

NATIONAL RURAL GROCERY SUMMIT

**If you can't beat 'em, don't play
by their rules: understanding the
weaknesses of big grocery.**



Alan Lewis

Food and Agriculture Policy

Natural Grocers

by Vitamin Cottage

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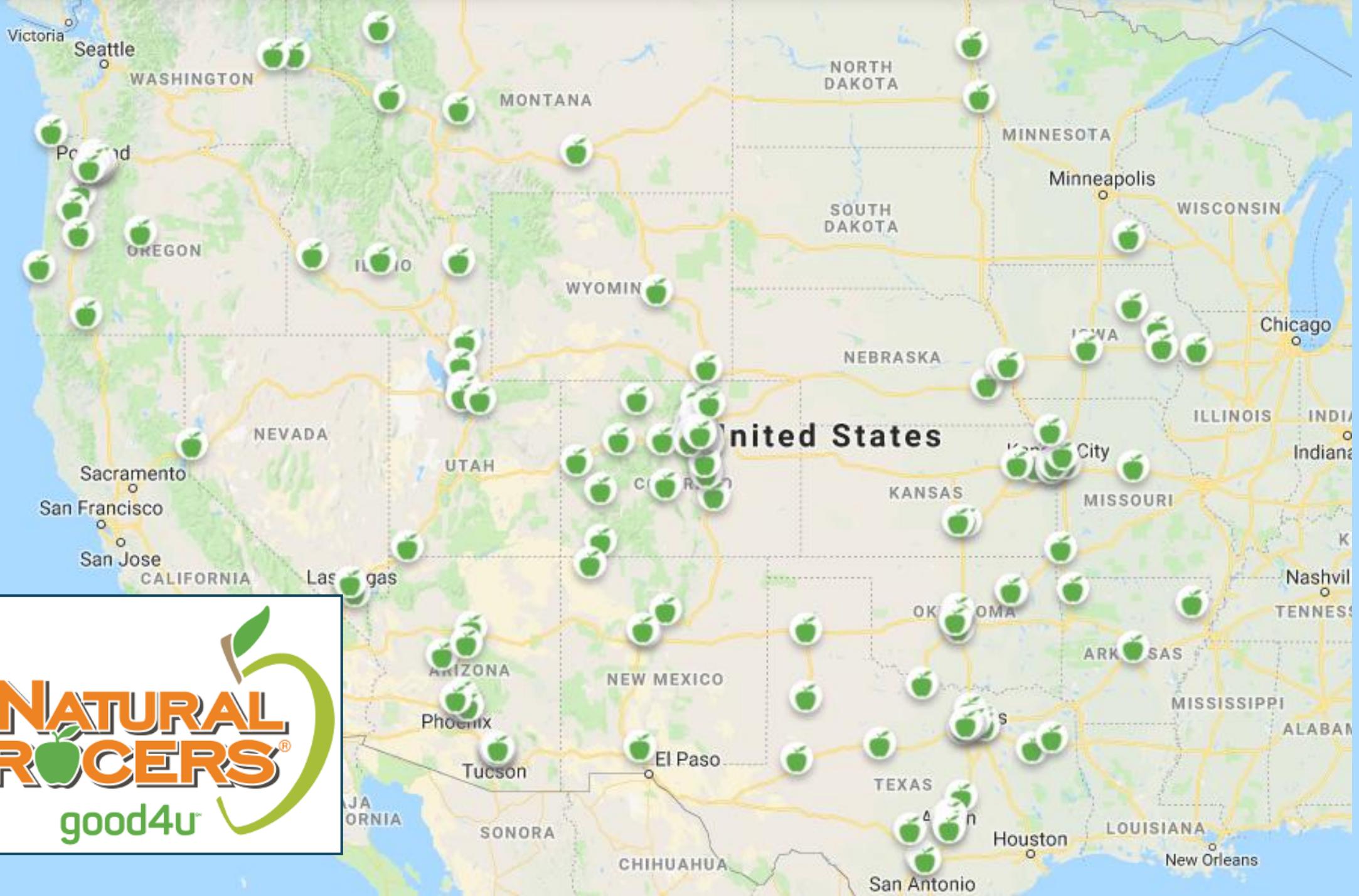
UNITED STATES
Scale 1:500,000
© 1998
Globe Fearon

NATIONAL RURAL GROCERY SUMMIT

What we do and why it matters
What's a grocery store?
Supply Chain and consolidation
How Rural Grocery Wins

Four Cs:

- Community
- Curation
- Culture
- Courage





Continuous Improvement of Retail Product Standards for Ingredients and Production Methods



What's a grocery store?



