Institute for Agriculture and Trade Policy

Corner Store
Fresh Fruit & Vegetable Survey

April 7, 2010

Key Observations

- ✓ 77.4% of the stores visited reported that their sales of fresh fruits and vegetables have increased since August 1, 2009.
- ✓ 60.4% of stores visited reported that they are selling more varieties of fresh produce than they did before August 1, 2009.
- ✓ 76.8% of the stores using the WIC fresh fruit and vegetables signs indicate that they believe the signs help to attract attention and increase awareness.
- ✓ 67.3% of the stores visited appeared to have the 5 or 7 required varieties at the time of IATP's visit, in the opinion of the interviewers.
- ✓ 43.6% of stores visited reported that they are making a "reasonable profit" on fresh fruits and vegetables, based on the perception of the individual being interviewed.
- ✓ 61.1% of stores visited perceive that their WIC customers are buying mostly fresh produce with their WIC fruit and vegetable coupons.
- ✓ Overall, stores rated their experience with fresh fruits and vegetables as a 3.63 (on a scale of 1-5, with 1 being negative and 5 being positive). Stores in close proximity to large groceries and stores identified by the interviewers as Somali-owned in outstate Minnesota reported more challenges with the new rules.

Methodology

The Institute for Agriculture and Trade Policy (IATP) conducted site visits of corner stores to gauge their experience implementing the new minimum stocking requirement for fresh fruits and vegetables (Fresh F&V) that went into effect for WIC-authorized retailers in Minnesota on August 1, 2009. In conducting the cornerstore survey, IATP defined cornerstores as those having one or two cash registers. The Minnesota Department of Health provided IATP with a list of all WIC-authorized retailers in Minnesota that have either one to two cash registers. In-person visits were conducted at 114 cornerstores between October 21, 2009 and January 15, 2010 by two IATP representatives – one focusing on the metro area, one focusing on outstate Minnesota.

The visits included a visual assessment and a structured interview with the cornerstore staff available at the time of the visit. Of those interviewed, 47.6% were store owners, 35.9% were managers, and 16.5% were clerks. The observations shown below are based on the perceptions of the individuals interviewed during the on-site visit. Language difficulties were sometimes a barrier to obtaining clear responses when the interviewees' first language was not English. Most interviews were conducted in English, with some conducted in Spanish.

In seven cases, a visual assessment was conducted without an interview. This procedure was followed if the owner was unavailable, a language barrier was too significant to complete the interview, or other factors prevented an interview.

The metro visits included 71 stores in Minneapolis, St. Paul, and suburban areas of Hennepin and Anoka Counties. Of these visits, 58% were in Minneapolis and St. Paul, with the balance in suburban areas. Forty-three stores were visited in St. Cloud, Rochester, Willmar, Owatonna, Faribault, Marshall, Red Wing and in smaller neighboring towns. These stores were chosen at random.

Where significant differences were found between the metro and outstate stores visited by IATP, these differences are shown below in italics. The percentages shown in the report that follows are based on the number of responses to each given question.

The following information is provided in the Appendices:

I. A subset of representative comments from interviewees
II. Detailed listing of prime distributors used by interviewees
III. Detailed listing of entities identified by interviewees as their source of produce

Observations

Overall Perception

- On average, interviewees rated their overall **experience with the new WIC fresh F&V requirement** at 3.63 (on a scale of 1 – 5, with 1 being "really problematic" to 5 "going really well")

Signage

- The majority (73.8%) of those interviewed reported **using the WIC Fresh F&V signage** that was mailed in August, 2009.
    - 14.5% of those interviewed reported receiving the signage, but not using it.
    - 11.7% reported not receiving the signage.
    - *6.3% of the metro stores reported not receiving signage, while 20.5% of outstate stores reported not receiving signage.*
- Of the 114 stores visited (based on IATP visual assessment):
    - 57 were using the 16x20 posters (1-2 posters in each store) at the time of the visit
    - 26 were using the danglers (1-4 in each store) (No danglers were observed in use in the shelf rails—all were taped up)
    - 12 were using the shelftalkers (1-3 in each store)
- Of respondents that received the signage, 76.8% felt that the signs helped to **attract attention** and increase awareness.
- Nearly all stores accepted the English language materials that were offered to them by the interviewers. In addition, materials in **other languages** were requested by the following percentages of the stores visited:

    Spanish: 36%
Somali: 30%
Hmong: 10%

    - One store owner pointed out that he believed the Somali version incorrectly says "new choices" instead of "fresh choices."
- Some stores suggested giving away the **shelftalkers** to customers as take-home promotional material.

