CFAES

NOBLECOUNTY OFFICE OF OHIO STATE UNIVERSITY EXTENSION

Ohio Rural Grocery Survey 2023 Findings

Authored by Gwynn Stewart, MS – Assistant Professor &
Rural Grocery Transition Specialist
Ohio State University Extension Community Development - Noble County

The Ohio State University
EXTENSION

January 2024

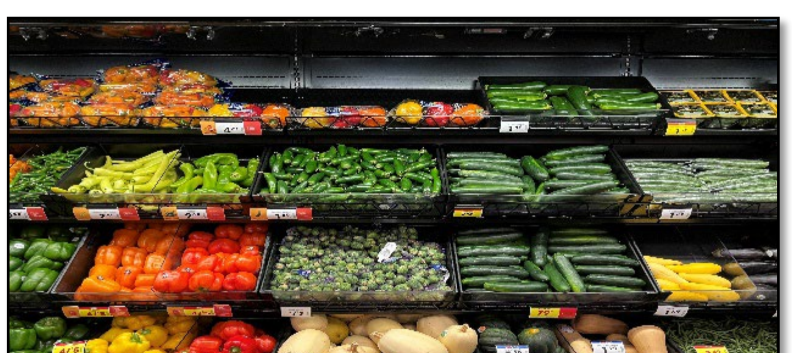
Authored by Gwynn Stewart, MS, as a member of The Ohio State University Extension Business Retention & Expansion Team. Stewart also completed the *Rural Grocery Transition Specialist* micro-credential through Kansas State University Extension in 2023.

All Report photos are by Gwynn Stewart unless otherwise noted.

Special thanks to:

- Iowa State University Extension
- The Ohio Grocers Association (Kristin Mullins & Molly Talley)
  https://www.ohiogrocers.org/
- The Ohio State Knowledge Exchange | College of Food, Agricultural, and Environmental Sciences
  https://kx.osu.edu/

INDEX



Survey Introduction

Meat section at a rural store.

You hear it more often than any small community would like, “Supermarket Closing.” When this happens, rural residents have much farther to travel for routine grocery supplies. In addition, in rural areas, there are food deserts or areas where “communities lack adequate access to nutritious food,” (Mulangu & Clark, 2012).

One NBC Nightly News story on the “Inspiring America” segment was different, “Small Sheffield, Illinois, town comes together to save supermarket.” The story is of a small town saving the Royal market. Originally opened in 1940, upon the owner’s pending retirement the town preserves fresh food access to residents and the ability to “feed itself,” (NBC News, Dec. 2023).

Restricted access to stores in rural areas is also often compounded by the lack of public transportation or by transportation’s limited days and hours of operation. One study found that “24 percent or more than 475,000 Ohio households in rural areas do not live within a 10-minute drive of a retail grocery store of any size. And those within driving distance or a retail grocery store, five percent do not own a car,” (Mulangu & Clark, 2012).

Rural community markets are already more concentrated than their more metro counterparts, according to a 2023 study by the United States Department of Agriculture (Ahl, 2023). In addition, “rural households face prices about four percent higher than suburban area supermarkets,” (Kaufman, 1999).

For additional study context, consider this excerpt from the 2023 USDA study A Disaggregated View of Market Concentration in the Food Retail Industry, ERR-314 (Zeballos, Eliana, Xiao Dong, and Ergys Islamaj).

> “In the past three decades, the food retail sector has been revolutionized by consolidation and industry changes. Two major economic forces may help explain these changes in the brick-and-mortar food retail industry.
>
> **First**, large retailers that have not primarily sold food products have entered the food retail market and are now competing with traditional food retailers. Supercenters and mass merchandisers are examples of “nontraditional” food retailers that have been competing with traditional food retailers due to their substantial offering of food products and have been growing rapidly in new areas. Other new retail formats, such as discount stores and dollar stores, are continuing this trend (Chenarides et al., 2021a; 2021b).

The second force is the growth of existing food retailers, which has been accelerated in the past decades by national and large regional retailers, consolidating horizontally through mergers and acquisitions. The potential price and nonprice ramifications of the changing local food retail market concentration can impact consumers, producers, and especially low-income households with food accessibility challenges."

The Ohio Rural Grocery survey was a project of Ohio State University Extension educator Gwynn Stewart, MS, as a member of the OSU Extension Business Retention Team. Stewart lives in Monroe County and serves in Noble County; both are designated as Ohio Appalachian counties. Food insecurity rate percentages are higher in Appalachian Ohio Counties for example in Monroe (14.9%) and Noble County (15.3%).

Wal-Mart Food Section

Upon completion of the Rural Grocery Specialist Certificate pilot program, a micro-credential program through Kansas State University Extension, Stewart was interested in learning more about the state of rural grocery stores in the Buckeye State. The Rural Grocery Specialist Certificate Program "trains and deploys resource professionals across the country to better serve rural grocers through business transitions," (https://www.ruralgrocery.org/specialist/).

With permission from Iowa State University Extension, Stewart adapted for Ohio a survey that was created in Iowa. Partnering with the Ohio Grocers Association, the survey was also reviewed by its staff and then provided to its members. Surveys were also distributed through the OSU Extension educator network, via partners in the Appalachian portion of the state and via chambers of commerce.