What's a grocery store?

SUPPLY CHAIN



TRANSPORTATIO



PACKAGING



What's a grocery store?

SUPPLY CHAIN



TRANSPORTATION



PACKAGING

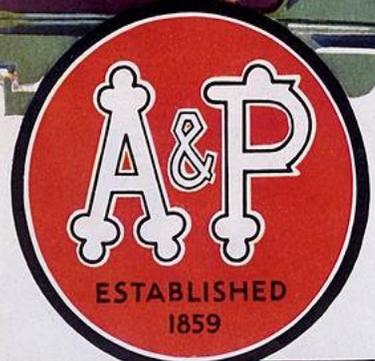


The history of **grocery** in 4 slides: Who's this?

1

- **Full selection** of food and household items
- One hour **delivery** to home
- Farm to store overnight **transportation** of goods
- **Refrigerated** transportation and storage
- Copious **private label** products at steep **discounts**
- Larger sizes for **economy** buyers
- Owned or controlled **factories**, fisheries, farms across the globe
- **Aggregated buying** from small producers to supply factories
- Smaller footprint stores within **urban neighborhoods**
- Highly **efficient and centralized** operation
- System can supply far-flung network of neighborhood retail stores
- Open stores in new and **underserved areas** before competition
- Fresh food and **ready to eat** packaged food
- **Price competition requiring supply chain control**

At the A&P Food Stores
you are sure to find the
popular, nationally
advertised brands.



"WHERE ECONOMY RULES"

The Symbol of America's Foremost Food Service
95738274

CALL upon the A&P Food Stores for your Thanksgiving food needs this year. Command this great chain of nationally famous food stores to serve you. Each store is fairly bulging with good things to eat from all parts of the world.

Awaiting your selection are mouth-watering cranberries . . . crisp stalks of celery . . . olives from sunny Spain . . . fresh meaty nuts . . . figs, dates, citron . . . succulent fruits . . . fresh, green vegetables, and the choicest foods American packers produce.

Where else could you go and be so sure of the fine quality and wide assortment that America's Foremost Food Service offers you?

And what a delight to know that at the A&P Food Stores you spend less for choice quality than you spend for ordinary quality at many other stores.

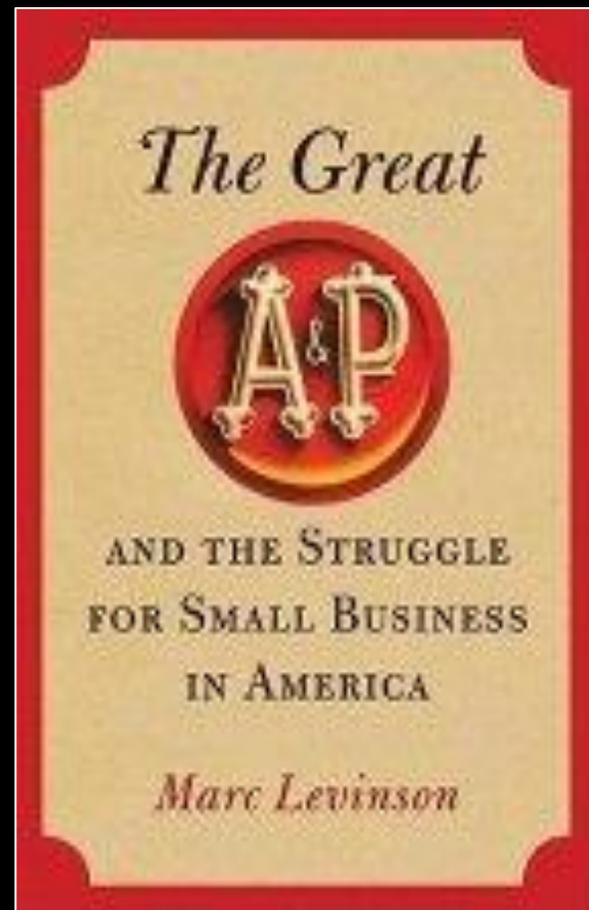
THE GREAT ATLANTIC & PACIFIC TEA CO.

