

# The Rural Grocery Crisis

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08/18/2010

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Rural groceries are in trouble, pressured by high utility costs, competition from big box chains and customers who drive off to find bargains instead of buying at home.

By [David E. Procter](#)



[Kay](#)

[Westhues](#) The Tyner Grocery in Tyner, Indiana. Rural groceries are important civic and commercial institutions. They are also disappearing from rural communities.

*“We are one of your statistics, I’m afraid. We are losing our grocery store in Protection. The owner has an illness and she must sell or go out of business. It will be a sad situation for an already depressed town.”*

This email, from an economic development director in Southwest Kansas, is one of many we’ve received at Kansas State University. Similar emails, letters, and phone calls are coming into non-profits, local governments, universities, and economic development offices, and all are making the same point.

Rural America’s grocery stores are facing a crisis. These businesses are closing at an alarming rate. Almost daily another small-town, independently-owned store shuts its doors and closes up shop.

In Iowa, for example, 43% of grocery stores in towns with populations less than 1,000 have closed, while in Kansas, nearly one in five rural grocery stores has gone out of business since 2006. These disappearing businesses are creating a crisis, as rural grocery stores represent a critical piece of the infrastructure that sustains rural America.

Rural grocery stores are part of the economic engine that sustains rural communities. They are a significant source of local taxes, powering the creation and maintenance of civic services and amenities. They provide essential, stable jobs – butchers, cashiers, managers, and stockers – at a time when we are desperate for employment opportunities.



[Roadsidepicture](#) A Handy Andy store in Florida during the 1930s.

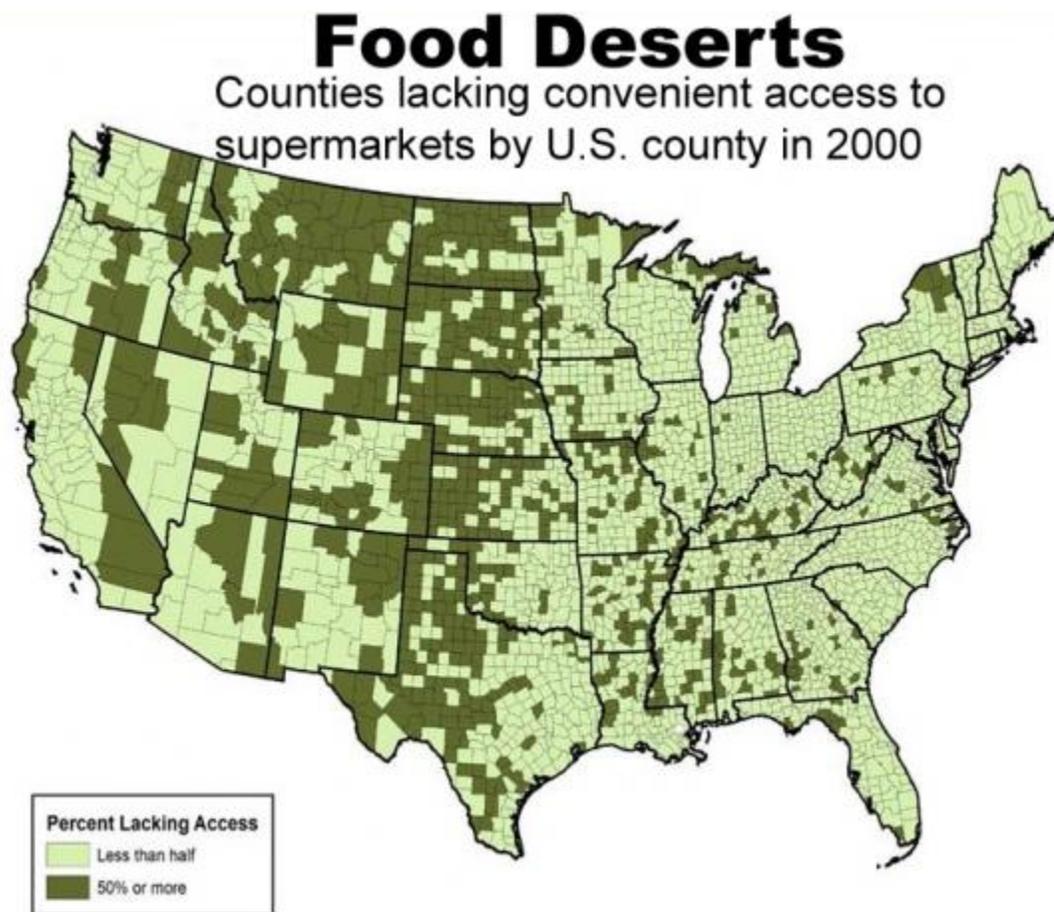
Dollars spent at a local, independently-owned grocery store cycle through the local economy more than do dollars spent in national chain stores at the edge of town, and certainly more so than when those dollars are spent at an out-of-town big-box market.

Rural grocery stores are also a vital source for nutrition and health, providing a supply of fresh fruits, vegetables, dairy and protein. Where no grocery store exists, rural citizens are living in a “food desert.” Citizens in these food-deprived areas struggle simply to find healthy and nutritious food for their families and themselves.

From initial investigations out of our office at the Center for Engagement and Community Development at Kansas State University, it has become clear that many parts of rural America

are facing a crisis of access to healthy foods. Research indicates that millions of rural Americans live in food deserts.

A majority of the land area in several states of the Midwest and Mountain West could be described as food desert. “Severe” food desert counties – area where citizens have to drive more than 10 miles to a grocery store – are still apparent in the western portions of the Great Plains states. Approximately 40% of Kansas counties are “severe food desert” counties, and a significant portion of the population in half of Oklahoma’s 77 counties live in severe food deserts. The following map displays the food deserts throughout the U.S. and illustrates the severity of this problem in the central plains.