Survey questions covered ownership types, products and services, local food access options, size of stores, food processing equipment, trending issues, competition, USDA programs such as Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children (WIC), ethnic and cultural food offerings, if stores sell food and agriculture that are made in Ohio, store succession planning, profits and current employment (full- and part-time).

Methodology

The Ohio Rural Grocery Qualtrics Survey was adapted, with permission, from the survey created by Iowa State University Extension.

The survey was distributed by Ohio State University Extension and the Ohio Grocers Association as well as regional chamber of commerce organizations in rural areas. Respondents self-determined if their site was “rural.”

Ohio State Knowledge Exchange created the project maps that include:

- Grocers Stores located in Ohio’s Rural Census Tracts
- Variety Stores located in Ohio’s Rural Census Tracts
- Grocers and Variety Stores located in Ohio’s Rural Census Tracts
- Grocers and Convenience Stores located in Ohio’s Rural Census Tracts

The maps were created using data obtained from Data Axel, Food Access Research Atlas, Economic Research Service division of U.S. Department of Agriculture (USDA), Ohio County Boundary obtained from Ohio Department of Transportation, and Census tracts obtained from U.S. Department of Agriculture (USDA).

- There were 48 completed 2023 Ohio surveys.
- When asked their position, 90 percent were completed by the store owner or a senior manager.
- More than half only owned or managed one store.

Kroger Storefront


Family Dollar Canned Goods

Regional Riesbeck’s Store

Survey Findings

When asked: Aside from grocers, which of the following products and services does your store offer?

- ATM or Bank = 6
- Alcoholic beverages = 17
- Books/cards/gifts = 13
- Café or restaurant = 8
- Catering = 9
- Delicatessen = 13
- Fuel = 5
- Locally made crafts = 6
- Lottery Tickets = 10
- Pharmacy = 6
- Postage stamps = 11

Family Dollar Produce Aisle

- Other responses included: Fishing, hunting, and camping supplies; tobacco products, seasonal flowers and plants, pet and livestock feed, bill pay, health and beauty items, general merchandise, frozen food, and ice cream.

Types of Ownership

When asked to select the type of ownership for the grocery store:

- Privately owned = 13
- Corporate franchise = 6
- Cooperatively owned = 0
- Community owned = 0
- Nonprofit = 0

Survey Findings

Approximate Square footage of stores in the responses included answers ranging from 4,000-10,000 square feet with non-sales floor space from 1,000-4,000 square feet.

Kroger Select Beef Options

When asked if all regulatory issues were addressed, would you consider **leasing some of your refrigeration space to local farmers or local food processors**, most said no with 16% saying yes and 27% saying maybe. The reasons offered for answering no included needing corporate approval; accountability and storage; not enough extra space and already purchase local produce and beef.

Which of the food processing facilities/equipment are available in your store:

- Meat cutting = 16
- Meat grinding = 13
- Flash freezing = 1
- Deli slicing = 16
- Food repacking = 14

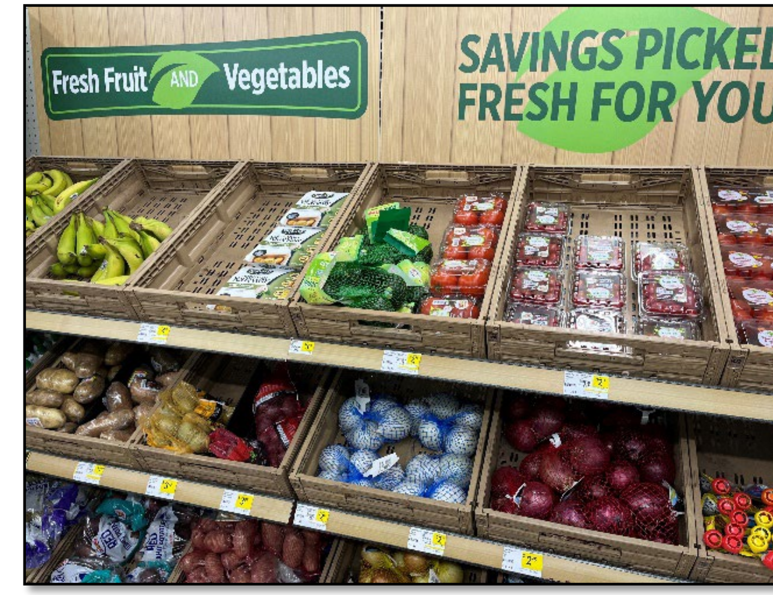
Greatest Challenges

When asked about greatest challenges for stores, respondents noted:

- Competition with large chain grocery stores.
- Competition with super center stores (Walmart and Dollar General),
- Competition with online grocery ordering without a brick-and-mortar presence (such as Amazon Fresh) and
- ParMar convenience store in proximity.