The history of grocery

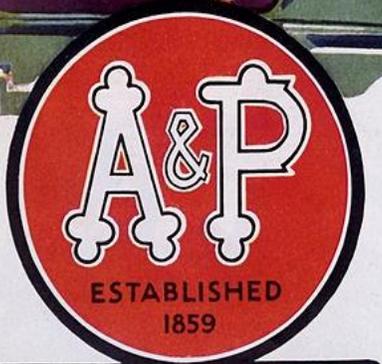
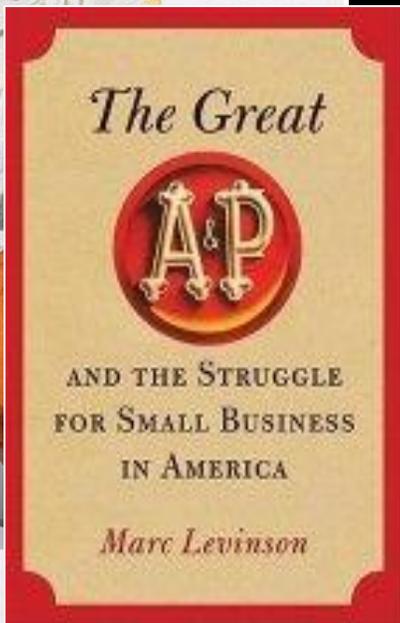
**The Great Atlantic
& Pacific:**

RIP 1859-2015

**16,000+ Stores in US
in 1930**



At the A&P Food Stores you are sure to find the popular, nationally advertised brands.



"WHERE ECONOMY RULES"

CALL upon the A&P Food Stores for your Thanksgiving food needs this year. Command this great chain of nationally famous food stores to serve you. Each store is fully stocked with good things to eat.

Awaiting you stalks of celery, figs, dates, and the choicest

Where else wide assortment

And what a less for choice other stores.

