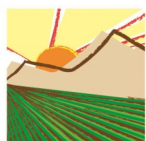




CENTRAL CALIFORNIA HEALTHY STORES: A CASE STUDY

November 2013



Central California REGIONAL OBESITY PREVENTION PROGRAM

Healthy Environments • Healthy Choices • Healthy People

BACKGROUND

California's Central Valley is known for its abundant fruits and vegetables; however, many families struggle to get access to these healthy foods. In low-income and minority neighborhoods, a greater inequity exists in accessing healthy food, due to fewer full-service grocery stores, a higher concentration of convenience stores and an overabundance of fast food restaurants. These challenges are clear examples of how environments shape choices and ultimately health.

Corner store conversions or "market makeovers" can help to address obesity by increasing access and, thereby, increasing the consumption of healthy food. Store conversions allow the use of existing infrastructure in communities, which is often a more immediate solution than working to site new full service grocery stores. By working with existing stores, there is also the benefit of supporting businesses who have been a part of the community for many years, adding value to the local economy.

Small store conversion efforts are becoming more popular interventions throughout the state and growing research is documenting the ability of these markets to

address health and equity concerns, improve access and sales of healthy food in disadvantaged communities, and create new business markets for local farmers.

This case study was developed to highlight and examine the efforts of working on store conversions, the impact or results of those efforts and lessons learned of three market makeovers in rural areas of Fresno County: Lee's Market in Fowler, Easton Market in Easton and Gong's Market in Sanger.

These pilot small stores, which make up the *Central California Healthy Stores Project*, build off of existing work in the Central Valley, where the Central California Regional Obesity Prevention Program (CCROPP) has worked with communities to transform local small stores into "healthy stores."

The case study captures information gathered from interviews with partners involved in the Central California Healthy Stores Project over the past year. The project is ongoing and this case study should not be considered a final review of the work, but rather a reflection on lessons learned to date and actions to be taken going forward.



Lee's Market celebrates official launch of corner store conversion

About Lee's Market

- LOCATED IN THE HEART OF DOWNTOWN FOWLER
- POPULATION: 5,570
- ACCEPTS WIC & EBT/SNAP
- CARRIED SMALL PORTION OF PRODUCE FROM A DISTRIBUTOR
- DEMOGRAPHIC PROFILE: 66.2% HISPANIC OR LATINO OF ANY RACE

About Easton Market

- LOCATED IN THE HEART OF DOWNTOWN EASTON
- POPULATION: 2,083
- CARRIED SMALL PORTION OF PRODUCE FROM A DISTRIBUTOR
- DEMOGRAPHIC PROFILE: 62.8% HISPANIC OR LATINO OF ANY RACE

About Gong's Market

- LOCATED IN SANGER INDUSTRIAL DISTRICT
- POPULATION: 24,270
- HAD FULL PRODUCE SECTION; WASN'T SOURCING LOCALLY; WANTED TO EXPAND ASIAN SPECIALTY PRODUCE
- DEMOGRAPHIC PROFILE: 80.5% HISPANIC OR LATINO OF ANY RACE

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Lee's Market produce section

OUR MODEL

In 2012, CCROPP received a \$7,057 grant from Feed The Hunger and a matching grant in the amount of \$7,800 from California FreshWorks Fund, to develop a small store conversion project in Fresno County communities. The overarching goals were to 1) increase access to fruits and vegetables in communities where access to these foods was limited or non-existent, 2) support the connection to locally grown produce and 3) develop a distribution model that connects small store owners and local farmers.

Although CCROPP reached out to numerous stores throughout the region to find participants for the pilot, only three stores were engaged in the project, based on their location in rural, underserved communities, the store owners' commitment to the project mission, and the owners' level of readiness.

CCROPP had existing relationships with a few local ethnic farmers who were interested in working on the project; however, only the National Hmong American Farmers, Inc. (NHAF) provided the initial distribution of produce for this project.

THE PROCESS

The broad elements that made up the overall process of the *Central California Healthy Stores Project*, included: community engagement to help inform the store owner on the type of items community members were interested in purchasing, connecting the store owner with the local farmer for procurement, networking and connecting with local groups interested in supporting the project, marketing the store to help

drive consumers to purchase the produce, educating residents on the seasonality of the produce and healthy recipes, supporting store infrastructure changes, and the provision of technical assistance to the store owners. There were various other steps that arose as we began to engage in the work; however, the following were some of the more central efforts over the past year.