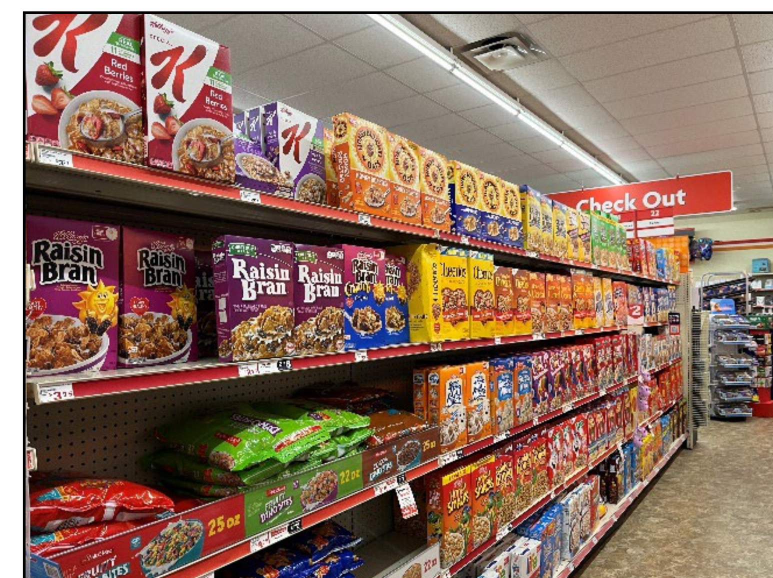
Survey Findings

Online Groceries:
“According to a survey by PYMNTS, a business platform that monitors developments in the connected economy, one in six consumers now buys groceries online and has them delivered each week,” (Schildhouse, 2023). Other benefits also include trial memberships, curbside pickup, referral bonuses, savings on fuel and free shipping.



Dollar General Produce Aisle

Food Inflation:
Excerpt from *The 3 real causes of food inflation* by Scott Moses for *Supermarket News* Dec. 2023, “American grocery in 2023 has never been more fragmented, with an unprecedented degree of choice, convenience, and price transparency. Hyper-competitive national / discount grocers like Walmart, Costco, Target, Aldi, and Dollar General have driven grocery prices down over the past 20 years; supermarket grocers have needed to follow suit to retain customers, sometimes beyond sustainable levels for many stores. Supermarket grocers now comprise less than 40% of American grocery share, and this is falling every day.”



Family Dollar Cereal Aisle

Excerpt from *USDA Food Price Outlook, 2023 and 2024*:
“Food prices are expected to grow more slowly in 2023 than in 2022 but still at above historical-average rates. **In 2023, all food prices are predicted to increase 5.8 percent,** with a prediction interval of 5.7 to 5.9 percent. **Food-at-home prices are predicted to increase 5.0 percent**, with a prediction interval of 4.9 to 5.1 percent. **Food-away-from-home prices are predicted to increase 7.1 percent**, with a prediction interval of 7.0 to 7.2 percent. Food prices are expected to continue to decelerate in 2024.”

Acceptance of Federal Program Vouchers

Many respondents accept:
- Supplemental Nutrition Assistance Program = 13 of 22
- Women, Infant and Children (WIC) Vouchers = 9 of 22

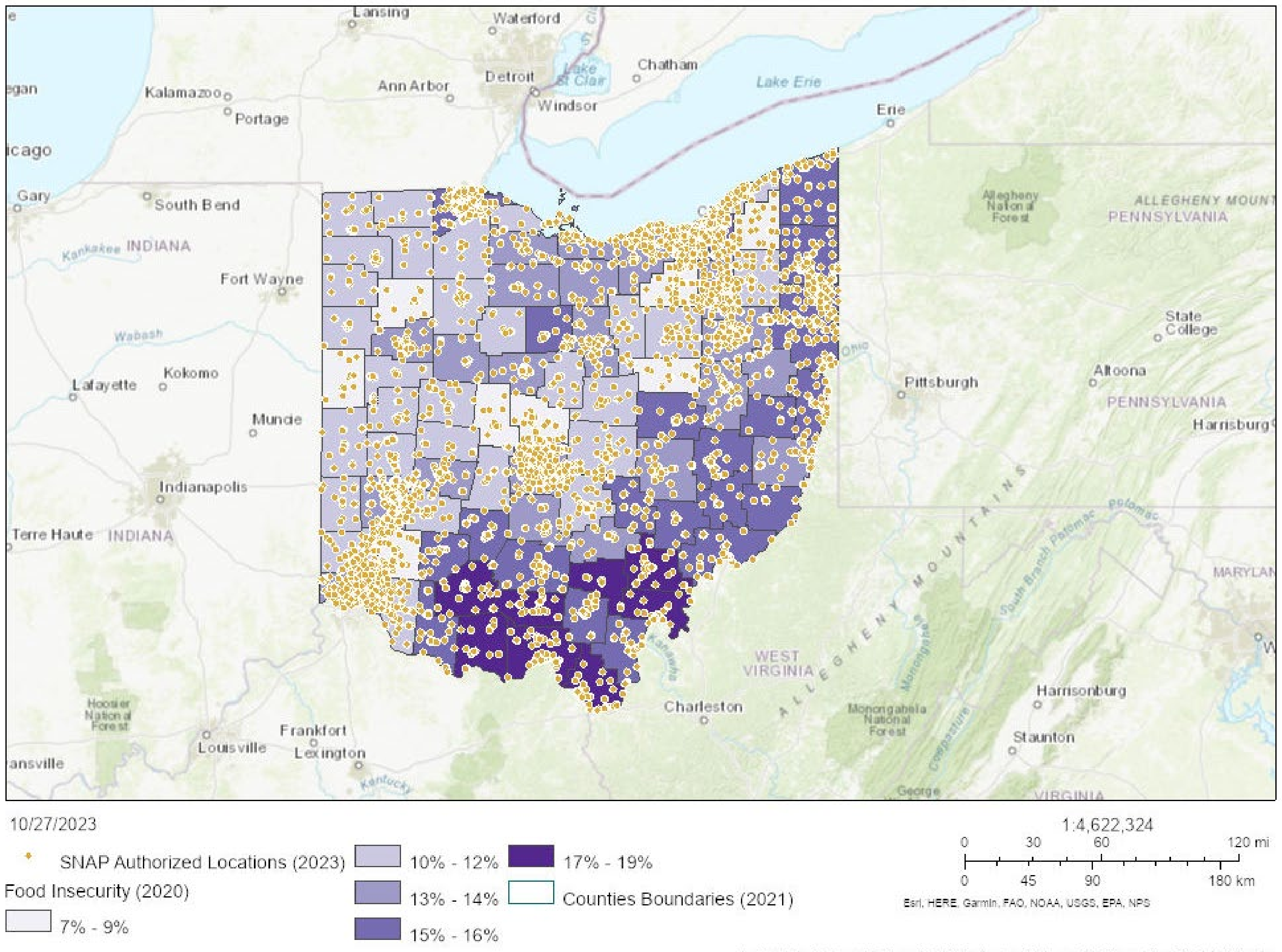
Supplemental Nutrition Assistance Program (SNAP) Explained
Excerpt from https://noble.osu.edu/program-areas/snap-ed