THE GR

**The Great Atlantic & Pacific:
RIP 1859-2015**

16,000+ Stores in US in

The history of grocery

1962-present
11,600 Stores Globally



1976-present 650 Warehouses



The history of grocery in 4 slides



Conventional Grocer

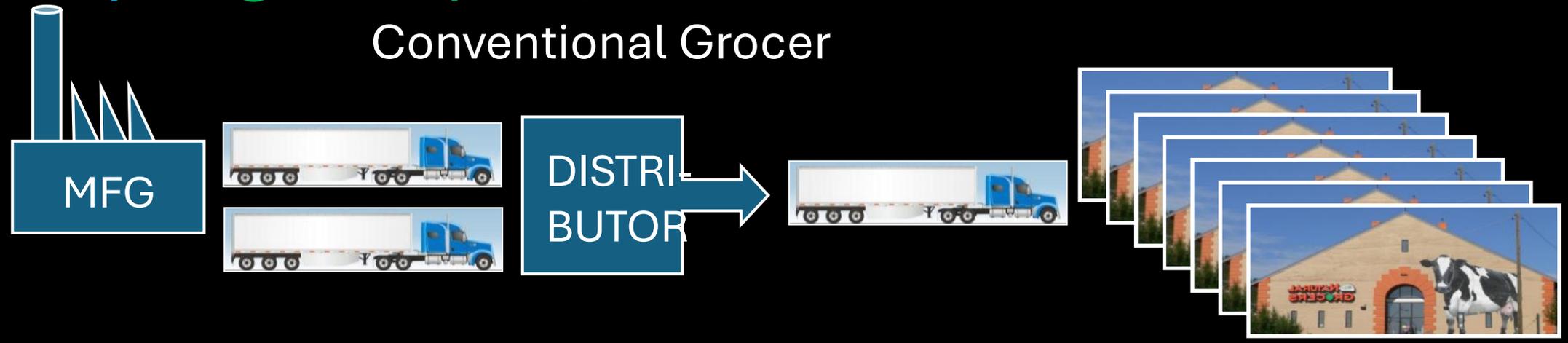


Warehouse / Super Center



200 car trips per 1 incoming truckload

The history of grocery in 3 slides

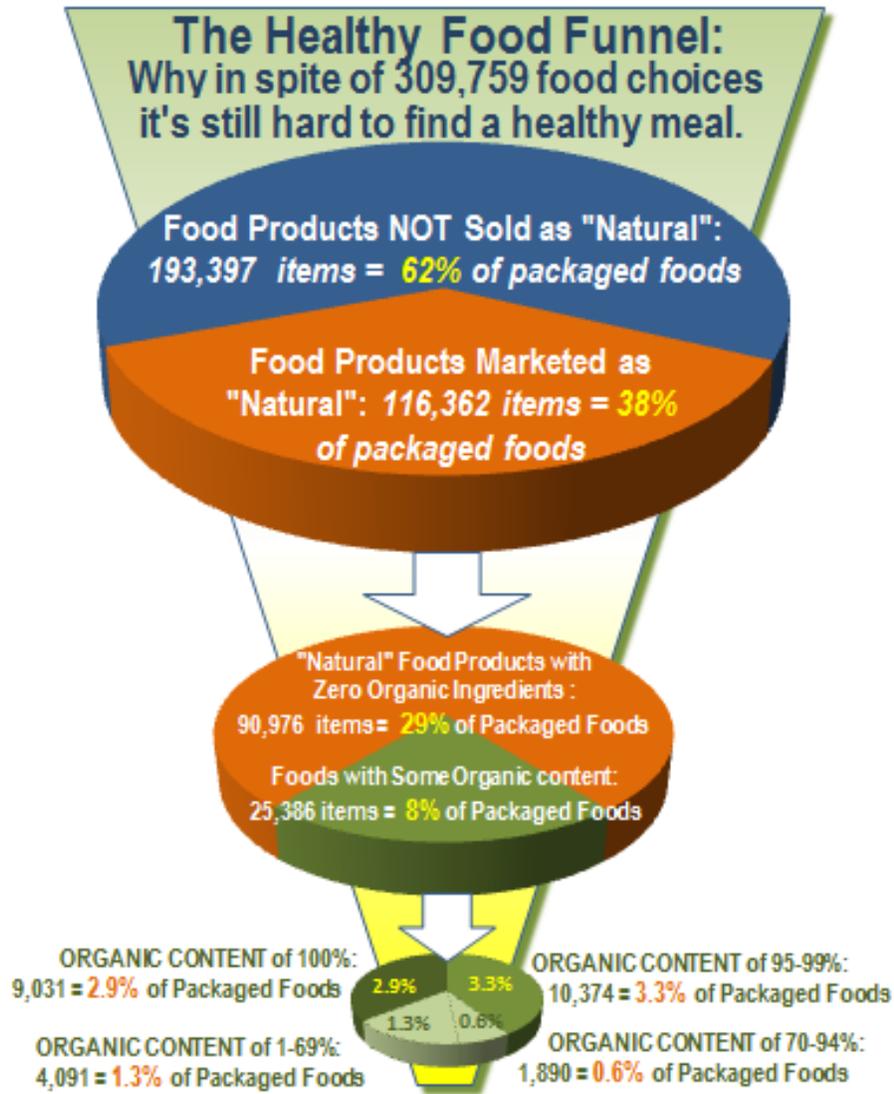


Amazon Fulfillment



About 1000 deliveries of 30 lbs for each incoming truckload

2012



Source: SPIN8 Natural unique SKUs sold by reporting stores in 52 weeks ending 8/1/2012.
Copyright 2012 Natural Grocers by Vitamin Cottage. www.NaturalGrocers.com

So many food products, yet nothing to eat:

2022

Total US- Food

709,982 total SKUs

117,981 Natural-Positioned SKUs

Natural Channel

453,338 total SKUs sold

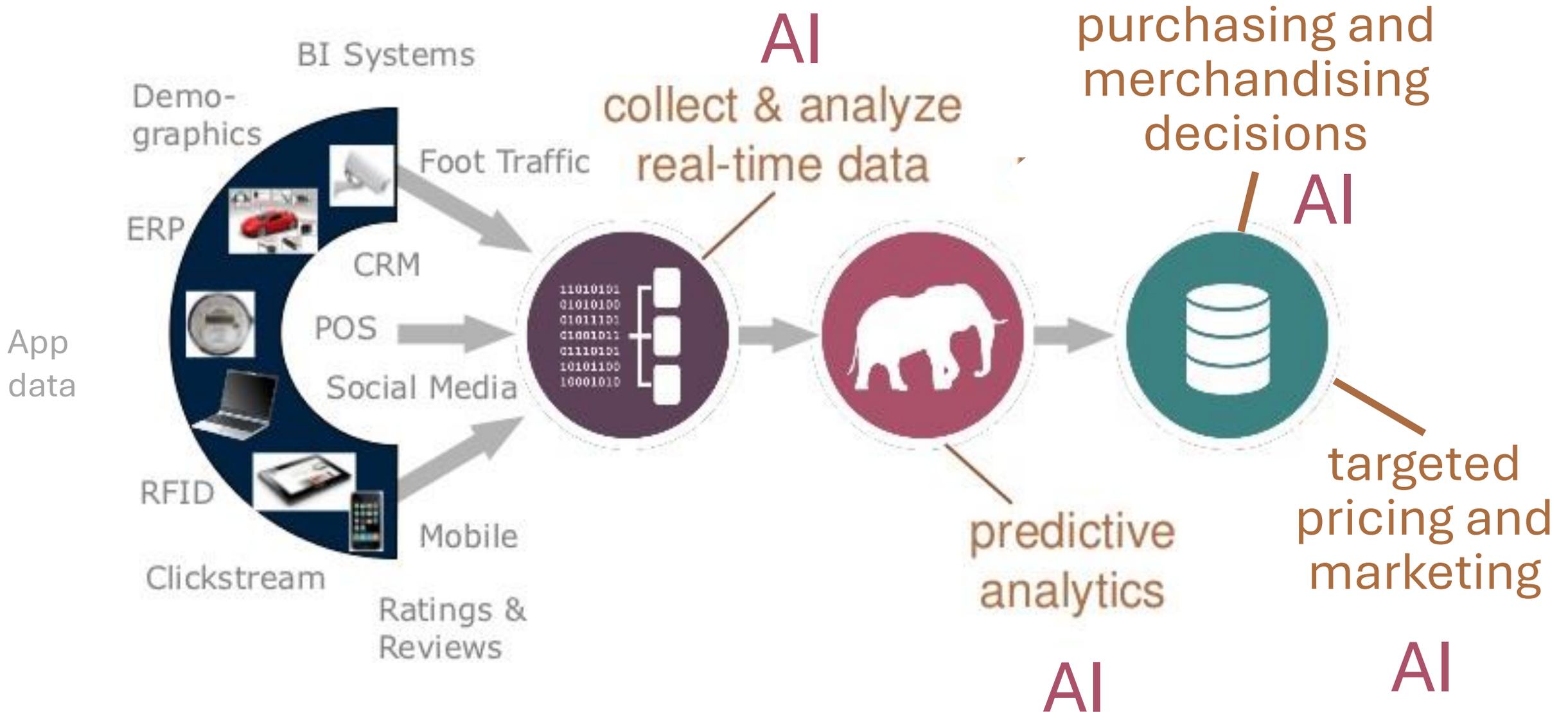
146,316 Natural-Positioned SKUs sold



18% of Grocery Sales are Private Label SKUs



Retail Big Data Architecture





DISTRIBUTION

+

LOGISTICS

EFFICIENCY

+

SCALE

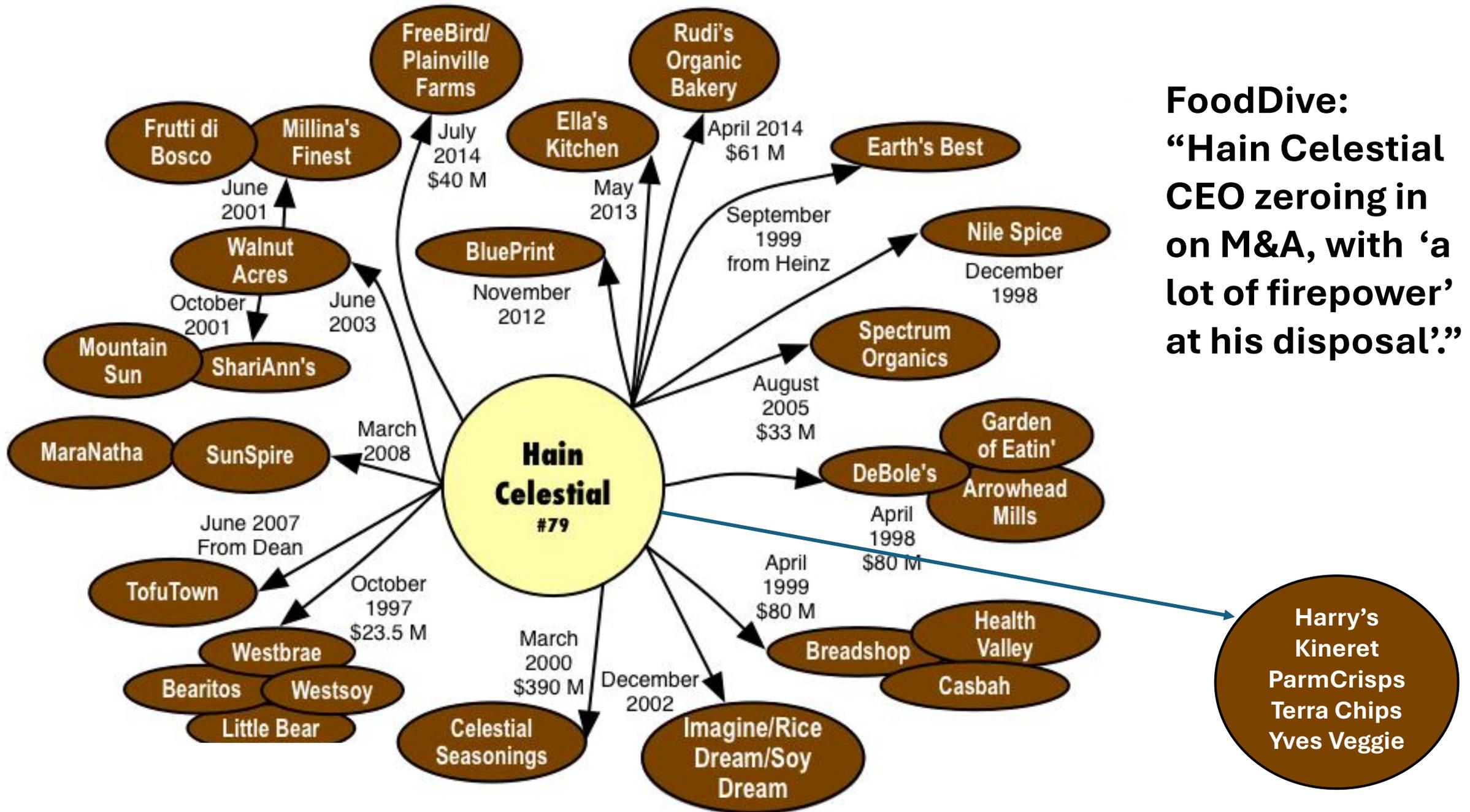


These 12 companies together own 550+ consumer brands

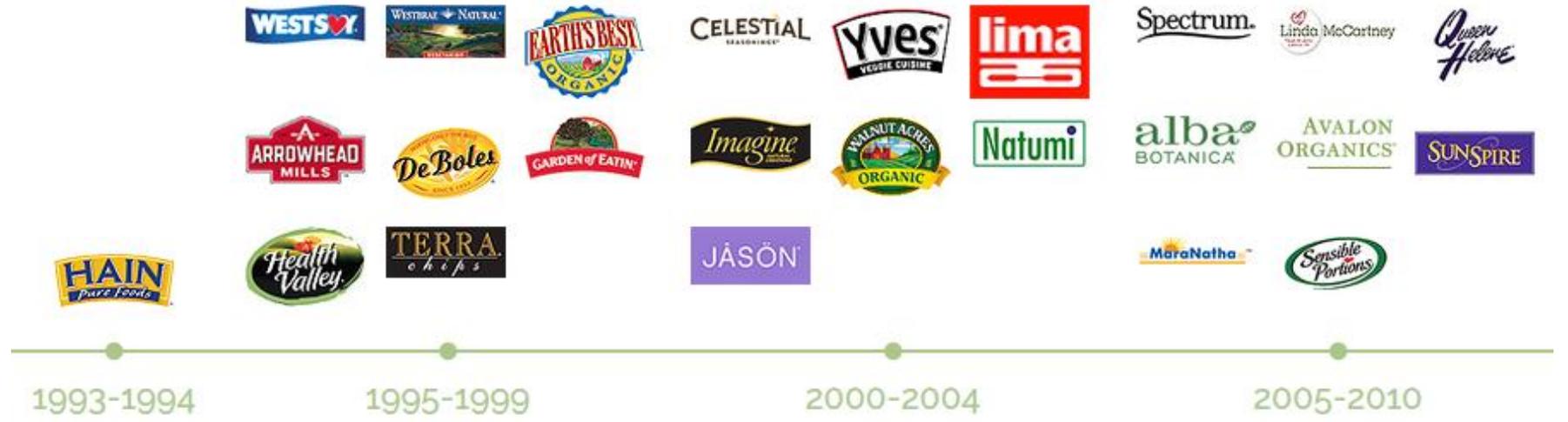
Revenue by company (2023): ● Nestlé \$111B ● PepsiCo \$91B ● Procter & Gamble \$84B ● Unilever \$66B
 ● The Coca-Cola Company \$46B ● Mars \$47B* *2022 ● Mondelez \$36B ● Danone \$30B
 ● Kraft-Heinz \$27B ● Associated British Foods \$24B ● General Mills \$20B ● Colgate-Palmolive \$19B



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www.quartr.com/edge



FoodDive:
“Hain Celestial CEO zeroing in on M&A, with ‘a lot of firepower’ at his disposal.”





