats have been at the center of these research efforts and also at the core of the current public health crises around obesity, diabetes, and heart disease.

San Francisco’s health food initiative, South East Food Action network, in Bayview/Hunters Point was initially funded through tobacco prevention programs. Susana Hennessey Lavery of

SF Department of Public Health continues to manage tobacco control and food justice programs for the city. She speaks to impact these corporate interests have in “addicting” corner store owners to selling unhealthy products. 33 Tobacco companies spend an average of $11 billion dollars a year on marketing. Moreover, 87% of those dollars are spent in stores, with corners stores and other convenience markets at the center of the marketing strategy. 34 These companies will offer subsidies and bonuses to stores based on sales of products and pay store owners for prime product placement and eye-level ad space. Especially troublesome is the prevalence of ads at the 3ft level, or eye-level for children. To reap these benefits, store owners must sign binding contracts with the corporations, which often prevent them from opening space to other healthier products. 35

**Owner Commitment & Sustainability**

Through conversations, many program managers referenced conversion programs that invested large sums of money but failed to have a sustained impact after the program ended. All programs in this study, consultants, and healthy corner store literature cited the importance of owner commitment to the mission of providing healthy food to their customers. Experts stated that without this commitment, owners are often too frustrated by the many challenges of procuring, managing, and marketing produce. Additionally, unlike other products sold in corner stores, produce is a high-risk item. While packaged goods, sodas, cigarettes, and alcohol have a long shelf life and high profit margins, produce, with out proper management and marketing, can have significant loss rates ranging from 10% to 30%. Produce generally also has relatively low mark-up of around 30% on average.

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34 Campaign for Tobacco Free Kids, Counter Tobacco, and American Heart Association, *Deadly Alliance: How Tobacco Companies and Convenience Stores Partner to Market Tobacco Products and Fight Life-Saving Policies.*
35 Ibid.
Stores need to be making money off selling produce to keep even the most committed corner stores invested, and to build interest among other owners. Running a corner store is a tough business, even with the incentives from tobacco and junk food purveyors. Many program managers noted the high turnover of ownership among corner stores, particularly in low-income communities. In some cases, programs have invested time and resources into converting a store only to have the store change hands a month or two later. Sometimes the new owners would try to maintain the commitment to healthy foods, but more often the store would revert back to a more traditional product mix. If stores are not making money from produce sales, it will not be possible for them to sustain produce as part of their business. Additionally, it will be difficult to entice new owners to engage in healthy conversions.
Chapter 3: Strategies, Solutions, and Innovations

In response to the challenges faced by corner stores seeking to sell produce, healthy corner store programs have adopted a range of strategies and solutions. In order to address issues of demand, programs have adopted a community-centered approach that builds genuine relationships and investment with local residents. Successful programs are also making a conscientious shift from a purely grassroots approach to incorporating a more rigorous business strategy. Produce consultants and experts are regularly employed to support and train store owners and community advocates in proper produce handling and merchandizing.

A central tension for corner store advocates exists between providing affordable access to healthy foods, supplying quality produce, and operating at a small scale. Program managers and advocates have taken a range of approaches to improve produce supply to corner stores. Models range from being more focused on changes that stores can make collectively, such as cooperative purchasing, to actions that force produce suppliers to adapt to the needs of the corner stores as a growing market for produce. At the core of all of these approaches is the recognition of the potential for mutual economic benefit for corner store owners and produce suppliers in developing these strategies. Corner stores can purchase small quantities of quality produce for a lower price and suppliers can access a growing customer base in a time of intense competition and consolidation. The end result is a system that increases access to fresh produce for underserved, low-income communities.

Strategies: Demand Development - Marketing & Community Outreach

Another issue central to the success of healthy corner stores is the question of whether people will buy the produce if it is available. In PHLP’s 2009 corner store report, the authors stated

that there was a strong perception by community members in food deserts that there is a lack of places to buy produce. Additionally, residents felt that corner stores did not have good quality produce. Conversely, the corner store owners PHLP surveyed in the Tenderloin district of San Francisco reported a strong sense that customers were not interested in purchasing produce. There seems to be a disconnect or mismatch of perception between store owners and customers that perpetuates lack of produce in these stores. The success of the New York City Fresh Cart program demonstrates that there is an unmet demand for quality and affordable produce in communities that lack access to fresh food.

However, many researchers and program managers agree that community engagement and education strategies are essential to make sure people not only buy more produce in the neighborhood but also increase their overall consumption of fruits and vegetables. These efforts, which are often focused on the health impacts of fresh food access and healthy eating, also play an important role in increasing the business viability of healthy corner stores. This synergy of social and economic impacts means that store owners can be incentivized to engage with and educate customers about eating healthy as a way to develop demand for the products they are selling. This strategy creates the possibility for sustaining public health efforts through the business interests of the store.

Starting with community assessment, through surveys or community meetings, was common practice across all healthy corner store programs. Questions generally focus on what current resident consumption patterns are and what they would like to see change in the neighborhood’s food retail environment. These assessments are important as a tool for market assessment to ensure the healthy corner store venture will be economically viable. Just as important, the assessment process is an opportunity to begin to engage with the surrounding community.

37 Ibid.
38 Black, “Green Carts Put Fresh Produce Where the People Are.”
community and build investment and ownership of the project of reshaping the neighborhood food landscape.

**Current Examples**

*Louisville’s Business Success is Rooted in Community*
Louisville’s Healthy in a Hurry conversion program has been a great success, with all store owners making a profit or at least breaking even on carrying produce. On average participating stores are bringing in $1,400 in annual profit from produce sales. Community engagement and leadership has been central to Louisville’s strategy and success.

Lead by the YMCA of Greater Louisville in partnership with the city Department of Public Health, Healthy in a Hurry starts working with the community before the stores are even selected. Project staff approach community groups such as block associations to establish leadership and input from the beginning. As the project progresses, community leaders are involved at every stage of the process from needs assessment to site design and layout to product selection.

“So often when you have underserved communities, people just go in there and do what they feel is right, and [the community’s] opinions are not really valued. We understand for the sustainability of the work, people have to support these stores, they have to shop there, and they have to hold them up. So that piece has been very, very important,” according to Sasha Belenky, the YMCA staff person who oversees the Healthy in a Hurry project.39

The program involves local youth leaders in the evaluation and assessment of the stores and surrounding neighborhood. Youth help conduct the 50 resident surveys that are taken within one half mile of each store to determine the market demand for healthy foods and existing

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39 Belenky, “Interview: Healthy In a Hurry, YMCA of Greater Louisville.”
community needs. Additionally, staff and youth attend regular meetings of community groups and block associations at least once a month to gain input on the process and facilitate communication. The community groups and youth take on the role of conducting outreach to local residents through canvassing, flyers, or word-of-mouth efforts.

The outcomes of this engagement strategy have been high levels of support for these stores from local residents, support that is reflected in the profits enjoyed by store owners. The input of community has also been valuable to the project and highlighted issues staff may not have been aware of. For example, the residents were able to inform staff of security concerns related to a specific store. This led to partnership with the local police department to perform a safety assessment of each store that could be integrated into the design and operations plan. This strategy that was essential to ensuring residents felt able to access the new selection of healthy offerings in the store.

*Community anchors in South L.A.*

Other cities have adopted a similar approach. In Los Angeles, the Community Market Conversion program identified a community organization to be an anchor institution for each store renovation. The anchor organization agrees to support the effort through using existing capacities such as door knocking and membership mobilization to raise awareness of health food and bring people into the store. Some community organizations have even collectively pledged to spend a certain amount a month at the store.