“Nationally, SNAP-Ed operates in fifty states, plus two territories, and targets individuals (youth and adults), and families. SNAP-Ed is funded by the US Department of Agriculture’s (USDA) Food and Nutrition Service https://www.fns.usda.gov.

SNAP serves in partnership with the Ohio Department of Job and Family Services (https://jfs.ohio.gov/) and Ohio State University Extension for its SNAP-Ed, a free nutrition education program serving participants and low-income individuals eligible to receive SNAP benefits or other means-tested federal assistance programs throughout Ohio.

Dollar General SNAP Sign

Authorized SNAP Locations vs. Food Insecurity Rates



The goal of the SNAP program is to improve the likelihood that families and individuals who receive SNAP benefits (SNAP) will make healthy food choices and choose active lifestyles."

SNAP Ed Program Coordinators also help provide tips and tools for saving time and money on food preparation. Food safety is emphasized as well as fitting fruits and vegetables into the food budget.

Authorized SNAP Locations Map from Ohio State Knowledge Exchange - https://kx.osu.edu/story/food-system-map-feature

Survey Findings


Photo of farmer from Ohio State CFAES Brand Library

Ethnic or Cultural Food: Only 13 respondents answered if they specialize in any ethnic or cultural food offerings:

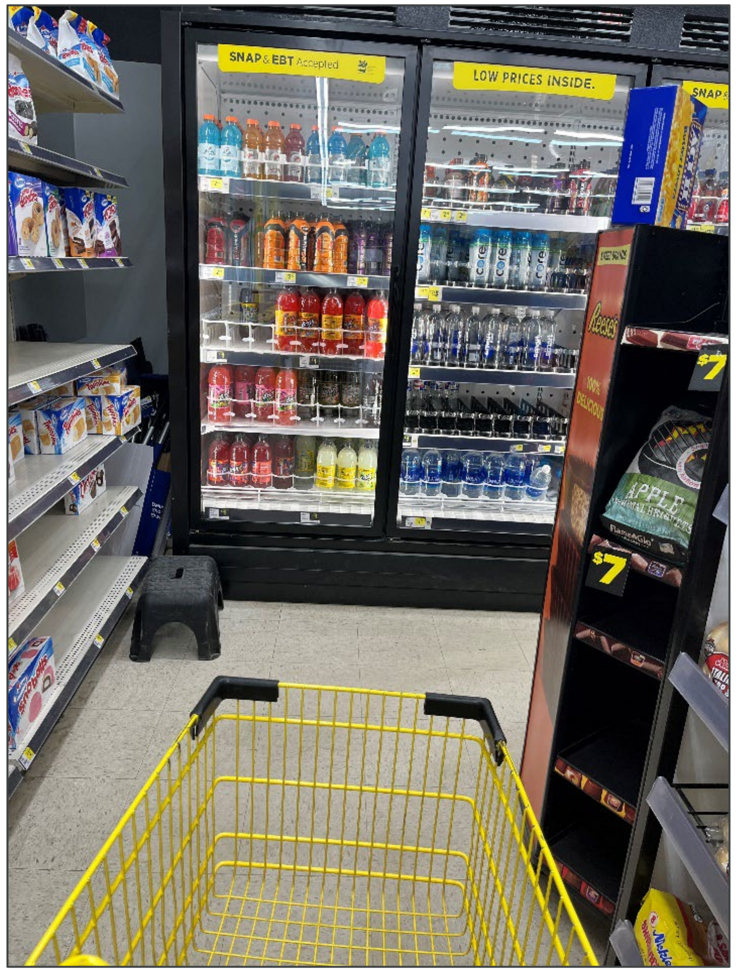
4 = Yes *(Minimal Hispanic, Moderate organics, Italian, Asian, Indian, Jewish)*
9 = No

