

# Question & Answer Summary

## Keeping Groceries Alive: Grocery Business Transition Planning Overview January 28, 2021

**Q: Can you address farmers markets, community gardens or high tunnels as strategies for food deserts? Our position is that they are important and helpful but do not fill the need for food access.**

A: We look at farmers markets, community gardens, and high tunnels as part of the overall strategy to address food access, but the grocery store is the primary strategy / source of addressing healthy food access.

**Q: It seems that to have to have a rural grocery store means solving a complex business economics formula combining the local economy and the developers ROI pricing product mix.**

A: Yes, part of the reason that we feel this webinar is so important is that once a store closes, it can be really difficult to reopen a store. As was shown with two examples we featured during the first webinar, in Morland the community was without a store for 7 years, while, in Erie, the store transitioned from one owner to the next, and the community was never without a grocery store. The rest of the webinar series will highlight some of the challenging business considerations that go into transitioning a grocery business.

**Q: Is there a map that K-State has or can give the group access to that shows the Low Access/Low Income areas in Kansas? Or is this a USDA map?**

A: We use data from PolicyMap to graph low access/low income areas in Kansas. <https://www.policymap.com>. Anyone can access that map.

**Q: Could you talk a little bit about profitability at the Moreland store please?**

A: The expenses of the Mercantile include: business expenses (registration fees, returned checks, service fees), contract services (cleaning service, outside contract services), utilities, maintenance, supplies, telephone, telecommunications and security cameras, payroll, inventory. The income of the Mercantile includes: sales, gift certificates, program income. The only expense the Morland Community Foundation pays is the insurance and workmen's compensation insurance. The Mercantile has always had great sales during fishing and hunting season but has struggled during the winter & spring months. The hot lunches have changed all of that for the store and we have been making a profit twelve months out of the year.

**Q: Could you talk a bit more about the process of being an "access to healthy food source" vs. a grocery store? Did the state determine that the store was in a food desert?**

A: "Access to healthy food was the grant we applied for and received, allowing us to be able to renovate the store. Access to healthy foods doesn't allow us to sell tobacco products. Oddly enough, beer is not classified as unhealthy, so we are able to sell it. Healthy foods, as far as the grant goes, include fruits, vegetables, and items that would be considered grocery, like flour, canned goods, etc. that you don't see in local gas stations. Basically, allowing residents with limited travel ability, a source of healthy options instead of grabbing something considered "ready to eat." *Quoted by Mike Frakes, President of the Morland Community Foundation*

We follow federal guidelines in identifying "food deserts." According to USDA, a census tract qualifies as a food desert if: (1) 20% of the population in that census tract falls below the poverty line and (2) 33% of the census tract lives more than 10 miles from a supermarket.

**Q: If you had to do it over, what would be something you would do differently or not do at all?**

Answered live. View recording at [www.ruralgrocery.org](http://www.ruralgrocery.org) under the Events tab.

**Q: What was the biggest obstacle in getting community buy-in?**

Answered live. View recording at [www.ruralgrocery.org](http://www.ruralgrocery.org) under the Events tab.

**Q: Could you tell us about the business planning for the Erie store?**

A: The Erie Economic Development Committee had reviewed the financials from the previous owner and determined if the store could at least support itself. The city council then appointed a “grocery store” committee and tasked them with writing a business plan for the store. Each council member nominated someone from the community they felt would have valuable input. The committee consisted of the city treasurer, a council member, business owners, and regular citizens. Together, the people met and were able to construct a business plan. The city council approved it. The business plan was a requirement for our Rural Development REDLG application.

**Q: How many employees (F/T & P/T) are employed at Erie Market?**

A: Currently we have 6 full time and 4 part time.

**Q: I am curious about the community kitchen. Is this open for local business and residents to use for, say, canning, or small scale commercial production?**

A: This kitchen is in Morland, KS. It is open for local business and residents to use and the kitchen rents by the hour.

**Q: As a 501c3 with a food access purpose are there requirements for the types of products that are stocked at Moreland Merc?**

A: Generally healthy nutritional items. No tobacco products.

**Q: Which grant funded the Morland appliances?**

A: Frontier Ag, Hansen, Midwest Energy.