*The Food Guardians, San Francisco*

In San Francisco, SEFA hired a set of community residents to lead the food access work. Named the Food Guardians, this team of community health advocates has surveyed all the corner stores and liquor stores in the neighborhood and given each an evaluation report and public....

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rating based on public health goals. These residents are the face of this work to the broader community and the business owners. SEFA as an organization is itself strongly rooted in the local community as an alliance of community organizations and the San Francisco Department of Public Health.41

**Strategies: In-Store Produce Management**

Supply is irrelevant if the stores do not know what to do with the produce or how to sell it once they get it. In response to the challenge of seeking to provide quality fresh produce at an affordable price, healthy corner store programs have taken a range of approaches to support owners from education in handling and merchandizing to ongoing technical assistance. Additionally, community-centered marketing and demand generation strategies not only help promote increased consumption of healthy foods but also help ensure the business success of healthier corner stores.

Produce loss or “shrink” is a major challenge to making sure produce is viable part of food retail. Ensuring store owners have the required skills to successfully integrate produce into their businesses is central to the success of healthy corner store conversion programs. To ensure stores will be successful, program managers have found many sources of technical assistance, training, and ongoing support mechanisms.

Many cities have found that produce wholesalers often provide produce management technical assistance and training to customers or potential customers. This is a win-win for the wholesaler who builds customer success and loyalty, and the store owners who gain skills to improve their bottom-line. Other cities have trained stipended community members to provide

regular visits and assistance to store owners, including produce management. A few cities, have recruited consultants with professional produce experience to assist the stores. In Minneapolis the corner store program hired the produce manager from a local cooperative.\textsuperscript{42} Cooperatives often have in their mission to serve the community and help other businesses, and therefore may be a good place to look for support.

Generally, the conversion program provides these trainings and technical assistance visits for a limited time. The expectation is that the owners will ultimately have the ability to successfully and independently manage produce in the long run. However, not uncommonly, some store owners will revert back to the incentivized mix of low-risk, higher-margin junk foods after the program support ends. While some of this is a motivational issue – programs report store owners feeling that selling produce is too hard – some attrition is due to a lack of knowledge of how to properly manage produce to make money.

**Current Examples**

*Seattle’s Produce Guide*\textsuperscript{43}

To address issues of ongoing skills development and knowledge building, Seattle’s Healthy Foods Here program has developed a guide to the basics of proper produce handling, as well as a 10-point merchandizing guide. Developed by a professional produce marketing consultant, the Healthy Foods Here Produce Guide offers 59 colorful pages detailing specific temperature and storage requirements for 49 popular types of produce. Additionally, the guide provides practical information on sourcing and merchandizing produce. The clear, colorful format and

\textsuperscript{42} Ali, “Interview: Healthy Corner Store Program, City of Minneapolis Department of Health and Family Support.”

\textsuperscript{43} Chuck Genuardi, “Healthy Foods Here Produce Guide: A Resource for Handling, Storing, and Displaying Fruits and Vegetables” (Healthy Foods Here - Public Health Seattle & King County and Seattle Office of Economic Development, 2011).
chart makes this guide an easy-to-read tool for anyone interested in entering the business of selling produce.

_San Francisco’s Holistic Approach_44

Beyond keeping the produce fresh, studies and practice have found that product placement, display techniques, and overall store appearance are important factors in people’s perception of whether a store is suitable for purchasing fresh foods. Therefore, it is important that stores keep produce fresh and appealing in a clean and bright environment. SEFA in San Francisco has found that product management, placement and design are so important they have contracted with Sutti Associates, a professional marketing and design firm with a specialty in the food industry to work with corner stores. With a $15,000 budget for each corner store, $7,000 - $8,000 is set aside for consultant fees, with the remaining funds split between capital improvements and marketing materials.

Sutti Associates, as the lead consultant, works with the store to take a holistic design approach for a total store make over. Larry Brucia, founder and principal of Sutti Associates, firmly believes that people have the know-how and desire to eat healthy food, but are not being provided legible and inviting spaces to make healthier choices and purchases.45 Sutti coordinates all aspects of the remodel including repainting, color schemes, shelving, product placement, in-store marketing and labeling, and equipment selection. They also train the store owner to successfully manage produce procurement and merchandizing, and provide ongoing in-store visits and technical assistance. SEFA is currently piloting this model with two stores in the Bayview neighborhood, with and eye to expanding the program citywide. The key to SEFA’s

44 Hennessey-Lavery, “Interview: South East Food Access (SEFA), San Francisco Department of Public Health”; Patterson, “Interview: South East Food Access (SEFA), San Francisco Department of Public Health.”
strategy is bringing a business-savvy approach to a practice that is dominated by advocates with policy and community centered backgrounds.

Susana Lavery-Hennessey, who oversees this work through her staff role at the San Francisco Department of Health, frames SEFA’s strategy as a three-legged stool. Each leg – financial sustainability, policy change, and community leadership – is essential to ensure that all residents are able and informed to buy healthy foods and small businesses are able to thrive. Within this framework, Lavery-Hennessey emphasized the need for a strong set of policies that address the imbalanced incentives store owners face as a result of the massive marketing budgets and targeted strategies of the tobacco, snack food, and beverage industries. She emphasized the need for public health advocates to look for win-win solutions that value and support small businesses, while seeking to improve other aspects of community health.46

Converting Shrink into Value

A key strategy to minimize losses that many programs spoke about is creating value-added products from produce that may be coming to the end of its shelf life. For example, instead of throwing away blemished product store owners could take mildly blemished fruit and cut and package it into grab and go fruit cups. The prepared fruit cups may be sold at a higher margin than unprocessed fruit, thus making them a value-added product. Many stores already naturally use this strategy. This is why often the produce selection in stores with delis reflects what the store uses in sandwiches, generally iceberg lettuce and slicing tomatoes, accompanied by some items with longer shelf life like lemons or potatoes. The key to this strategy is access to a certified commercial kitchen area. In this case, stores with small delis or kitchens may have an advantage in reducing loss of produce inventory. Fruit cups in particular have been a great

46 Hennessey-Lavery, “Interview: South East Food Access (SEFA), San Francisco Department of Public Health.”
success with corner store customers and a convenient way to process fruit at the end of its shelf life.

**Strategies: Building Efficiencies in Produce Supply**

Healthy corner store programs shared a range of strategies employed to support stores in accessing more affordable, higher quality produce, in small quantities. While there are obvious tensions and tradeoffs between the three goals of price, quality, and quantity, the strategies offered were able to improve on all three criteria. These strategies are divided into four categories: 1) shared docking; 2) cooperative purchasing; 3) leveraging aggregate purchasing power; and 4) new distribution models for connecting to the local food system. While there are some overlapping aspects of each category, these families of strategies each have key features that make them distinct.

1. **Cooperative Purchasing**

   There is a strong history of collective purchasing or cooperative agreements and business entities in the food system. Collaboration has and continues to be an important strategy for creating value in an industry with low wages and slim profit margins through collective sourcing and vertical integration at different levels of the food supply chain. The most visible and familiar of these tend to be the consumer cooperative grocery stores, many of which specialize in natural and organic foods. However, there are also many well-known agricultural marketing cooperatives including producer-owned businesses such as Ocean Spray and Sunkist. 47

   Grocers have also commonly formed retailer cooperatives to improve their access to wholesale prices, sometimes even owning wholesaling and private label production, such as Wakefern,

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the parent of Shop Rite stores.\textsuperscript{48} Unified Grocers is the largest retailer cooperative wholesaler in the western part of the country, and one of the top ten grocery wholesalers in the nation.\textsuperscript{49} They are owned by and serve independent grocery stores that seek to compete with the large national chains. To support members, Unified offers a range of member services beyond lower wholesale prices, including retail point of sale equipment that communicates with the wholesale office and technical support around merchandizing, pricing, and store design.\textsuperscript{50}

Cooperative purchasing is an idea several programs have discussed exploring. Some programs have begun the process to explore what types of structures might be suitable. Since the vast majority of programs interviewed are relatively new, none of the programs interviewed have a solid working model of a successful means for cooperative purchasing or procurement. However, the finite nature of these grant-funded programs has led to the exploration of developing structures that can sustain the continuation of the work. Both Louisville and CMC in Los Angeles had addressed this issue by establishing healthy corner store business associations, which may be a vehicle for cooperative purchasing.