Ohio Grown
Most who responded (14 responses) to the question of purchasing products grown or raised in Ohio answered yes with the majority accessing products through distributors or direct from farmers. With 1-25% of sale purchases being direct from local farmers.

Barriers in purchasing and selling local products included consistency of delivery, accuracy, and reliability of delivery of products and connections/relationships with farmers or local food businesses.

Greatest barriers in purchasing and selling local products noted included: food safety of perishable products with traceable and documented food safety and handling from source to shelf; finding farmers to sell their goods; some farmers are “happy to sell, some aren’t;” and lack of adequate space for storage or display.


Photo of vegetables from Ohio State CFAES Brand Library



Survey Findings

The Future
When asked how concerned they were about:

- My store will go out of business in the next year:

Not at all concerned = 65%
Not very concerned = 15%
Somewhat concerned = 23%

When asked how concerned they were about:

- My store will go out of business in the 5 years:

Not at all concerned = 31%
Not very concerned = 23%
Somewhat concerned = 46%

Average Net Profit
The average net profit for grocery is 1.1 percent after taxes. When asked does your store have a higher or lower net profit than average, (of the thirteen who responded), six said average; three said higher than average and one was lower with three at unknown.

Employment

Ohio Grocery Industry Employment *(Supermarkets & Grocery Stores)* = 96,315
(Source: IBISWorld)

Employees: When survey respondents were asked the number of store employees:

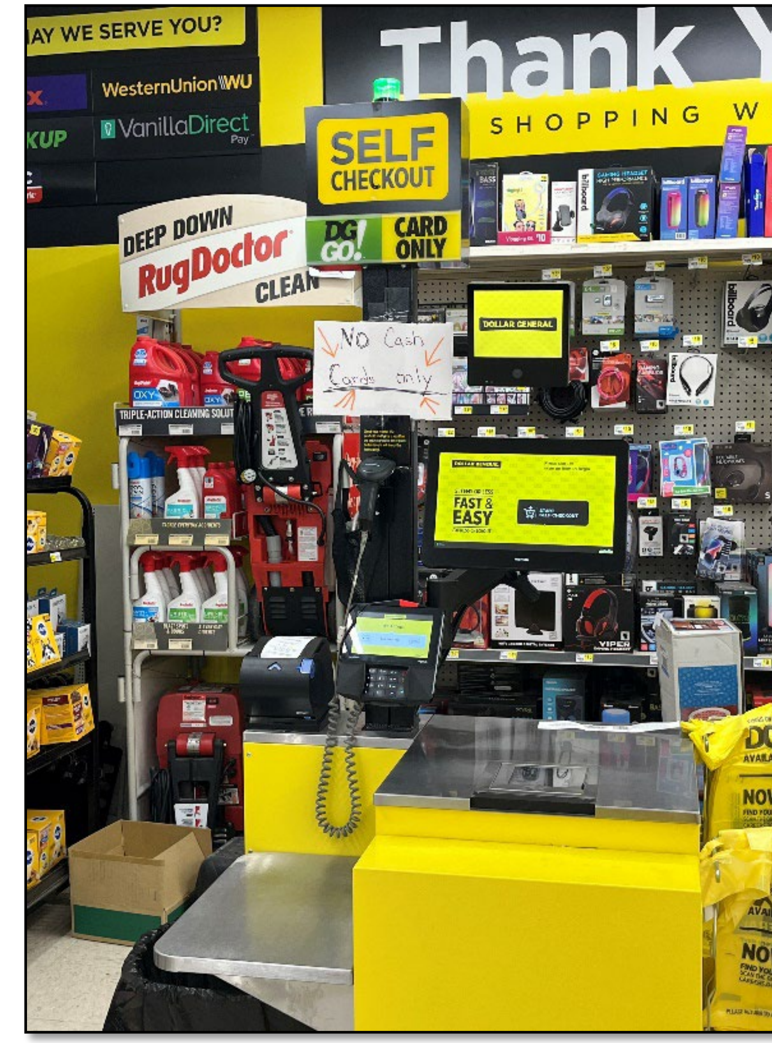
- Full-time employees, answers ranged from 1 to 600
- Part-time employee answers ranged from 4 to 700.