CELESTIAL
SEASONINGS



Spectrum



alba
BOTANICA

AVALON
ORGANICS



1993-1994

2005-2010



- **Store staff don't know products, brands**
- **Staff not from community**
- **Severe staff shortages with low pay, no benefits**
- **Special orders really upset us**
- **No time allotted or allowed for customer service**
- **No training on service, only on customer compliance**
- **No awareness or training on nutrition and health**
- **Small margins but big volume – quality is not important**
- **Dependence on big brands and distributors for selection**
- **Always extracting more money from vendors**
- **Promotions are Hi/Lo illusions, not value driven**
- **Meat is case packed by big producers from feed lots**
- **Few local brands or culturally specific products**
- **Longer and longer drive times**

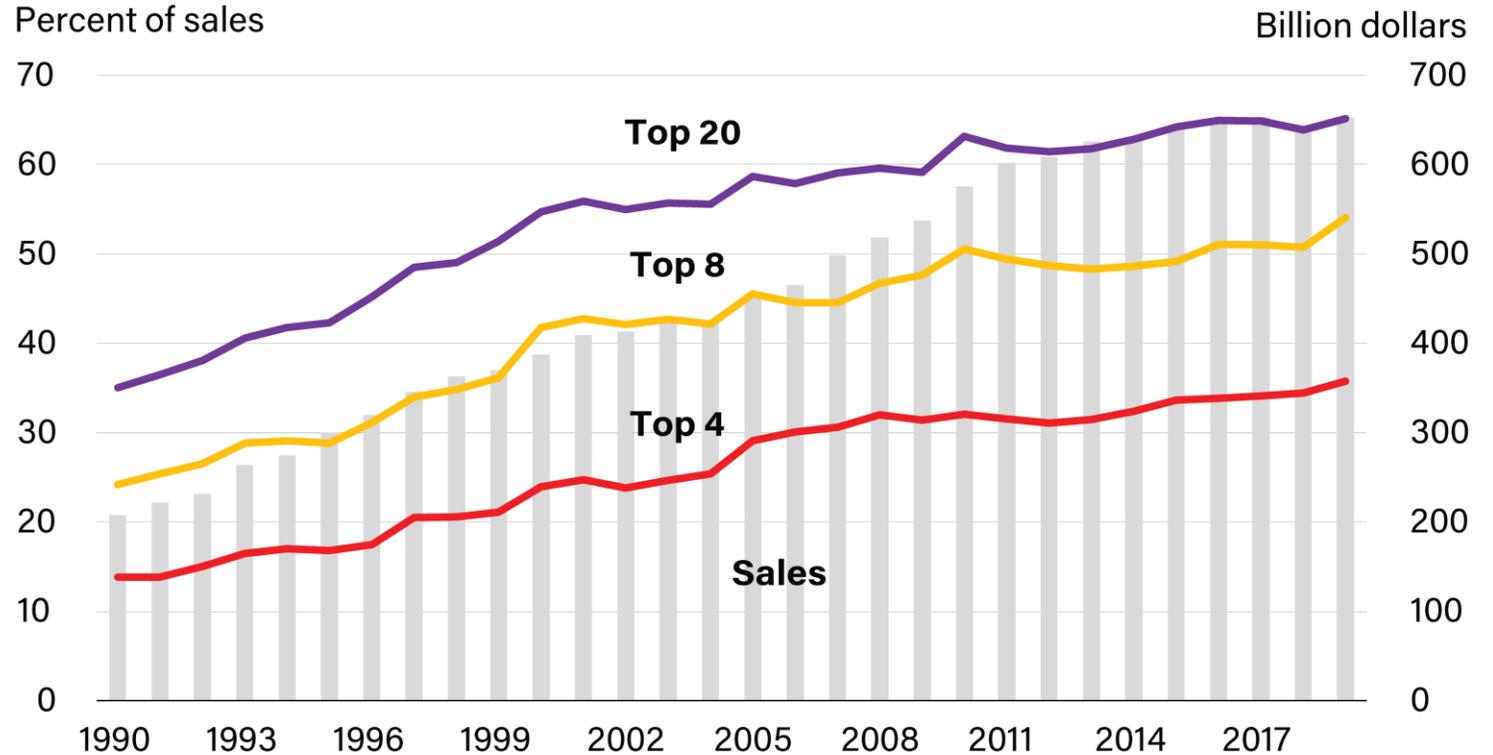
Retail Consolidation

The United States'
115,526 food stores sold
\$717 billion of retail food
and nonfood products in
2019.