Current Examples

Los Angeles – A Vision for Sustainable Small Food Businesses\textsuperscript{51}

The Community Market Conversion (CMC) program in Los Angeles was started via grant funding through the now-defunct Redevelopment Authority. The two staff project coordinators are piloting a one-year, capital-intensive approach to comprehensive transformation of four stores in South Los Angeles. To insure that there are structures in place to support the ongoing success of these $100,000 store-remodeling projects, CMC staff is actively working with the Los

\textsuperscript{49} Martinez, “The U.S. Food Marketing System.”
\textsuperscript{51} Fox, “Interview: Community Market Conversion, Los Angeles”; Landsman, “Interview: Community Market Conversion, Los Angeles.”
Angeles Food Policy Task Force (LAFPTF) to develop a Good Food Market Association. The idea is to bring together 20 corner stores and 15 food trucks committed to selling healthy foods to create a network of small businesses that can provide mutual support as well as collective political and purchasing power. CMC and partners expect that this critical mass of small vendors can leverage better wholesale prices from distributors or vendors at the wholesale market. The LAFPTF would provide the ongoing structure and oversight to help ensure the success of the program.

*Louisville Healthy Corner Store Business Association*\(^{52}\)

Louisville recently launched a business association for healthy corner stores and independent food retailers. The idea behind the association is to support current healthy corner store owners as well as provide a resource to stores interested in becoming sources of healthy foods. Using the power of numbers, the program staff’s plan is to initiate a collective purchasing agreement with local distributors or perhaps a discounted rate for members of the business association. While they have explored getting all seven of the currently participating stores to buy together from a high quality distributor at a discounted rate, the stores found it was still cheaper to buy from lower quality restaurant distributors. The hope is that with increased numbers of healthy corner stores, the business association will be able to leverage better prices from the higher quality distributor.

**Future Opportunities**

While many models are still in beginning stages, there is strong potential in creating some form of cooperative purchasing agreement. Most programs are looking at some type of association or cooperative buying club model. There may be some lessons to be learned from the larger

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\(^{52}\) Joshua Jennings, “Interview: Healthy In a Hurry, Louisville Department of Public Health, Center for Health Equity”, February 22, 2012; Belenky, “Interview: Healthy In a Hurry, YMCA of Greater Louisville.”
retail cooperative models where the grocery stores own their own distribution system. However, the barriers to entry into distribution are high and competition is fierce. Until there are enough stores working together, a full retailer cooperative may be out of reach.

Additionally, several program managers mentioned that stores are often reluctant to cooperate with other owners since they see each other as competition. Other barriers include a distrust of distributors and other businesses that some immigrant store owners may feel. Cities may already have existing business associations of corner store owners, which can sometimes be based on ethnicity such as the Dominican Grocers Association (DGA) in Philadelphia. The DGA is actively exploring how help its members source more produce and address diet-related health concerns in the communities the grocers serve. Learning more about these associations and forging partnerships maybe another way to build enough of a critical mass to more affordably source produce.

2. Shared Docking
Shared docking takes advantage of deliveries heading to existing supermarkets or large institutions. By developing an agreement with larger stores or purchasers, small retailers can access the economies of scale of these entities by purchasing directly from high-volume wholesalers and picking up the delivery at the larger site. This strategy is particularly useful where there are limited options for wholesale produce procurement and distributors have high minimum orders that prohibit smaller stores from accessing them.

Instead of corner stores buying retail and reselling, store owners and advocates may consider exploring a shared docking arrangement with a local supermarket chain. There may be a fee associated with the additional labor costs incurred by the store depending on the arrangement. The grocery store employees may set aside the corner store purchases for later pick up that day.

53 Thompson, “Interview: Philadelphia Wholesale Produce Market.”
or the corner store program may enlist volunteers to help re-bundle the delivery. Since grocery stores often do not consider many “food desert” communities to be a viable location for a retail outlet, these corner stores often may not be in direct competition with the grocery chains.

**Current Examples**

*Lessons from Rural America, Dixon, NM*54

In rural town of Dixon, located in the high desert of New Mexico, Gaywynn Cooper manages a small food cooperative serving a surrounding population of 1,500 people within a twenty-mile radius. The Dixon Food Cooperative operates out of a small 2,200 sq. ft. storefront and provides a selection of fresh produce and healthy and conventional food choices for local residents. The nearest grocery store is an hour away in Taos, but many low-income residents do not own a car, or if they do, cannot afford the price of gas. Cooper hopes the cooperative will serve as a resource for both the retired “back-to-the-land” set as well as the lower-income Latino and indigenous populations that comprise over 80% of the local residents.

Finding a wholesale grocery distributor that will stop by the small town is a challenge. The large mainstream grocery distributor that services the region runs trucks regularly on the highway just five miles away from town. Despite repeated requests, the wholesaler cannot make economic sense of taking a ten-mile detour for an order well below the $10,000 a week minimum. Instead, Cooper is forced to work with a mix of higher-priced natural grocery and produce suppliers, which can make the prices out of reach for some of the lower-income residents. To access mainstream wholesale groceries, Cooper has initiated a shared docking agreement with a supermarket in Taos. Once a week a cooperative member drives an hour each way to retrieve an order placed with the same wholesaler whose truck bypasses the town. While the price of gas and the fee added by the supermarket elevate the cost, the shared

docking agreement is currently the best and perhaps only method of accessing mainstream wholesale grocery goods.

*The Power of Institutional Partnerships, Cincinnati, OH*\(^5^5\)

The Center for Closing the Health Gap (CCHG) in Cincinnati, OH, in partnership with the Food Trust, has pioneered a new type of shared docking arrangement through partnerships with churches and the local school district. Committed to eliminating health disparities for racial and ethnic minority communities in Greater Cincinnati, the Center has leveraged strong institutional partnerships and political relationships to move the city to address issues of healthy food access. CCHG has partnered with four corner stores in the low-income community of Avondale. Additionally, they have partnered with three schools and three churches to set up regular farmers market style produce stands.

The school district, as a partner in this effort, offered to share its purchasing power and receiving dock to support the wholesale purchasing needs of the corner stores and churches. This has allowed the corner store and produce stand efforts to access the school’s distributor, who has agreed to sell to these smaller venues at the school district’s price. Given the school’s concern with the health of its children, this strategy has been a win-win situation. School officials have a strategy that helps them influence and change the food environment outside of the school walls, an area in which schools committed to healthier foods have often felt powerless. The corner stores are in turn able to provide affordable produce to the community for a cost that will ensure the financial sustainability of the venture.

