

Module 11 - Grocery Innovations and Ideas

Rural grocery owners are often challenged to develop unique, out of the box solutions to the problems inherent in the industry. Whether it be declining population in their market area, or competition from big box or dollar stores, small-town grocers find they must constantly be innovating and adapting to stay relevant. Below we have listed several innovative ideas.

The 24/7 Grocery

Every hour a grocery store is open there are costs involved. In a small town, it is possible that grocery sales will not be enough to cover these and other expenses. In Evansville Minnesota, after a previous store had closed, new owners found a rather unique solution to keep costs down. Their store, called Main Street Market, is open to the public and staffed only three days each week, a total of 23 hours. The rest of the week the store is closed, except for members, who pay a \$75 annual membership fee to gain 24/7 access to the store. These members can enter the store with their key fob or use an app on their phone. Once a shopper is ready, they use one of the self-check-out methods to ring up their purchases and are on their way. The store opened in May of 2021. Additional information on this innovative approach can be found here: [self-serve grocery store : NPR](#)

Delivery

In the midst of the COVID pandemic, grocery delivery options took off, as many consumers chose to avoid public places. Since then, grocers big and small have been trying to find the “sweet spot” for their organization and some have cut back on certain delivery options. But for some small stores it has become clear that delivery has the potential to add significantly to revenue and ultimately to their bottom line.

While deliveries to in-town addresses are usually still available, we have seen an increase in stores with more delivery options, particularly to make drops in nearby towns. Rather than delivering direct to homes, the deliveries are often to a drop point where all those who placed an order meet the delivery driver at a pre-set time. Most deliveries include a fee, although there are some who will deliver to elderly or others for no charge.

A variation on the delivery theme is to load a trailer with staples and other grocery items and bring these to a pre-set location at a pre-set time. Sales are made on the spot and customers do not pre-order.

Grocery Lockers

Grocery lockers are becoming more common in rural areas around the country (see photo below). In small towns where there is no grocery store, and in some cases no dollar store or convenience store either, these lockers are one way consumers can access groceries right in their town. Customers generally place their orders online, and the purchases are delivered to the lockers as soon as the next business day, for a small delivery fee. Some of the lockers are refrigerated, allowing sale and delivery of a greater variety of products.

Installation of lockers is expensive, however, and in many cases grant funding has been used to make these an affordable investment for the stores. Even so, both parties can benefit from this new arrangement. The stores will realize additional revenue and profit, while customers get access to groceries without leaving town.



Support Local

While stores have carried local products for years, buying local is a definite trend. Consumers like to know where their meals are coming from, and local food is often seen as superior. Many are willing to pay a little more for fresh local produce, meat, and dairy, among other products. In addition, if there is room in the store, consider carrying products created by local craftspeople. Selling products that are locally grown or locally manufactured helps the local economy and encourages loyalty among community members.

For Clint and Jenny Osner, who own and operate Hired Man's Grocery in the rural Kansas town where they grew up, supporting local has an added twist. As true "locals" they have adopted the catchphrase "Home Grown", and they use this phrase in multiple ways. They have begun referring to local service members as "Home Grown Heroes", and the Osner's will occasionally send care packages to those who are stationed far from home. In return, the men and women receiving the packages will often post pictures of the gift on Facebook, which is great low-cost advertising. Other home-grown products sold at Hired Man's include tomatoes and jalapenos from Beck's Family Farm, Rowan's Honey Products, Sarah Jane's salsa, DeVore Farms melons and pumpkins, and other local farm-raised produce in season.

Multiple Stores

Volume is an important aspect in rural groceries. One way some grocery owners are adding volume is by adding stores in nearby communities. Most often this is accomplished by purchasing an existing store, rather than opening new, but either is a possibility. When adding a second or third store, not only is volume being added, but there are other opportunities for efficiency. Depending on the proximity of the stores and the experience level of employees, it might be possible for two stores to share a manager.

The stores can split orders of slow-moving items, reducing stale-date items, or order other items in bulk to reduce unit costs. Many other possibilities exist.

Co-locate

A great way to create additional traffic to the store is to co-locate with other businesses. Larger stores have been doing this for years (think floral, banking, postal services, coffee shop, etc.). If space is available, having additional stores and products either in the store itself, or next door, will bring more people to the area and will drive greater sales. Feel free to think outside of the box and if you think it will create more traffic, and if you have the space, give it a try.