Community Engagement

Community leaders who participated in CCROPP's *Powerful People: Building Leadership for Healthy Communities* program worked with the Project Lead to conduct resident surveys in a 1.5-mile radius near two of the three stores to get a sense of whether or not the communities would support the stores, buy fresh produce and to determine what types of fruits and vegetables they would like to see offered.

A survey was not conducted around the Gong's Market area because it is primarily located in a business industrial area. Gong's Market was also different in that it had an abundant produce section, so the engagement was really an attempt to purchase more locally grown produce. This was a benefit to our project in that it allowed another site for the farmers to vend.

"Overwhelmingly, a lot of the residents said 'yes' we would love to have fruits and vegetables that are of quality and at a good price," said Reyna Villalobos, Project Lead for the Central California Healthy Stores Project.

Responses from the completed surveys also indicated that the community would support the store changes by shopping there and it was extremely important for the produce to be culturally relevant.

The survey findings were helpful in informing the store owners. *"According to my customers, they need more produce. So, if we get it from the farmer, it would be more nutritious and cheaper," explained Jasminde Kaur, owner of Lee's Market.*

Store Infrastructure Changes

Store infrastructure changes were different for each of the markets. Much of the initial changes included painting the inside and/or outside of the store, cleaning the store, rearranging products, providing new shelving and identifying refrigeration for the fresh produce.



Local artist and founder of San Joaquin Valley LEAP, Rey Leon, partnered with a group of youth to beautify the outside of Easton Market.

In some cases, stores already had refrigeration equipment, but they weren't able to fully utilize the equipment for the sales of produce because they were provided by soft drink companies. Store owners expressed that the refrigerators could only be used for the company's products.

In one instance, the refrigeration equipment available to one of the store owners was very antiquated and not energy efficient. Using the old refrigeration equipment created an increase in energy usage and an increase in expenses for the store owner.

In the case of Easton Market, local artist and founder of San Joaquin Valley LEAP, Rey Leon, partnered with a group of youth to create a concept and design a mural on the outside of the store, which centered around "healthy communities." The store was also given a fresh coat of paint inside and outside. These types of changes were helpful in creating opportunities for the store owner to build relationships with local residents, market their store and add artistic charm to their community.

Marketing & Education

CCROPP played a leading role in the marketing and education that took place to help build awareness of the new changes and drive residents to purchase the fresh produce at these small stores.

CCROPP developed informational flyers in English and Spanish that were disseminated in the Lee's Market and Easton Market communities.

In addition, local agency partners and the media helped to spread the word about the new changes. CCROPP also made special visits to groups like the Fowler City Council

to announce the market makeover that was underway there.

Other marketing efforts included promotion through the use of outdoor and indoor banners, in store recipe cards and healthy produce posters from the Central Valley Health Network, e-news blasts, hosting a community celebration for the launch of the store.

The *Healthy Stores Rewards Program* was established to help encourage customers to buy fresh produce from the stores and provide an incentive so that customers would continue to support the stores. With the Healthy Stores Rewards Program, customers can earn \$5 of free, fresh produce after purchasing \$10 of fruits and vegetables. Lee's Market and Easton Market have implemented the Rewards Program. CCROPP will assess the *Healthy Stores Rewards Program* at the end of its final grant phase.

Education also proved to be a beneficial element to the project. CCROPP and the store owners helped to spread the word about how buying fresh and local promotes good health and supports the local economy—the farmer, store owner, community.

Through a partnership with the Central Valley Health Network, food demonstrations, nutrition information, recipe cards and fresh drinking water with different varieties proved to be helpful in educating the community about healthy food and beverage choices at the Lee's Market store launch.



Community partners and store owners of Lee's Market participate in a ribbon-cutting.

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The Central Valley Health Network does a healthy food demonstration during the Lee's Market community celebration event.