While the program is still relatively modest in scope, the results to date have been positive and the program successful. The fact that the program has operated using only existing staff and volunteers gives promise that this type of arrangement can be replicable. According to Alison Karpyn of the Food Trust, who is a consultant on this project and helped formulate this strategy, the key to success is the support of school administrators who really grasp and are committed to issues of health and food access. She admits that there are potential liability concerns that other schools may have and that should be addressed as the program expands. Future programs may want to consider solutions for how to handle issues of who manages liability in these cases. Public Health Law & Policy’s research and toolkit on joint use agreements, traditionally focused on opening school yards for public recreation, may be a good resource to start thinking about how to craft these types of agreements.56

Future Opportunities
Using the shared docking arrangement in Cincinnati as a model, there may be opportunities across a range of institutions. Healthy corner store advocates should consider exploring relationships with potential mission aligned partners such as senior centers, hospitals, churches, food banks, and other public and private institutions. Hospitals may be of particular interest due to existing relationships built through farm to hospital efforts. Additionally, the IRS recently issued a ruling that tightens requirements for non-profit hospitals to provide community benefits in order to maintain their 501(c)3 tax-exempt status.57 Healthy food is now listed as a qualifying benefit, which opens up the gates to food access advocates to tap into this significant resource. In this climate of scrutiny, non-profit hospitals may be more amenable to

entering into agreements that require minimal costs or effort and demonstrate significant community benefit.

3. Leveraging Purchasing Power to Improve the Supply Chain
This strategy involves working within the existing supply chain environment to leverage the existing and potential buying power of corner stores to shift the system. In a context of intense competition, consolidation, and vertical integration of companies in the grocery and wholesale industries, corner stores represent a relatively untapped market for produce distributors. Independent produce wholesalers and distributors who once made the majority of money from sales to large grocer stores now rely on a mix of restaurant, catering, and small grocery clients. Clearly, illustrating the aggregate demand that the over 600 stores in Philadelphia or 300 stores in Minneapolis could represent can be a strong incentive for distributors to consider changing policies and practices in order to provide access and better affordability to corner store owners. Different from cooperative purchasing, this strategy does necessarily require the corner store owners to work together in an organization or network, but instead focuses on negotiations between distributors and program managers or advocates.

While there are clear market failures that have precipitated the need for healthy corner store programs, James Johnson-Piett cautions against reinventing the wheel. He suggests that program managers and advocates should explore working with the existing distributors and suppliers before developing new systems. Commonly in cities like New York and Philadelphia, smaller distributors or “jobbers” deliver produce to many corner stores. In cities with a produce terminal market these entrepreneurs run a business out of a truck or van delivering produce to small stores and restaurants. In cities without a market, “middlemen” may have an account with a larger distributor with high minimum orders and redistribute to smaller customers who cannot make the minimum. Health advocates may want to consider how to better support

these small business people who already possess a strong working knowledge of the produce industry.

Corner stores, even healthy ones, sell a lot more products than just produce. Working with mainstream grocery or corner store distributors to supply produce can be an efficient use of existing supply chain networks. For larger grocery distributors that work primarily with supermarkets, the barrier is often high weekly minimum orders of $5,000 to $10,000. For convenience distributors, the barrier tends to be that these distributors do not carry much in the way of produce. Advocates have worked with these distributors to lower minimum orders and fees, provide a more diverse selection of produce, and see independent corner stores as an emerging and untapped market for produce.

Current Examples

Shared Distribution Infrastructure – IATP in Minnesota\textsuperscript{59}

JoAnne Berkenkamp at The Institute for Agriculture Trade & Policy based in Minneapolis, MN was concerned about how the new WIC regulations would impact small WIC certified food retailers across the state. Passed in 2009 and effective in 2011, the new WIC package required stores to carry at least two types of fruits and two types of vegetables. However, most of these stores were not able to purchase produce through the major convenience store distributor. Given the relatively small produce purchases of the stores, finding a produce supplier to travel across the state for such small orders proved unfeasible.

To remedy this, Berkenkamp brokered an arrangement between the convenience distributor and a produce supply company. The agreement involved the creation of a “shadow inventory” of produce that stores could order directly from their regular distributor. The two distributors

developed a system whereby the produce supplier would receive the orders and deliver them to the convenience distributor who is never in possession of the produce for more than twenty-four hours. In this way, the stores were able to easily access produce and the convenience distributor was able to expand their offerings without incurring the added capital and logistical expense of developing a new produce wholesale capacity within their company. The produce supplier benefits by being able to access new markets that they would otherwise not be able to service independently.

*Unified Grocers & the California Fresh Works Fund – Lowering the Minimums* 60

In Baldwin Park on the eastern outskirts of Los Angeles County access to produce can be a challenge. Despite the Los Angeles Wholesale Produce Market located nearby, travel time and traffic have led corner store owners and even small grocers to resort to purchasing produce at retail prices at Costco or even the local Vons supermarket. Unified Grocers, the major grocery distributor in the region, used to have a $5,000 minimum weekly order. However, Unified recently announced that they would reduce the minimum order to $500 a week in order to be more accessible to smaller retailers. This major shift and important move for the industry was catalyzed by Unified's involvement as a board member of the California Fresh Works Fund. Through the process of sitting at the table with public health and equitable food access advocates, Unified was persuaded that supplying groceries and produce to corner stores and groceries located in underserved communities was an important opportunity for the company to both address support public health goals and expand their market. Similar to the IATP-brokered arrangement, Unified works with a produce distributor to supply smaller quantities and more variety of produce.

Streamlining Jetro for Healthier Corner Stores\textsuperscript{61}

The Food Trust in Philadelphia has been involved in healthy corner store work for the past decade and currently works with over 600 stores in the city. Many of these stores shop at Jetro, business-only cash and carry wholesaler. Leveraging the sheer number of stores involved in their program, the Food Trust was easily able to negotiate with Jetro management to have the wholesale warehouse be more user-friendly to corner stores seeking healthy product. As part of the Jetro agreed to source a greater variety of produce, create a healthy foods section, and provide a healthy corner store order list to assists store owners in identifying approved healthy products.

Support Existing Local Produce Distributors

Many smaller or independent produce distributors have worked with healthy corner store programs to offer free orders of produce, reduced cost orders, and technical assistance and support with produce management and merchandizing. However, several programs report that despite having strong initial relationships, many of these smaller distributors are struggling financially. Some even have gone out of businesses. In other cases, the owner got sick and could no longer provide the service. For this reason, it is important to consider how to support and strengthen local distributors as sector, particularly those who are committed to food access and working with corner stores. As more corner stores convert to providing fresh produce, this can provide a growing market base for the smaller distributors to work with and sustain their businesses.

San Francisco based Veritable Vegetable has been supporting small stores as part of its mission and business focus. As a small, women-run, organic produce distributor Veritable works mostly

\textsuperscript{61} Karpyn, “Interview: The Food Trust, Healthy Corner Store Initiative.”
with independent grocery stores, natural food shops, and coops. In order to support healthy corner store initiatives and other small retailers, the company has decided to waive delivery fees and minimum orders within the city of San Francisco. In partnership with SEFA, Veritable provided organic produce to corner stores in the Bayview neighborhood at the wholesalers cost. Despite the significant price break, corner store owners unfortunately still found produce to be too expensive as compared to shopping directly at the SF Wholesale Produce Market just down the street.

The Healthy Corner Store program consultant in Denver, CO was able to arrange a similar deal with a local supplier that was willing to sell at the supplier’s wholesale cost for a limited time. Due to cultural barriers and issues of trust, however, the owners declined to participate in this arrangement. By selling them on the mission of healthy corner stores, the owners of Paul’s Fruit Market in Louisville, which distributes fresh produce as well as value-added items such as fruit cups, were convinced to provide the first order at no cost to participating healthy retailers.