Self-Checkout Trends

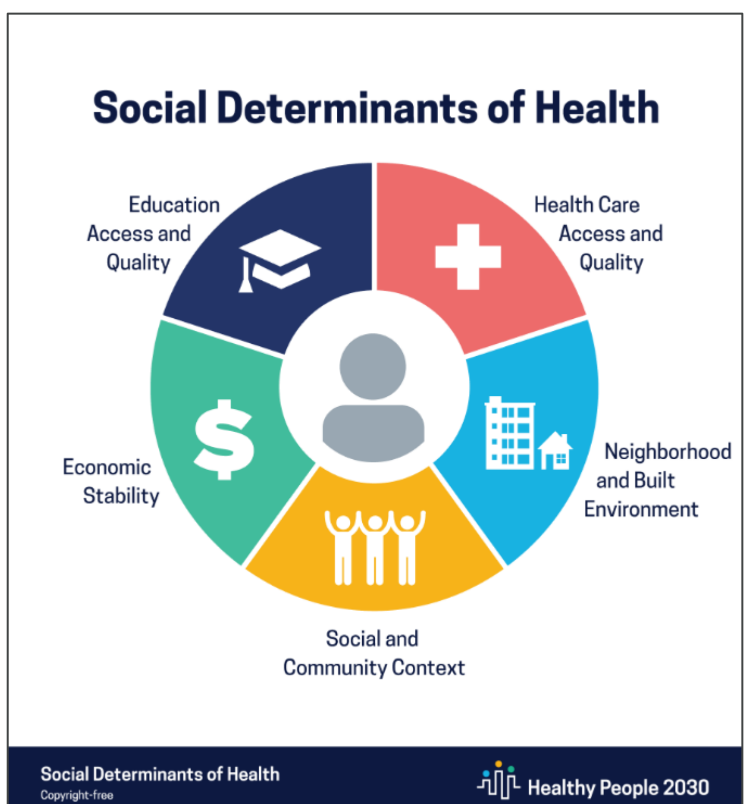
A variety of grocery, retail and variety stores are making the shift from cashiers to self-checkout. Customers have mixed reviews on the trend. Some Kroger stores “have eliminated cashiers entirely,” (Reinhard, 2023). Kroger’s headquarters is located in Cincinnati, Ohio, and is the largest chain in the state.

The shift in staffing includes “courtesy clerks” at the self-checkout lanes. Shoppers will find self-checkout options at large retailers such as Walmart
and Dollar General as well.

“Self-checkout systems have emerged as a prominent and preferred checkout option for consumers. According to recent statistics, an impressive 73% of consumers favor self-checkout systems over traditional staffed checkout lines. This preference is particularly pronounced among Gen Z shoppers, with a staggering 85% choosing self-checkouts as their preferred method of completing their purchases. Approximately 40% of retailers plan to enhance their offerings with staff-assisted mobile checkout,” (Simon, 2023).



Dollar General Self-Checkout



Social Determinants of Health

Research shows that Social Determinants of Health (SDOH) can “contribute to wide health disparities and inequities. For example, people who do not have access to grocery stores with healthy foods are less likely to have good nutrition. That raises their risk of health conditions like heart disease, diabetes, and obesity — and even lowers life expectancy relative to people who do have access to healthy foods,” (Healthy People 2030). Access to nutritious foods, especially in rural areas is a continued area of public health concern.

Conclusion

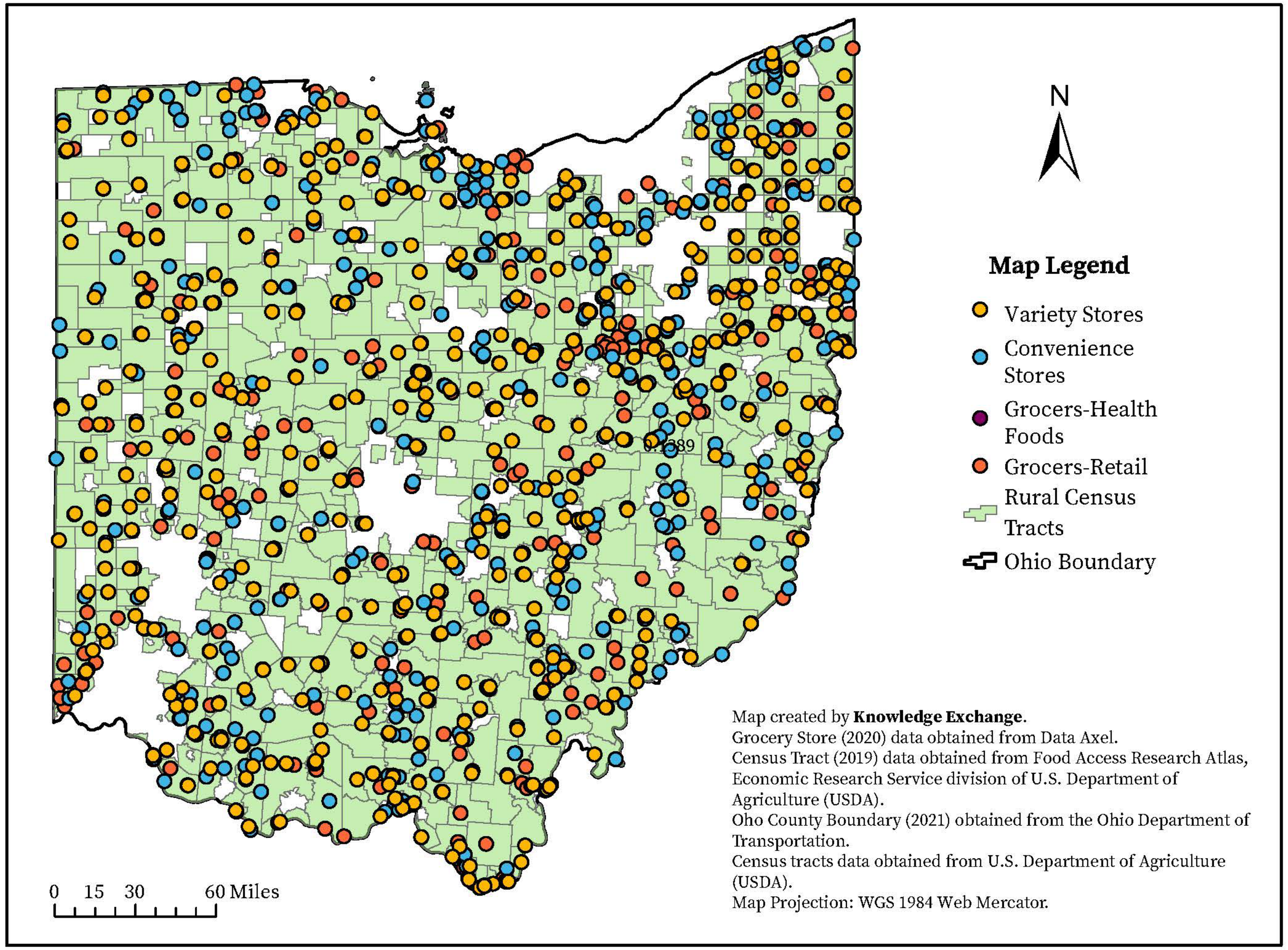
The estimated 424 retail grocers in rural census tracts are a critical partner to the fabric of Ohio's rural communities.