CCROPP and the store owners also educated customers about how buying fresh and local promotes good health and supports the local economy—the farmer, store owner and community. In addition, CCROPP also provided the store owners with a seasonality chart for customers so that they could begin to understand what is in season. The chart was developed from the UC Cooperative Extension and was published in CCROPP's *San Joaquin Valley Eater's Guide*.

Technical Assistance

The Project Lead for CCROPP worked closely to identify and address any technical assistance needs for stores involved in the project. The types of technical assistance that were offered varied from store to store.

Store owners were provided resources and technical assistance in food handling, food storage and seasonality. The Central Valley Health Network's *Retail Fruit and Vegetable Marketing Guide* was used as a tool to help educate and inform the store owners on how to make the store conversion successful. Topics such as the importance of store appearance, how to select produce items, and how to keep the conversion going were all discussed in the guide.

OUR IMPACT & OUTCOMES

There are some important successes worth sharing at this phase of the project and there are also some key lessons learned that will help inform the project's future replication in additional communities.

The greatest success has been the partnership model that was created with the store owners. The store owners are very interested in becoming an asset to health in their communities. Their commitment is unyielding despite various obstacles that have been presented.

The store owners of Lee's Market, Easton Market and Gong's Market understood the importance of promoting better health in their communities and saw the store conversions as an obesity prevention strategy and a way to increase sales for fresh produce.

The project was successful in "providing greater access to locally grown fresh fruits and vegetables in underserved communities." Although Lee's Market was the only store who was doing the full distribution at the time of the interviews, it's still important to note that because of the project, the partners were able to increase access to local produce.

As a result of the partnership, a distribution model was developed, involving farmers as the direct distributor and the store owners as the supplier to the community. Connecting small, ethnic farmers to small, rural stores is an important approach to helping bridge the healthy food gap, and creating an economic development opportunity for them.

The project was also successful in engaging community members and partners who were committed to the mission of creating healthier communities. Bringing together a diverse group of community partners, such as city mayors, city councils, public health professionals, economic development, Chambers of Commerce, the grassroots community, and the media proved to be effective in helping to champion these efforts. Each of the partners saw the work from a unique angle and as a result, helped to strengthen the efforts.

Marketing and outreach materials, such as flyers, banners, and posters proved to be a good method for alerting the community about new and upcoming healthy changes in the stores.

"EVERYDAY ABOUT 3-4 CUSTOMERS ASK ME ABOUT THE NEW CHANGES." - JASMINDER KAUR, OWNER, LEE'S MARKET



Based on the interviews, CCROPP was able to capture key challenges for the project. These were: the lack of adequate and long-term funding, limited infrastructure/capacity for the store owners and farmers to support these changes and finding a common ground for competing interests, such as health equity and profit. These will be elaborated

on in the following sections.

Adequate & Stable Funding

Only \$14,857 was granted for this project, which was combined funding from Feed the Hunger and California FreshWorks Fund. CCROPP leveraged separate, related grants to cover most of the staff time on this project over the last year. However, an increased level of investment over a longer term is necessary to ensure that the project is sustainable. Funding is needed to support ongoing and aggressive marketing, community activities, equipment and infrastructure improvements. Future funding should also help to cover some start-up funds for store owners and farmers who carry all of the risk for this project.

Adequate funding will not only ensure that the small stores can operate in full capacity to meet the needs of the community, but that farmers are also profiting from this engagement as a viable and continuing business.

Loans for store owners to help support store conversions was an interest from Feed the Hunger. Despite the fact that resources are needed to do this work, a number of factors for the store owners engaged on this project made the idea of a loan unrealistic.

The store owner of Easton Market expressed a great deal of interest in making major improvements to her market (which has existed for over 100 years) and purchasing new refrigeration equipment to support the local produce distribution. During her process of applying for Feed the Hunger's Food for Thought loan program, she struggled with the application process since English is not her native language. The application was also written in fine legal print. More limiting, however, was the interest rate which was

perceived as too high for the store owner.

The need to help streamline the loan process and provide on-the-grounds support to help store owners understand and fill out the application was expressed. The program manager for Feed the Hunger was instrumental in helping to connect the store owner of Easton Market to other financial resources. In addition, local non-profit groups and economic development programs should be connected with the store owners to help support them in their conversion to healthier stores.