Future Opportunities

Wholesale Produce Terminal Markets

Often located in aging infrastructure built in the 1950s and 60s, wholesale produce terminal markets, which used to be the primary hub of produce supply for cities and regions, are on the decline. Many are facing the challenge of buildings that will not meet the stricter safety and health standards that will be imposed on the produce industry. An aggregation of wholesalers,

63 Patterson, “Interview: South East Food Access (SEFA), San Francisco Department of Public Health.”
64 Pérez, “Interview: Denver Healthy Corner Store Initiative.”
65 Jennings, ”Interview: Healthy In a Hurry, Louisville Department of Public Health, Center for Health Equity.”
brokers, and distributors, these hubs play an essential role in supporting small food businesses and lowering the barriers to entry for food retailers and restaurateurs. In cities or neighborhoods that lack or are far from wholesale terminals, corner store owners tend to rely on retail outlets to source produce. With the minimum 30% mark up stores need to make to break even the produce purchased from retail outlets is often too expensive for many customers to buy. This means store owners cannot move the produce quickly which can lead to product loss or further customer disillusionment due to small quantities and rotting produce on the shelves.

To ensure that small stores are able to increase the amount of produce they provide, particularly in underserved communities, produce wholesale markets are essential to ensuring these stores can be both economically successful and affordable to customers. In other words, advocates need to recognize these markets as a key resource in the regional supply chain, particularly for smaller scale businesses. In New York and San Francisco, the produce terminal markets have been identified in the city wide Food Plans as a key resource and priority for political and even financial support.67 These cities, which are known for their diversity of small, independent shops, understand the important role these markets play in the health of the local food economy. In Philadelphia, the produce wholesale market was able to secure state support and financing right before the economic collapse in 2007.68 Now the Philadelphia Wholesale Produce Market (PWPM) boasts the most up-to-date facility in the country. The quarter mile long building hosts 26 merchants in a 700,000 square foot facility that does not break the cold


68 Thompson, “Interview: Philadelphia Wholesale Produce Market.”
chain from the loading dock to the buyers cart.\textsuperscript{69} The San Francisco Produce Wholesale Market (SFWPM) is slated for updates as a result of a renewed 99 year lease with the city.\textsuperscript{70}

\textit{Learn from Small Independent Groceries and Ethnic Markets}

One way to learn more about the local produce supply chain is to investigate how small independent groceries and ethnic markets are successful in buying and selling produce. According to Michael Janis of the San Francisco Wholesale Produce Market, some of the small ethnic markets sell more produce than an average Safeway within a fraction of the space.\textsuperscript{71} Bi-Rite, a high-end grocery for locally sourced products in San Francisco, is able to move $45,000 dollars per week of produce out of a space that only has 2,000 square feet of retail floor space.\textsuperscript{72} These small markets can be key allies to both address health concerns and improve the local produce distribution and supply networks.

With the growing immigrant populations in many cities, ethnic markets will likely be a growing segment of the food retail industry. Ethnic markets play a niche role with specialized knowledge of the dietary needs and customs of immigrant populations. This knowledge is valuable since immigrant communities may have different expectations related to their shopping experience. For example, in Minneapolis, the African immigrant community expects to bargain for their produce, so the store owners do not like to have clearly labeled prices.\textsuperscript{73} In the primarily Latino community of Baldwin Park, CA many people prefer a farmer’s market type feel when shopping for produce and will avoid prepackage produce as commonly found in grocers such as Fresh and Easy.\textsuperscript{74} The Denver program consultant spoke to the importance of understanding different

\begin{footnotes}
\footnote{\textsuperscript{69} Ibid.}
\footnote{\textsuperscript{70} Janis, “Interview: San Francisco Wholesale Produce Market and South East Food Access (SEFA).”}
\footnote{\textsuperscript{71} Ibid.}
\footnote{\textsuperscript{72} Simon Richard}
\footnote{\textsuperscript{73} Ali, “Interview: Healthy Corner Store Program, City of Minneapolis Department of Health and Family Support.”}
\footnote{\textsuperscript{74} Cardenas, “Interview: Healthy Selection Campaign, Public Health Advocacy.”}
\end{footnotes}
dietary pattern even within ethnic groups. She noted that people from northern Mexico were less likely to eat fruits and vegetables than people from the south where the climate is more amenable to agriculture.\textsuperscript{75}

\textit{Wholesale Produce Markets and Ethnic Grocers}
Tad Thompson of the Philadelphia Wholesale Produce Market is visibly proud of the market’s newly renovated space and the deep history traceable to colonial times. However, he admits that the wholesale vendors are not racially diverse and do not have the cultural or linguistic fluency to effectively serve immigrant communities. However, PWPM, along with other wholesale markets, recognizes the value of building relationships with ethnic grocers. In this vein, the market is actively pursuing a partnership with the Dominican Grocers Association, which represents the majority of corner store owners that operate in minority communities in the city. Thompson acknowledges the need for wholesalers to be educated in the different types of produce consumed by immigrant communities. He laments that the market is unable to adequately supply Asian markets that source their produce from New York City. “I thought we carried a good variety of Asian vegetables until I learned that there are twenty different types of Bok Choi. We only carry three,” Thompson relays.\textsuperscript{76}

\textbf{4. Distribution Strategies for Connecting to the Local Food System}
With the explosion of interest in local foods, many advocates are wondering whether sourcing locally can be a solution to bringing low-cost produce to underserved areas. The idea of buying directly from farmers and eliminating the cost of a “middleman” seems plausible. However, in practice, a few programs have stated that it was too expensive to source directly from farmers, or to purchase in large enough volume to make it worthwhile for the farmer to make the trip.

\textsuperscript{75} Pérez, “Interview: Denver Healthy Corner Store Initiative.”
\textsuperscript{76} Thompson, “Interview: Philadelphia Wholesale Produce Market.”
The barrier is scale. Unless there is enough aggregate demand for a big delivery, the cost of gas and travel time could outweigh the added sales. One city experimented with having farmers provide produce leftover at the end of the farmers market in an effort to increase travel efficiency. However, the produce was lower quality since it had been out all day and picked through by customers. Store owners also found it challenging to sell an inconsistent selection of produce that was not familiar to them and their customers. Despite these challenges, a few organizations are piloting programs that show promise of successfully connecting local farmers with corner stores in communities with low-access to fresh produce.

Current Examples

LA – Community Services Unlimited

Over the past decade Community Services Unlimited (CSU) has been building a local food system in South Central Los Angeles. The campaign, From the Ground Up, has been focused on improving the local food environment in a way that centers building the agency and self-determination of community residents. In 2003, CSU conducted a survey of the 40 corner stores in the neighborhood. They found that two-thirds of the stores were locally owned and one-third wanted to work with CSU to offer healthier foods. At the time, the project ran into issues due to challenges the stores faced in finding a distributor to deliver produce in the small quantities required.

Undeterred by these challenges, CSU set about developing a comprehensive approach to both developing access to and building awareness of health foods. Since that time, the program has successfully established an urban agriculture program, a network of community gardens, and educational gardening programs with local schools. Faced with an excess of produce, CSU began to sell fresh fruits and vegetables to community members. The bags of produce were so popular, four farm stands followed. With demand for the produce outstripping the production

capacity of the small urban farm and gardens, CSU began sourcing from local farmers to supplement. Operating as an aggregation hub for local produce, CSU has made its way back to working with corner stores, now as a distributor of fresh, local produce. Starting with urban farming and then aggregation, has allowed CSU to build the capacity to develop a new model for connecting corner stores to fresh local produce.