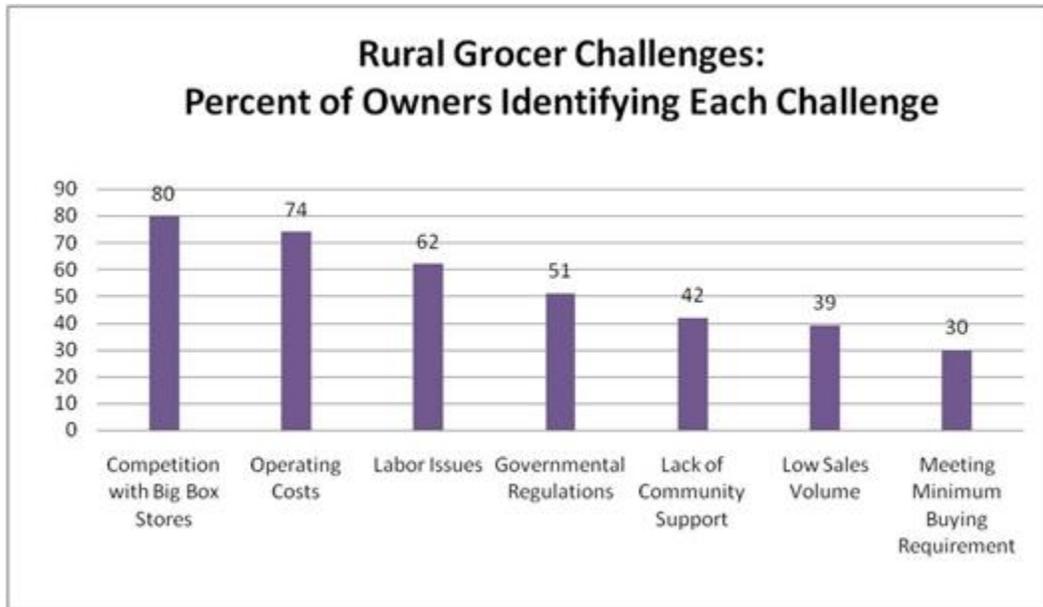
Grocery stores are also important vehicles for community development. They serve as gathering places, where folks see one another, talk about the latest issues affecting their towns, and dream together about what their communities could be. Just like our local schools, cafes, and post offices, rural grocery stores are important community assets, providing tangible evidence of local strength and stability.

So, the question is, why are these rural stores closing? Certainly, there are difficult economic and demographic trends that hurt rural grocery stores’ chances to remain profitable. These include rural population decline, increased competition from larger chain stores, new shopping patterns, and changing food distribution models.

But we wanted to understand the crisis from the perspective of the rural grocery store owner and work to address those challenges. To understand the significant challenges rural grocery stores face, Kansas State mailed a survey to all rural grocery stores in Kansas communities with populations of 2,500 or less. Eighty-six of the 213 grocery stores responded.

Kansas State University and the Kansas Sampler Foundation – a Kansas non-profit dedicated to preserving rural Kansas – hosted a rural grocery summit in 2008 and asked the 70 storeowners attending to describe their most significant challenges. Finally, we conducted in-depth interviews with five rural grocery store owners and again asked them about the issues that challenged them the most.

From all of this, we identified the “Big Seven Challenges” facing rural grocery store owners. These challenges and the percentage of store owners identifying them as significant are illustrated in the graph below.



\*The most frequent, significant challenge identified by our rural grocers was competition with big box grocery stores.

In the past twenty years, we have seen a tremendous rise in the number of big-box, national-chain markets. In addition, big-box wholesalers have moved into the grocery business, and now many offer large food sections as part of their stores. Rural store owners view these stores as competition that threatens their very survival.

\*We also heard about the challenges of building maintenance, insurance, and shipping costs in the grocery business. The most significant operating expense is utilities, particularly energy. The costs of heating and cooling any store are significant.

By far, though, the operating cost of refrigeration is the greatest challenge. Many store owners struggle with outdated and inefficient coolers. A broken cooler could ruin a significant percentage of a grocery's inventory.

\*Many rural grocery stores struggle to find an adequate supply of reliable workers. Besides the challenge of finding "good help," in many small towns there is also the problem of finding any employees at all. In many rural communities, there is simply a lack of available folks to hire. This can be a real problem, because if the store owner and family are the only workers, they are likely to burn out or wear out.

\*Rural grocers must abide by a variety of regulations, such as those governing alcohol sales, food handling, WIC and SNAP participation, proper labeling, workers' comp, and federal and state wage laws.

Some grocers feel these government regulations are overly intrusive, but for others the problem regulations pose is a matter of time and labor.

\*Lack of community support is one of the most frustrating challenges faced by rural grocers. Grocers say that they are asked to support a variety of community projects – the local ball team, church youth groups, the 4-H Club. They are frustrated when they notice adult sponsors and parents of these community groups traveling to distant big box stores to do their grocery shopping.

\*This challenge of low sales volume is related to several others, and of course poses a basic problem. Nearly all rural grocery stores – certainly those in Kansas – are required to purchase a minimum dollar-amount of food each week from wholesale distributors. For small stores and especially those struggling with low sales volumes, this is a significant challenge.

If stores cannot meet the minimum, food distributors simply won't deliver food to their stores; they will literally drive right past and onto a store in the next town where the minimum can be met.

*David E. Procter is director of the [Center for Engagement and Community Development](#) at Kansas State University.*