City-Owned Grocery

On verge of losing their lone grocery store in May of 2020, the city of Erie, Kansas mailed a one-question poll to its residents. The single question was this, "Do you support the City of Erie purchasing Stub's Market?" The response was strongly in favor as 68.5% of respondents voted yes. (Waters, 2022) This town of roughly 1,000 residents would now be in the grocery business. Renamed Erie Market, the town hired a manager for the store, and the manager submits a monthly financial report to the city. The city has found that as a non-profit, and one that does not need to create significant profits for the owners, it has been easier to keep prices reasonable. If the store should happen to slip into the red the city will add a small fee to resident's water bill to make up the difference.

School-Owned Grocery Store

While the school-owned store is also discussed elsewhere in this document (Module 1 - Rural Grocery Ownership Models), it bears repeating here. Even though this ownership model may be used rarely to this point, it does have some distinct advantages over other models. Like non-profits and cooperatives, there is less pressure to create profit. In addition, since the store is largely student-run the learning opportunities are nearly endless. Students can be involved in all aspects of running the store, such as cleaning, stocking shelves, pricing, advertising and sales, merchandising, ordering, and customer service. Students with crafty or artistic abilities can create and sell their products at the store. Meat from livestock raised by the students can also be sold at the store.

School-run stores sometimes have limited product and limited hours. They may be located within the school, or they may have their own location separate from the school. An example of this approach can be found at the Circle C market in Cody, Nebraska. Information on the Circle C Market can be found at: [Health News : NPR](#).

Competition – Dollar Stores

When a dollar store comes to town there will most likely be more competition for a certain percentage of the consumer grocery budget. However, there may be some tactics you can employ to offset the losses. We have heard from grocers that there are certain items in the dollar stores where they just cannot compete on price, such as paper goods and pet food. One option could be to go ahead and cut prices, using sort of a loss leader approach on some products. While it is possible this could be effective, there is a limit on how often and how deep the cuts can be made. An alternative strategy is to reduce the area devoted to the non-competitive products. For example, instead of carrying three brands of paper towels, cut back to one. Use the space you have freed up to bring in products with better profitability.

One key area where a rural grocery store can stand out when competing with dollar stores is in fresh food. Most dollar stores do not carry much in the way of fresh products. In some cases, you can also differentiate your store from the competition by keeping it clean and free of clutter. Make sure customers are greeted and that friendly employees are available to assist customers when needed. Tactfully point out these attributes in advertising and social media posts.

Social Media

While most businesspeople know how important social media is, Facebook in particular, many do not do a good job of posting frequent and relevant information. Jenny Osner of Hired Man's Grocery stated that part of the reason her store creates and participates in so many local events is for the story. Trick or Treat in the store, a cookout in the parking lot, a successful canned food drive. Pictures and videos of the events make great stories to be posted on Facebook for customers to see and respond to.

Marci Penner of the Kansas Sampler Foundation is a particular fan of the use of Facebook Live to share information with customers. These sessions can be used to highlight employees, talk about what is on sale, introduce new products, and feature local suppliers and their products. Topics are only limited by your imagination. The primary purpose being to form a relationship with the customer and stay in touch with them.

Miscellaneous Promotions

Mildred Store, Mildred Kansas:

Owners Regena and Loren Lance like to think of promotions and community services that are "outside the box". Their Dresses on a Dime program collects and stores used prom dresses and accessories. Each year these are made available for students to rent, each for a dime. The items are later returned and will be available for others to rent in future years.

The Mildred Store happens to have a large building attached to the back of the store. The building is made available for public rental, but the most exciting event taking place there seems to be the monthly music night. Owner Loren Lance and friends provide live music and community members can dance, socialize, and partake of concessions made available by the store. Dance lessons are sometimes available as well. These nights bring in some additional revenue for the store but perhaps more importantly create additional goodwill in the community.

Hired Man's Grocery, Conway Springs Kansas:

In their anniversary month of July, customers can save receipts and once they have \$100 in purchases they get an entry into the end-of-month drawing for some nice prizes. Examples of items given away are Yeti coolers, cornhole (bags) game, fire pit, Big Green Egg grill, Roomba vacuum and more. Also in July, the store randomly gives away 200 bags of groceries. These winners are automatically selected by the cash registers and customers who win are gifted a pre-packaged bag of groceries on the spot.

Also from Hired Man's is a canned food drive done in conjunction with a cookout in the store parking lot. Anyone bringing a canned food donation received a free hot dog, chips, beverage, and pie. The quantity of food donated exceeded the goal. Then there is Trick or Treat night that has become a popular annual event. Employees are in costume as they hand out candy of course. Finally, one summer the local swimming pool was in need of expensive repairs. Hired Man's decided to help and organized a pool party with a two-mile walk/run fundraiser. A barbecue was held, sponsorships were obtained, and

donations were accepted. Subsequently, a bike-a-thon was held for additional funding. Enough money was raised to complete the repairs and add a slide to the pool.

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