As a distributor, they have partnered with the Community Market Conversion program to deliver to participating stores. With deep roots in the community, CSU is also able to support the stores with ongoing outreach and marketing support beyond the capacity of the one-year CMC effort. Two youth leaders have been placed in charged of conducting events, tastings, and other outreach activities to promote the local produce at these stores. A business manager oversees the all of CSU’s produce sales, including the new distribution venture, which now comprises 30% of the organizations revenues. The produce is delivered by truck through a partnership with Coalition for Responsible Community Development, another community-based organization that is building a youth empowerment project around starting a logistics business. Neelam Sharma, the director of CSU sees this approach of overlapping strategies as a fundamental to creating lasting impact. She offers, “by educating the community over time you create the market. You can’t just plunk fresh produce down in a neighborhood, you have to take the time to create a market.”

*Fresh Bodegas, NYC – Bringing local food to corner stores* 78

Fresh Bodegas was born from a partnership of the New York City Department of Public Health’s Healthy Bodega program and GrowNYC’s successful Greenmarkets program which over sees 53 farmers’ markets in the city. Joined by a third partner, the Strategic Alliance for Public Health, Fresh Bodegas began in the spring of 2011 to deliver wholesale, locally-sourced produce to 13

corner stores in Harlem and Bedford Stuyvesant. Beginning with community surveys and conversations with store owners, the program provides a free refrigerator to store owners, which are filled regularly with popular local produce on a consignment model.

Initially, Fresh Bodegas delivered produce through a partnership with Red Jacket Orchard, which had a truck and distribution operation. The agreement was that Red Jacket would deliver the produce in exchange for placement of juices in the program-sponsored refrigerator. Fresh Bodegas staff would accompany the Red Jacket truck to each store, take inventory of product, remove rotting or damaged produce, and freshly restock the shelves. The store owners pay Fresh Bodegas two-thirds of the price for whatever product they sold that week, making it a low-risk model for stores, similar to the method used by Frito Lay or Pepsi distributors.

Currently, the partnership with Red Jacket has ended as the company has left the distribution business in a move to take their juice product national. Distribution will continue through a recently acquired truck for the GrowNYC Wholesale Greenmarket, another pilot project and the source of produce for the Fresh Bodegas program. Wholesale Greenmarket, which is in its second season of operating a food hub in Long Island City in partnership with City Harvest, seeks to connect local farmers to restaurants, supermarkets, and bodegas. To make the Fresh Bodegas distribution economically viable, the project has begun to build relationships with local supermarkets located along the corner store delivery route to bulk up sales.

Ultimately, the program has found success in providing high quality and affordable produce to corner stores in low-access communities. While store sales of local produce average about $30 a week, program staff expect sales to increase through increased marketing efforts. To build community support, the program has established relationships with local community organizations and started to engage youth at local high schools to be ambassadors for the program.
Connecting Urban Agriculture and Corner Stores

Youth policy advocates working with the YMCA in Louisville have developed a plan to start and urban agriculture project that will grow food locally and sell it to local corner stores. The city recently won an award of $150,000 on behalf of the youth from the National Conference of Mayors. In 2012, students in partnership with the city health department will pilot the project with plans for full production in 2013. Advocates in Minneapolis are also looking to connect corner stores with urban agriculture initiatives, but the conversation is still in its initial phases.

Future Opportunities

Food Hubs – bridging the gap with local farmers

Food hubs are a rapidly growing distribution structure to support local, small, and mid-size farmers in better accessing local markets. Jim Barham, the resident Food Hub expert at the USDA, has recently conducted a nationwide survey of food hubs and prepared a resource guide for communities seeking to develop their own food hub. According to Barham, most food hubs exist primarily to maximize benefits to local farmers and therefore focus on higher end markets, capitalizing on the premium price local and organic foods are able to command. However, he has found that 11% of food hubs surveyed list corner stores and bodegas as their primary market, with one-third of food hubs listing these smaller retailers as part of their secondary market. This indicates that a significant number of food hubs may be addressing food access as part of their mission. Advocates may want to look to these emerging models for lessons and opportunities to connect local farmers to low-income and limited food access urban communities. As a city that does not have a wholesale produce market, Minneapolis is looking

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79 Belenky, “Interview: Healthy In a Hurry, YMCA of Greater Louisville.”
81 Barham, “Interview: Food Hub Expert and Agricultural Economist, USDA.”
forward to the nascent development of a food hub to fill some of the distribution gaps faced by smaller stores who are reselling products from larger retail chains.  

*Sustaining the Programs through Profits*

While many program managers expressed skepticism that corner store owners could make any money by selling produce, Michael Janis at the San Francisco Wholesale Produce Market firmly believes there is plenty of money to be made in produce. People just need to have the patience and skills to make it happen. Janis suggested that there might be a niche in the market for a produce distribution company that supports corner stores with the produce management and merchandizing similar to snack food and beverage distributors. Looking at many of these corner store models, many programs are filling several of these roles, but mostly through grant funding. Fresh Bodegas in New York may be the closest working example to this ideal if they are able to move their entire operations into a for-profit model, which is their end goal. Ultimately, for these programs to really grow to scale, there needs to be more work of integrating what are now programmatic activities into the business models of corner stores and distributors.

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82 Ali, “Interview: Healthy Corner Store Program, City of Minneapolis Department of Health and Family Support.”

83 Janis, “Interview: San Francisco Wholesale Produce Market and South East Food Access (SEFA).”
Chapter 4: Conclusions & Areas for Further Investigation

Healthy corner stores are a promising strategy to address health disparities and the epidemic of diet related diseases. Additionally, corner store conversions offer a range of other community development benefits from supporting small businesses to increasing community safety. The barriers in the produce supply chain are not necessarily the primary limiting factor to more corner stores providing affordable, quality produce to low-access communities. Produce management, merchandizing, marketing, and community engagement and education are all important strategies needed for a viable produce business. Also, through strategic partnerships and the leveraging of the existing produce wholesale and distribution systems, there is an opportunity to improve the ability of small stores to access better quality produce at competitive wholesale prices in the smaller quantities required.

Many of the strategies outlined in the preceding chapter, not only address issues of affordability and scale, but also seek to establish the value of corner stores as an emerging market in fresh produce retail. By focusing on the value of corner stores to a wholesale produce industry that is facing strong pressures from consolidation and mega retailers such as Wal-Mart, complementary strategies that strengthen the viability of both sectors will hopefully continue to emerge. Ultimately, these strategies also reflect the importance of valuing community residents in low-income communities as customers in a market that is not being adequately served. Through strong community leadership, corner stores may be better integrated into the community fabric and more financially secure as a result of increased community support.

Summary of Findings

Interviews with advocates and program managers reflect that effective ways to bring produce into corner stores and small retailers already exist in many underserved urban neighborhoods. Wholesale Produce Terminal Markets are an essential asset to stores that are able to access these wholesalers directly or through smaller distributors or jobbers. When engaged
strategically as partners in food access work, even large distributors can play an important role by lowering minimum order sizes to allow access to smaller retailers.

That said, there are several challenges or limitations in the produce supply and distribution networks. Not surprisingly, economies of scale are a major challenge for corner stores seeking to access quality and affordable produce in small quantities. Quality is often traded off to achieve an affordable price point and small quantity. Wholesale markets provide a valuable resource to corner stores, but their value drops off rapidly for stores located more than 20 minutes away. After this point the time and travel costs, particularly gas, begin to outweigh the benefit of direct access to produce at wholesale prices. Another major barrier was a lack of trust with distributors, particularly among immigrant store owners with limited English skills.

Healthy corner store programs have engaged in range of strategies to improve the price and quality of produce stores are able to buy. These strategies fall into four major categories with some overlapping characteristics. One important strategy is pooling purchasing power—through direct organization of store owners, partnerships with larger institutions, or indirect leveraging of the number of stores within a certain geographical area. Even in cases where organizations start their own distribution operation to provide locally sourced produce, program managers need to increase customers along the same route in order to make delivery economically sustainable.