Four entities control 50%
of sales:
WalMart
Target
Kroger
Safeway

Top 4, 8, and 20 firms' share of U.S. food sales, 1990–2019

The share of food sales at supermarkets, other grocery stores, warehouse clubs, and supercenters of the top 4, 8, and 20 retailers trended upwards for the last three decades



Notes: Sales are estimated based on the sales per employee ratio calculated by firm size and North American Industry Classification System (NAICS) code. NAICS codes included: 445110 (supermarkets and other grocery (except convenience) stores) and 452311 (warehouse clubs and supercenters). Food sales are calculated using the Economic Census product lines statistics on the percentage of sales on food (on and off premises).

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census, and National Establishment Time Series.

Continuous Improvement of Standards that Support Communities



The empowered shopper in turn demands higher standards.

Community values inform retailer practices

Misinformation



Seek Trusted Science

Mistrust Mainstream



Personal Responsibility

Medical Skepticism



Elevate Natural Prevention

Poor Health



Improve Nutrition

Environmental Threats



Lifestyle Changes

Mental Health



Community



“Turn off the national news. Set out with your neighbors to fix your town.”

Curate and Differentiate

Because the big boxes are focused on “rationalizing” national brands and their private label products.

Bring in just items your customers want, especially local ones,

Build up cottage foods and locally processed products.

Build in seasonal selections

Build in one time and occasional offerings

Always stock the basics and keep them fresh and reliable

Build your local/regional supply chain that the big boxes can't imagine having access to.

Build in local processing, foraging, milling

Provide an easy conduit for special orders

Specialty Items

Bulk quantities

Pick up from Big Boxes if you have to

Remove dated products through donation and discounting.

Don't be a food museum. Don't risk food poisoning.

Create Culture

Reflect the best practices and aspirations of your customers and community

Make everyone welcome

Make a safe place for the disabled, the lonely, the troubled, the angry, the bereaved, the poor, the haughty

Provide authoritative information

Be clear about how food is made and where it comes from.

Without denigrating any products, elevate better food that meets community standards

Link good nutrition to better health and do your best to make good food affordable

Everyone knows bad food leads to bad health. You don't need to be the food police.

Provide information or online links to those who ask

Build on the identity of place and community

Maintain privacy and confidentiality

EBT / Credit / Free Food

Domestic situation

Economic circumstances

Health status and Hunger

Create Community

Make a safe place for the disabled, the lonely, the troubled, the angry, the bereaved, the poor, the haughty

Education on health and nutrition

Engage with schools and groups

Fundraising

Volunteering

Services for shut-ins

Donations

Distribution conduit

Sponsorships

Support local producers

Reinforce the circular economy

Promote mutual support

Community bulletin board

Community table for coffee / food

Host community meetings

Be the nexus and facilitator for community relationships

ASK YOUR COMMUNITY FOR HELP AND SUPPORT

Courage

Believe that what you do matters to your community and that a business can be built on integrity, fairness, trust and cooperation.

“The quality I look for most is optimism: especially optimism in the face of reverses and apparent defeat. Optimism is true moral courage.”



day last. It was directed to Mr. Robert
Harrison. No. 34 Baker st.
EDWARD HUGHES, 41 Fish st.

MEN WANTED
for hazardous journey, small wages,
bitter cold, long months of complete
darkness, constant danger. Safe re-
turn doubtful, honor and recognition
in event of success.
Ernest Shackleton

MEN — Neat-appearing young men of
pleasing personality, between ages of
21 to 40 to work at leathershop.com.
4 Burlington st.



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Policy

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The fibberati army has
already won the food war.
The occupation has
commenced.
You are the resistance.
Choose to act accordingly.

A photograph of a TEDx Boulder stage. A speaker in a dark jacket and jeans is walking on a red circular carpet. The stage is illuminated with spotlights, and the "TEDx Boulder" logo is prominently displayed in the background. The "TEDx" part is in orange and white, and "Boulder" is in white.

TEDx Boulder