There are a variety of stressors to the sector including inflation, changes in technology and workforce pressures. There are also increasing types of competition from other types of grocery retail such as convenience and variety stores and online options.

While the response to the initial Ohio Rural Grocers Survey was limited, Ohio State University Extension plans to repeat the survey in the future to garner additional input and response from the sector.

Shopper at Wal-Mart Supercenter

Grocers and Variety Stores Located in Ohio's Rural Census Tracts 2023

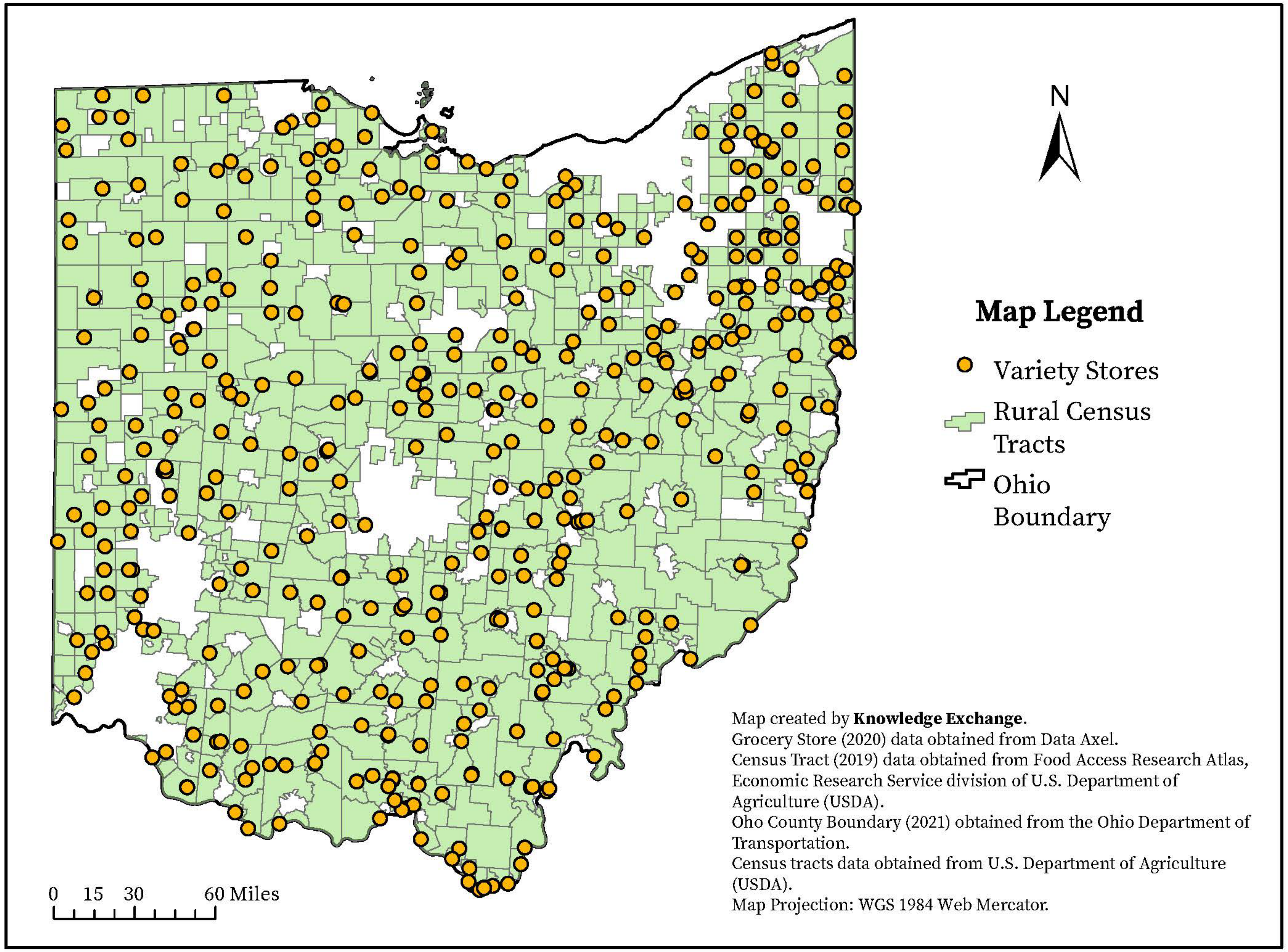


When intersected with rural census tracts, there are:

- 424 Retail grocers;
- 1 Health Food Grocer;
- 594 Convenience Stores and
- 492 Variety Stores.

The OSU Knowledge Exchange provides the above map of rural Ohio options for grocery purchases including The North American Industry Classification System (NAICS) Codes 44511003 - Grocers-Retail, 44511007 - Grocers-Health Foods, 44512001 - Convenience stores, and 45299013 - Variety stores.

Variety Stores Located in Ohio's Rural Census Tracts 2023



The Variety store NAICS code includes 452319 - All Other General Merchandise Stores such as Dollar stores and limited price variety stores.

References

Ahl, Jonathan - New USDA study finds rural grocery shoppers have fewer places to buy food. January 23, 2023 at https://www.iowapublicradio.org/ipr-news/2023-01-23/new-usda-study-finds-rural-grocery-shoppers-have-fewer-places-to-buy-food

Coleman, K. (2023). Kroger and Albertsons Are Abandoning Over 400 Locations, Starting Now. The two companies are planning to offload stores as part of a massive merger. Retrieved from https://bestlifeonline.com/kroger-albertsons-abandoning-400-locations-news/.

Kaufman, P. R. (1999). Rural poor have less access to supermarkets, large grocery stores. Rural Development Perspectives 13(3): 19-25.

NBC News, Inspiring America – Dec. 5, 2023

Moses, S. (2023). The 3 real causes of food inflation - for *Supermarket News* Retrieved from https://www.supermarketnews.com/consumer-trends/3-real-causes-food-inflation