Many advocates suggested working within the existing supply chain infrastructure before trying to invent something new. Developing a new enterprise in distribution can be challenging with high start-up costs and technical knowledge required to be successful. Therefore, new interventions should be initiated only where there is a clear gap in the existing distribution system, as is sometimes the case for local foods sourced from small farmers.

Building community and trust are also important for increasing produce supply. Strategic partnerships and alliances can lead to unforeseen benefits such as Unified Grocers lowering their minimum delivery limit as a result of participating with the California Fresh Works Fund. Improving cross-cultural communication and understanding is also central to serving the
diverse communities that reside in underserved areas as well as the many immigrant corner store owners. Developing the capacity of existing distributors to better serve these communities could be a win for everyone involved.

For long-term sustainability, all programs were concerned with making sure these healthy corner stores could make money by selling healthy products. Realizing profits is particularly important since healthy foods, especially fresh produce, take more work and involve more risk than other unhealthy products such as snack foods or tobacco. Tobacco and junk food companies also flood corner stores with a host of incentives and contracts that are challenging for health foods to compete with. In order to level the playing field, programs should consider looking into a whole-store strategy that looks into removing and regulating unhealthy products and incentivizing healthy ones.

**Strategies for Getting Produce into Corner Stores**

Through examining the above strategies and conversations with healthy corner store program managers, a few key lessons emerged for advocates and public health officials in cities interested in developing or enhancing a produce centered healthy corner store initiative. At the heart of these strategies, is the importance of strengthening relationships at all stages of the food supply chain - between store owners and residents, among store owners themselves, between store owners and wholesalers, and between advocates and allied institutions. We also see that the existing supply chain networks are strong in many cases, but need to be improved as more small stores develop an interest in entering the produce business. Connections need to be made for struggling small wholesale/distributors to be connected with the emerging market of healthy corner stores.

While this thesis focuses on produce specific strategies, many lessons are applicable to conversion programs in general and echo findings from other reports such as IATP’s *Health Food for All*, PHLP’s *Healthy Corner Stores: The State of the Movement*, or The Center for Farmland Policy Innovation at Ohio State’s *Healthy Corner Stores: A Best Practices Brief*. Since produce is one of the most challenging aspects of healthy corner store conversions, produce
can be a useful lens for advocates committed to transforming the role of corner stores in communities with low-access to healthy foods.

**Engage Community First**
Community engagement and buy-in is central to all successful programs. Local residents and groups have proved to be invaluable allies to store owners willing to engage. Centering community is not just important to achieve improved health outcomes, but should be seen as a key marketing strategy for small store owners. Bridging public health, demand development, and outreach happens frequently through integrating education on healthier eating habits and food preparation into the outreach and marketing strategy for stores. Engaging with residents and community leaders early and often is important to make sure residents feel ownership of the changes in their food environment rather than having a sense of solutions imposed from outside.

**Chart Out the Local Supply Chain**
The supply chain and logistic business, particularly for a time-sensitive, perishable product like produce, is difficult to enter. Instead of creating new systems, advocate and program managers should first consider how to work with and improve the existing produce supply system. To begin, charting out the existing produce suppliers and distribution systems can be useful in understanding what overall approach a program may want to take in improving supply to corner stores. Many produce wholesalers offer technical assistance and training in produce management as part of the customer services they provide, and some have provided free or subsidized prices to corner stores in the initial stages of transition.

However, as wholesale distribution becomes increasingly consolidated, there are many gaps that cannot be filled through the existing infrastructure. A notable gap in infrastructure is for the supply of locally sourced produce. Food hub initiatives are an effort to address this gap with the goal of supporting local farmers. Some food hubs may also be a means to address food access issues.
Set Up Store Owners for Sustained Success

While most programs last only a year or two (for the duration of grant funding), program managers are constantly thinking about how to sustain the long term success of store owners who want to provide fresh fruits and vegetables to the community. The selection of store owners that are genuinely committed to the project is key, since produce sales involves higher-risk and lower gross margins than packaged food. Training programs and ongoing technical assistance is important to support owners in successfully navigating the challenges and high loss rates commonly encountered when they first introduce produce into the store. Making sure the owner knows that financial returns may take several months to realize will help keep expectations at realistic levels. This can help reduce the disillusionment and frustration that can lead owners to abandon produce all together. Aside from improving supply or finding suppliers to provide start-up subsidies, consignment programs that mirror junk food sales have been an important avenue for reducing store owner risk and insuring success. Finally, connecting owners through a business association or even the local food policy council provides an ongoing structure for support.

Know the Local Market

Just about every program started with an assessment of the community food environment and residents purchasing behavior. Conducting surveys is a common practice. However, program managers should be aware that many people may respond with aspirational ideas of how they choose to eat, rather than what they actually consume. People often cannot reliably remember their own consumption patterns. Prolonged interaction such as focus groups or working through community organizations can help provide a more accurate picture of community needs and preferences.

Additionally, understanding the unique needs of ethnic communities and minority corner store owners can often be crucial for the success of healthy corner store initiatives. Increasing the awareness of these specific needs across different communities and cultures can increase the effectiveness of healthy corner store programs and open opportunities for new relationships.
that improve the supply chain. Additionally, programs should understand where people shop and the landscape of other sources of food retail in the community beyond supermarkets and corner stores. Drug stores and dollar stores are both increasing their share of residents’ food purchases and should be considered when evaluating the market.

**Identify Key Allies & Strategic Partners**

Advocates should seek to build a broad base of support from community block associations to citywide food policy councils and beyond. Given the significant hurdle posed by the heavy influence of tobacco, junk food, and beverage companies on corner stores, building political support that can be leveraged for policy change is important. Partnerships can also be the source of unexpected synergies and ongoing support. For example, Unified Grocer lowered its minimum order requirements as a result of participation on the board of the California Fresh Works Fund. Seeing produce suppliers as a partner in the work to address issues of food access and public health is an important and widely-practiced strategy reflected in food policy councils and work nation-wide. Policy makers and city agencies such as planning and economic development can be important allies in navigating permitting, store design, and accessing capital. Local institutions, such as schools and churches can be collaborators in education, outreach, and even purchasing through shared docking agreements. Non-profit hospitals faced with new IRS requirements to demonstrate community benefits through the Affordable Care Act\(^{84}\) may be renewed partners in health education, sites for shared docking, and even sources of funding.

**Develop a Business Approach, Not Just a Business Plan**

In order to be effective and replicable in the long run, everyone needs to be making money from farmers to suppliers to store owners. Balancing the economic health of small businesses in the food supply chain and the health outcomes for community gained through affordable

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\(^{84}\) IRS, “New Requirements for 501(c)(3) Hospitals Under the Affordable Care Act.”
produce is an ongoing and central challenge in this work. Each city has taken a slightly different approach, and most employ strategies that adapt to the needs of each individual store. Instead of imagining a model business plan for healthy corner stores, advocates would be better off developing a model approach that integrates community development practice, public health evaluation and educational methods, and sound business strategies. Most, if not all, programs operate with an integrated mix of these methods and practices. Ultimately, while produce deserves special attention, programs are most successful when they take a holistic approach that looks at the overall design, product mix, and shopping experience of the store.

**Cultivate Sustainable Funding Sources**

Foundations such as Kellogg and Robert Wood Johnson along with government programs, such as the Center for Disease Control’s Communities Putting Prevention to Work (CPPW) have been important sources of funding for healthy corner store conversion work. Community Development Financial Institutions (CDFIs), lenders with a social mission to improve low-income communities, have also played an important role in providing capital. The Food Trust in Philadelphia worked in partnership with a CDFI, The Reinvestment Fund, to develop a Fresh Food Financing Initiative that has been a model for the nation.\(^85\) These initiatives provide access to a mix of grant and debt capital to catalyze market driven solutions to food access issues. While supermarket attraction is the core of this work, healthy corner store initiatives have also received support through these programs. Advocates may want to look into what CDFIs and other socially minded investors exist locally to provide an ongoing source of funding to these programs. City economic development departments can be a great resource in learning more about accessing CDFIs and other sources of capital.