Sales

- 60.4% of stores visited reported that they are **selling more varieties** of fresh produce than they did before August 1, 2009 when the WIC rules changed, in the opinion of the individual interviewed.
    - Of those varieties sold before August 1, bananas, onions, apples, tomatoes and lettuce were the most frequently cited varieties.
    - *66.7% of the metro stores reported selling more varieties of fresh produce, while 51.2% of outstate stores reported selling more varieties.*
- 77.4% of stores visited reported that **their sales of fresh F&V have increased** since August 1, 2009, in the opinion of the individual interviewed. 22.6% reported that sales have not increased.

  - *87.7% of metro stores reported seeing an increase in sales, 12.3% have seen no increase – 61.1% of outstate stores reported seeing an increase in sales, with 38.9% seeing no increase.*
- Interviewees were asked to indicate their **average weekly sales of fresh F&V**. Of the 60 interviewees that were able to respond with a dollar figure:
  - 33.3% of those responding indicated sales of $0-49 per week
  - 13.3%: $50-99
  - 10%: $100-149
  - 10%: $150-199
  - 5%: $200-249
  - 10.1%: $250-499
  - 18.3%: over $500 per week
  - *In the metro area, 11.9% of the respondents reported selling over $500 per week in produce, while 33.3% of the respondents in outstate MN reported selling over $500 per week in produce.*
  - *In suburban stores, 50% reported selling less than $100 per week of fresh F&V.*
- Interviewees were asked about the **profitability of their fresh F&V sales**:
  - 43.6% reported making a profit
  - 22.8% reported losing money
  - 10.9% reported breaking even
  - 12.9% didn't know
- Interviewees were asked about the **portion of their fresh F&V sales that are made to WIC customers:**
  - This question was asked in an open-ended format, but 66 interviewees gave percentage answers. Of those:
    - 6 responded 0 or less than 1%
    - 33 responded 1-49%
    - 10 responded 50%
    - 15 responded 51-99%
    - 2 responded 100%
  - Twenty respondents said "very few" or "very little" of their sales are made to WIC customers.
- Interviewees were asked about **the proportion of fresh fruit and vegetable purchases relative to frozen/canned** items being purchased with WIC vouchers. On a scale of 1 ("mostly frozen/canned") to 5 ("mostly fresh"):
  - 60.1% gave a rating of 4 or 5 27.4% gave a rating of 3
  - 11.6% responded with a 1 or 2
  - *In the metro, 51.7% of interviewees gave a rating of 4 or 5, while 75.6% of interviewees in outstate MN gave a rating of 4 or 5.*
- Interviewees were asked for their perception of **how much WIC customers spend on fruits and vegetables relative to the value of their WIC vouchers**. 53.5% of respondents perceived that WIC customers typically limit their purchases to the amount of their vouchers. 46.7% of interviewees perceived that WIC customers typically spend more than the value of their coupon.

        - *Perceptions for the metro area and outstate MN differed noticeably. In the metro area, 69% of interviewees perceived that customers typically spend only the value of the coupon. In outstate Minnesota, 32% of interviewees perceived that WIC customers typically spend only the value of their voucher.*
- Interviewees were asked what their **top selling produce items** are. Bananas, apples, oranges, carrots and tomatoes were perceived to be the top sellers
- Interviewees were asked how much fresh F&V is going to **waste** at their store. On a scale of 1 = "little or no waste" and 5 = "a lot"
    - 77.7% responded between 1-3, indicating very little to some waste.
    - *In the metro, waste seemed to be more of an issue. In outstate MN, 53.8% responded with a 1, while in the metro area, only 21.7% responded with a 1.*

Procurement

- A variety of prime/broadline distributors serve the cornerstores visited. When asked "**Who is your prime distributor?**" interviewees responded as follows (and many listed more than one distributor)
    - 29 use CoreMark as their prime distributor
    - 26 use Gold Star Distribution
    - 9 use Henry's
    - 4 use Chambers and Owen,
    - 4 use StarOcean (metro)
    - 4 use Affiliated in Kenosha, WI (outstate)
    - See Appendix II for a full listing of sources.
- Interviewees were asked "**How do you purchase fresh F&V?"** Many interviewees listed more than one source for fresh F&V. Some responded that they use a combination of retailers and wholesalers.
    - 83 responded that they source from a retailer (including: Sam's Club, Cub Foods, Walmart, and Rainbow).
    - 81 responded that they source from a wholesaler (including: Restaurant Depot, H Brooks, Star Ocean, and Affiliated).
    - 30 gave other responses that could not be determined to be retailers or wholesalers.
    - See Appendix III for a full listing of sources.
- 24.1% who bought through a retailer may be interested in buying **fresh F&V through their prime distributor**. 15.5% said they were interested in buying through their prime distributor. Others cited the need for more information.
- 75% of those that use CoreMark or Henry's know that these distributors are currently offering fresh F&V.