Mulangu, F., & Clark, J. (2012). Identifying and Measuring Food Deserts in Rural Ohio. The Journal of Extension, 50(3), Article 41. https://doi.org/10.34068/joe.50.03.41

Reinhard, A. (2023). Kroger Store Ditches Cashiers for Self-Checkout Only—Will More Follow? Retrieved from https://bestlifeonline.com/kroger-self-checkout-news/.

Schildhouse, J. (2023). Convenience vs. Cost NewsMax Maxlife, May 2023. Pg.77

Simon, B. (2023) Consumer Preferences for Retail Checkout Technology: Trends and Insights. Retrieved from https://www.linkedin.com/pulse/consumer-preferences-retail-checkout-technology-trends-ben-simon/

USDA Summary Findings Food Price Outlook, 2023 and 2024 Retrieved from https://www.ers.usda.gov/data-products/food-price-outlook/summary-findings/

References

Zeballos, Eliana, Xiao Dong, and Ergys Islamaj. January 2023. A Disaggregated View of Market Concentration in the Food Retail Industry, ERR-314, U.S. Department of Agriculture, Economic Research Service. https://www.ers.usda.gov/webdocs/publications/105558/err-314.pdf?v=9287.4

Healthy People 2030 - https://health.gov/healthypeople/priority-areas/social-determinants-health

Knowledge Exchange – Ohio State University - https://kx.osu.edu/story/food-system-map-feature

https://www.ibisworld.com

https://www.ruralgrocery.org/specialist/

Survey Peer Reviewers:

Kenzie Johnston - Extension Educator, Community Development /Agriculture and Natural Resources (Delaware County)

Sarah Mays – Extension Office Administrative Associate

Report Peer Reviewers:

Kyle White, MBA - Extension Educator IV, Community Development (Medina County)

Ken Stewart – Extension Educator, Family & Consumer Sciences (Monroe County)

Lori Harris – Extension Program Assistant, Supplemental Nutrition Assistance Program Education (Noble County)

Gwynn Stewart, MS, Assistant Professor
Ohio State University Extension
Community Development – Noble County

Noble.OSU.edu | 740-305-3177 | stewart.1818@osu.edu

THE OHIO STATE UNIVERSITY
EXTENSION

Ohio Community Development is an Ohio State College of Food, Agricultural, and Environmental Sciences program delivered by OSU Extension.