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Document and Evaluate

All programs practiced some form of documentation and evaluation. Setting clear and measurable goals from the outset is important for consistent evaluation. Programs have chosen to measure outcomes such as shifts in customer purchasing habits, changes in residents’ perceptions of the store, and produce sales. Partnering with a local university can help increase capacity for documentation and evaluation.

Work for Policy Change

Ultimately, policy changes and government intervention need to happen to combat the influence of tobacco and junk food. Cities can approach this through licensing and permitting requirements, taxation of unhealthy products such as cigarettes or junk foods, or incentives and branding programs that highlight healthy options and reward stores that meet healthy targets. SEFA’s Food Guardians in San Francisco have conducted a community driven evaluation of all the corner stores in the Bayview community. Using this information they created a healthy store rating system that is published online and presented a report to each store with recommendations for how they can improve their rating. Cities can use this example, or the example of “green” or local branding programs, to develop a branding program that recognizes healthy stores.

Cities also have an important role in recognizing the value of their existing produce distribution infrastructure. The cities that are prioritizing this will have a more up to date and diversified produce distribution network. Supporting local food aggregation hubs can also be an important way to increase access to quality fresh fruits and vegetable while supporting local farmers. Produce terminal markets are an essential source of produce for independent food businesses. Cities can support by helping to provide access to economic development incentives and tools.

supporting the pursuit of state or federal bonds, or providing secure and affordable lease agreements on city land. Produce terminal markets are currently coping with outdated infrastructure that desperately needs to be upgraded and renovated.

Table of Key Strategies & Implementation Steps

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Implementation</th>
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| Engage Community First                | • Approach and recruit partner organizations such as community based organizations or block associations  
                                         • Envision a healthy store together  
                                         • Develop an ongoing community marketing and outreach plan, including tastings and cooking demos and nutrition education |
| Chart Out the Local Supply Chain      | • Identify suppliers of produce including wholesalers and distributors of produce and groceries  
                                         • Find the local Wholesale Produce Terminal Market, if one exists  
                                         • Ask store owners about current suppliers |
| Know the Local Market                 | • Conduct survey/community assessment  
                                         • Discover what residents actually purchase, not just aspire to purchase  
                                         • Develop an understanding of the cultural practices and preferences around food types and food shopping experience  
                                         • Evaluate other stores within walking distance |
| Approach Key Allies & Strategic Partners | • Build relationships with policy makers and city agencies such as planning, economic development, or police  
                                         • Identify other organizations or institution that have shared goals such as schools, churches, YMCA |
| Develop a Business Approach, Not Just a Business Plan | • Recruit local experts and consultants to develop a sound business approach  
                                         • Ensure ongoing support structures and technical assistance exists through partnerships or healthy corner store business associations  
                                         • Create store design and business plan specific to conditions of each store |
| Cultivate Sustainable Funding Sources | • Seek funding from CDFIs building off the work of Healthy Food Financing Initiatives |
| Document and Evaluate                 | • Incorporate systems for regular documentation and evaluation of program goals such as produce sales and consumer attitudes  
                                         • Partner with academic institutions if possible |
| Work for Policy Change                | • Build coalitions to address specific market barriers to small scale healthy stores through policy  
                                         • Address the heavy influence of tobacco, alcohol, junk food, and beverage companies in corner stores  
                                         • Explore a range of regulation and incentive options to facilitate the presence of fresh produce in small stores  
                                         • Support wholesale produce markets and local distributors as an important part of the city’s food infrastructure |
Areas for Further Research

While efforts were made to contact a wide range of healthy corner store programs from various parts of the country, some innovative programs were not reached due to the limited time frame of this research. Of particular note is the Healthy Foods Here project run by the Seattle Department of Economic Development and the Healthy Corners program run by DC Hunger Solutions. Both of these programs are piloting a produce distribution model that could help better inform the current strategies. Generally, the field of corner store conversions is relatively new and rapidly evolving. This research therefore only provides a sample snapshot of important and innovative work happening in the field.

Additionally, more research is needed of the produce supply chain, particularly for smaller stores. Speaking with program managers and produce terminal managers provided a helpful perspective on overall issues and challenges; however, these actors may not be aware of all the specific issues faced by store owners. Furthermore, there are already small groceries, corner stores, and ethnic markets that successfully sell produce in many cities. Studying how these markets are able to successfully source and sell produce at reasonable prices might lend helpful insights into the field of corner store conversions.

In searching for information regarding the history of produce terminal markets, limited information was available. Produce terminal managers and USDA researchers alike were at a loss for where to find this information. In order to better understand how to support a produce wholesale industry that in turn supports small retail businesses, a better understanding of the landscape would be helpful.

There is an urgent need for additional research and work into the food access issues rural communities are facing. The situation in these communities is often more extreme due to lack of density, high poverty, rural flight which some refer to as the “brain drain.” As the population declines, produce and grocery distribution options become more limited. Many small stores will buy from Wal-Mart and resell locally at a markup. The Rural Grocery Initiative based out of the University of Kansas, Manhattan, is a leader in addressing this issue. Seeking opportunities to
share lessons or resources between urban and rural context seems like an important strategy to ensure the supply chain is strengthened everywhere.

Finally, it is important to integrate findings and strategies regarding produce supply to healthy corner stores into a more holistic approach. More specifically, it is important to understand what these strategies mean in the broad perspective of food security, food access, and local food systems work. Research that integrates community development practices and theory with healthy corner store work could serve deepen understandings of the impacts of supporting these small business owners outside of the public health lens that dominates the work.
Works Cited


Patterson, Tracey. “Interview: South East Food Access (SEFA), San Francisco Department of Public Health.”, March 26, 2012.


Appendix A: List of Healthy Corner Store Conversion Programs included in research

Healthy Corner Store Conversion Programs Interviewed

<table>
<thead>
<tr>
<th>City (# of interviewees)</th>
<th>Program Name</th>
<th>Lead Organization(s)</th>
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<tr>
<td>Baldwin Park, CA</td>
<td>Healthy Selection Campaign</td>
<td>Public Health Advocacy</td>
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<td>Boston, MA</td>
<td>Healthy on the Block</td>
<td>Boston Public Health Commission</td>
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<td>Denver, CO (2)</td>
<td>Healthy Corner Store Initiative</td>
<td>Denver Public Health</td>
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<td>Los Angeles, CA (3)</td>
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<td>Community Redevelopment Authority of Los Angeles (now defunct – program operates under a transition org.)</td>
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<td></td>
<td>Village Market Place Produce Delivery</td>
<td>Community Services Unlimited</td>
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<td>Minneapolis, MN</td>
<td>Healthy Corner Store Program</td>
<td>City of Minneapolis Department of Health and Family Support</td>
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<tr>
<td>New York, NY</td>
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<td>GrowNYC Greenmarket</td>
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<td>Healthy Corner Store Initiative</td>
<td>The Food Trust</td>
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<td>San Francisco, CA (2)</td>
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Other Healthy Corner Store Programs Researched

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<td>Cincinnati, OH</td>
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<td>Center for Closing the Health Gap</td>
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<tr>
<td>Seattle, WA</td>
<td>Healthy Foods Here</td>
<td>Seattle Department of Economic Development</td>
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