Stocking/merchandising

- 84% indicate that they feel they have enough **refrigerator space** for fresh F&V.
    - *Refrigerator space seemed to be more of an issue for the outstate stores. 12.5% of outstate stores responded that they were very short on refrigerator space (72.5% said refrigerator space was not a problem). No stores in the metro indicated that they were very short on refrigerator space, while 90.9% responded that refrigerator space was not a problem.*

- 76.6% indicated that they do not feel they need additional **display space** for non-perishable F&V.
    - *Again, display space seemed to be more of an issue for outstate stores—45.7% indicated that they need additional display space for non-perishable F&V, while only 8.5% in the metro expressed a need for additional display space.*

Visual Assessment

This portion of the survey is based on the interviewers' visual assessment and opinion at the time of the visit.

- **Number of varieties**: 67.3% of the stores visited appeared to have the minimum 5 or 7 required varieties at the time of IATP's visit. The remaining stores appeared to have fewer varieties. IATP did not attempt to determine if stores were meeting the minimum pound requirement.
    - *Meeting the minimum number of varieties appeared to be more of a problem for metro stores. 60.3% of metro stores appeared to comply with the minimum stocking requirement of 7 varieties, while 82.9% of outstate stores appeared to comply with the minimum stocking requirement of 5 varieties.*
- **Quality and freshness**: On a scale of 1-5, with 5 being freshest, the following percentages of stores rated as follows, based on the perception of the interviewer:
    - 65.1% rated either 4 or 5
    - 21.7% rated a 3
    - 13.2% rated either 1 or 2
    - *Generally, quality and freshness ratings were higher in the outstate stores than in the metro stores.*
- **Merchandising**: On a scale of 1-5, (with 5 being most effective merchandising) the following percentages of stores rated as follows, based on the perception of the interviewer:
    - 47.6% rated 4 or 5
    - 24.3% rated a 3
    - 28.1% rated 1 or 2
    - *Generally, merchandising rated higher in the outstate stores than in the metro stores.*
- The following is a list of the **vegetables observed in the visual assessment** and the number of stores carrying each item.
    - ✓ Carrots—87 stores
    - ✓ Onions—86
    - ✓ Tomatoes—70
    - ✓ Lettuce—63
    - ✓ Peppers—48
    - ✓ Celery—34
    - ✓ Cabbage—31
    - ✓ Avocados—28
    - ✓ Cucumber—26
    - ✓ Chilies—23
    - ✓ Broccoli—17
    - ✓ Radishes—14

- ✓ Squash—14
- ✓ Cauliflower—12
- ✓ Yams—11
- ✓ Sweet Potatoes—10
- ✓ Zucchini—8
- ✓ Rutabaga—6
- ✓ Spinach—5
- ✓ Green Beans—4
- ✓ Corn—2
- ✓ Beets—1
- ✓ Other frequently offered varieties include: yucca, tomatillos, eggplant, cactus and bitter melon.

- The following is a list of the fruits as observed in the visual assessment and the number of stores carrying each item.

  - ✓ Bananas—89 stores
  - ✓ Apples—86
  - ✓ Limes—65
  - ✓ Oranges—63
  - ✓ Lemons—32
  - ✓ Grapes—26
  - ✓ Pears—24
  - ✓ Mangoes—11
  - ✓ Papayas—11
  - ✓ Pineapples—9
  - ✓ Cantaloupes—7
  - ✓ Melons—5
  - ✓ Strawberries—4
  - ✓ Plums—2
  - ✓ Blueberries—2
  - ✓ Apricots—1
  - ✓ Nectarines—1
  - ✓ Peaches—1
  - ✓ Raspberries—1
  - ✓ Other frequently offered varieties include: plantains, grapefruit, kiwi, coconuts, pomegranates and persimmons.

Interviewers' Perceptions

- Generally speaking, IATP found that stores in the metro that have always carried produce appear to have few difficulties with the changes to the WIC package.
- In general, we observed that the cornerstores that cater to Hispanic or Asian communities are having relatively less difficulty with the new WIC food package. For the most part, they carried a wide variety of produce before the WIC rule changes and have customers that have always demanded fresh produce. The new WIC package provides these stores with more customers seeking fresh produce.
- The majority of stores visited in outstate Minnesota were small to medium-sized full service groceries that have always carried a full range of F&V including carrots and bananas.
- In general, store staff report that WIC and other customers enjoy having more produce available.
- We found that many stores believe that having produce boosts sales in other parts of the store.
- We observed a sense among some small town grocers that some F&V vouchers are being used by individuals who previously did not consume significant amounts of F&V.