The store owner of Easton Market still awaits financial opportunities to help support her renovations and pay for new refrigeration equipment. As a result, she hasn't been able to fully transition into a healthier store, but has focused her efforts on smaller tasks, such as painting shelves and reorganizing products in the store.

This case helps to inform that small, rural stores are many times the stores that struggle the most in being able to afford and make adequate infrastructure improvements. More opportunities for funding should be geared towards small, rural stores.

Infrastructure & Capacity

The stores were really limited in making substantial infrastructure improvements due to their limited operating budgets. However, in addition to cosmetic and equipment needs, stores needed a lot of support in building their capacity to sell produce and connect with local growers. Marketing for these stores is very limited and more support is needed to ensure that there is broad community awareness about the recasting of the store as a healthy store.

It was also noted that the farmers who partner on store conversions should have existing infrastructure mechanisms and the capacity to provide and deliver produce.

During the case study interviews, one of the store owners expressed the need for the farmers to respond to order requests and deliver the produce in a timely manner.



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The farmers ability to be both the grower and distributor is very limited. A total of four farmers had participated in different capacities on the project. In the beginning, the African American Farmers (AAF) expressed interest in being a local vendor to the stores; however, the AAF was challenged in being able to implement the distribution due to the long time it took to work out the logistics of the project. Most of the stores were only capable of ordering small quantities of produce and not bulk. This proved to be a challenge for a few other farmers that were approached. They saw the venture as too intensive for a very limited return.

"It's just a good feeling to know that a product that you sold is feeding a family for tonight or feeding a family for a whole week," expressed Xouchi Jon Thao with the National Hmong American Farmers, Inc.

Health Equity v. Profit

Produce prices proved to be another challenge. Some of the store owners could purchase produce from a reseller at a cheaper cost than the local farmer, detracting from the goal of getting more locally-sourced produce.

The owner of Gong's Market was not agreeable with the produce prices that were offered by NHAf and therefore, did not fully participate in the project. The store owner is interested in working with NHAf to determine a more reasonable price for purchasing fruits and vegetables.

Some of the farmers that NHAf worked with marked up their wholesale prices fairly high. This created a trickle-down effect for the store owners who paid more than what they pay a distributing company for produce and the customers who ended up paying more at their local store than what they would at a grocery store in the next town.

For this project, NHAf expressed not making a profit on the produce and the store owner for Lee's Market was actually losing money due to her inability to sell the produce in time and the high prices in which she bought the produce from NHAf.

In order to address this issue, NHAf negotiated with

some of the local farmers to reduce the pricing of some produce for the store owners to 10% below the wholesale price. For the farmer and the store owners, the reality was that they had to make a profit. CCROPP understood this driving force, however, CCROPP was used to playing more of a health equity role and not a business role. These competing motivations need to be understood more to establish a common ground for effectively meeting everyone's needs.

RECOMMENDATIONS & NEXT STEPS

Based on successes and challenges of the project, key recommendations include:

- 1) **Ensuring that there is adequate funding to help support and sustain the project.** This project really requires a full-time Project Lead in order to more effectively connect partners and find assets to support the work. In order to incentivize and sufficiently support store owners and farmers, future funding should be provided to them as they take the risk in trying this on as a business opportunity. This seed money could help them cover expenses as they build the consumer base that will eventually develop the profit margins to support the conversion long-term.
- 2) **Linking to other potential farmers, partners or organizations that can help support this work.** Aside from financial resources, this project really requires an integration with other food system efforts underway in the Valley and the State. Given the struggles and experiences with the limited farmers involved in the project, more farmers are needed to fully source to the stores. Connections with the business community would also be helpful in finding solutions to the pricing issues and infrastructure challenges.
- 3) **Identifying more ways to market and promote the stores to help in their sustainability.** These efforts could help to drive consumers and increase sales, adding to the longer-term sustainability efforts.

CCROPP is currently in the final grant phase for California FreshWorks Fund and plans on doing a post-community survey and evaluating the pilot models over the next several months. Results will be shared back with the community, funders and partners who are interested in doing this same work.

Special thanks to: Feed the Hunger, California FreshWorks Fund, Lee's Market, Gong's Market, Easton Market, and the National Hmong American Farmers, Inc. for their dedication and support.