- In our opinion, convenience stores/gas stations tend to have greater difficulty meeting the minimum stocking requirement and were more likely to indicate limited sales of fresh F&V.
- A significant number of the tobacco shops we visited also report difficulty with fresh F&V sales. In these settings, food items are secondary to tobacco, magazines and lottery cards.
- Some interviewees reported their concern that customers don't trust the produce in certain convenience stores, gas stations and tobacco shops and opt to use their produce vouchers in larger chain groceries.

- Stores (especially those in the suburbs) located in close proximity to a larger grocery were more likely to report difficulty competing for fresh F&V sales. For instance, they shared their observation that WIC customers will come to the corner store to purchase milk or formula, but will go to the larger grocery to purchase produce. These stores are more likely to report that they are throwing away significant quantities of their produce.
- We also observed that suburban stores may be having relatively more difficulty with the new WIC package, apparently because the concentration of WIC clients is lower in the suburbs. We noticed that staff in many of the suburban stores we visited say they know exactly how many WIC customers they have and/or have seen very few coupons in the past three months.

- In our observation, many of those that the interviewer identified as Somali grocers in outstate MN seem to be struggling with the F&V requirement. Many did not have the required five varieties on the day of the visit. The produce that was observed was more likely to be past the point of freshness and poorly merchandised.

Appendix I: Sample of Comments from Interviewees

- "Getting more customers from WIC—it helps a lot"
- "They love it—for small quantities, easier than going to Cub"
- "Makes a big difference"
- "It's good to do WIC—but financially it's not worth it"
- "If you don't have the vegetables they won't buy other things—like a one stop shop"
- "Some things you do because of customer service. If I don't have WIC or EBT I'm going to lose my customers. I'm OK taking a loss on some things. We're not trying to make money off of F & V. 5% of sales (or less) to WIC—but got to have it for our customers."
- "Business is very slow—needs more refrigeration space—but can't afford to do it now"
- "F & V is a good idea from a business perspective—when people see variety, they tend to come here to buy their stuff and will come back again"
- "People are happy with the fresh fruits and vegetables"
- "The fruit is difficult—people go to Cub & Rainbow for their F & V, but we still have to carry it for WIC—it's a problem"
- "Learning curve with new participants about what to buy"
- "The WIC vouchers make Somalis eat more fruit"
- "We are only doing it because we are required"
- "Vouchers got some WIC customers to try fresh fruit and parents discover that their kids would eat it"

Appendix II: Prime Distributors

Below are the entities interviewees identified as their prime distributor. The accompanying number shows the frequency that each source was mentioned.

Coremark	29	Banner	1
Goldstar	26	La Hacienda	1
Other—unknown	13	Productos Mexicanos	1
Henry's	9	US Foods	1
Chambers and Owen	4	King Wholesale	1
Star Ocean	4	Cold Storage	1
Affiliated	4	United Noodle	1
Doesn't know	3	Wung Wholesale	1
J&P	3	Lane Hova	1
Mason Bros.	3	Dean Foods	1
Cub	2	Kilimanjaro Foods	1
Walmart	2	La Bodega	1
One Wholesale	2	Tropicana	1
Granite City	2	H Brooks	1
Restaurant Depot	2	Aldi	1
Dearborn	2	G&P Trading	1
Nash Finch	2	Ancoya Foods	1
MacLean's	1	Dreamland	1
Farner Bocken	1	Chinelo's Produce	1
Rainbow	1	Russ Davis	1

Appendix III: Produce Sources

Below are the entities interviewees identified as their source for fresh fruits and vegetables. Many respondents listed more than one source. The accompanying number shows the frequency that each source was mentioned.

Restaurant Depot	26	Nash Finch	2
Sam's Club	25	Shanghai Wholesale	2
Cub	24	Target	2
H Brooks	12	Bix	1
Other—unknown	12	Costco	1
Walmart	10	Cougars	1
Star Ocean	9	Denny Food	1
Affiliated	7	DH Oriental	1
Doesn't Know	5	Farner Bocken	1
Rainbow	5	GCJ	1
Russ Davis	5	Grande Produce	1
Local grocery	4	Ivy	1
Aldi	3	Jamale	1
Farmers Markets	3	Kemps	1
Henry's	3	La Bodega	1
Hyvee	3	La Hacienda	1
New York Plaza Produce	3	Metro	1
Aflan Trading	2	Sysco	1
Cashwise	2	United Noodle	1
Coremark	2	US Foods	1
Golden Value	2	Wung Wholesale	1
Mason Bros	2	Zuccaros	1