Creating Healthy Corner Stores in the District of Columbia

Healthy Corner Store Program – Phase One
Research Results and Recommendations

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D.C. Hunger Solutions
www.dchunger.org

Food Research and Action Center
www.frac.org

The Food Trust
www.TheFoodTrust.org
• Help stores maximize use of available marketing-related policies and permits, such as outdoor displays and delicatessen licenses.
• Analyze why the District’s “snack tax” was repealed in 2001 and determine whether a modest tax on unhealthy foods and beverages could significantly affect consumption without disproportionately burdening low-income consumers.

☑ Corner store operators can:

• Begin to think of their stores as places where people come to buy healthy food, and use good customer relations and a “healthy” image to draw in customers.
• Accept food stamps and WIC checks as payment options, and provide information on accessing the programs.
• Promote healthy products aggressively, using creative marketing and merchandizing strategies. Store owners also can focus on snack foods and drinks popular with children, and stock the healthy snacks that children are used to buying in vending machines and eating at school and afterschool programs.
• Monitor fresh produce quality carefully to build a reputation for high-quality fresh fruits and vegetables. If produce is ripening quickly, stores should discount the products to sell them quickly, and any pieces that spoil should be removed immediately.
• Foster good customer relations by employing community members (stores can take advantage of incentives such as federal worker tax credits) and other community-building efforts.

Simple, No-Cost Ways to Promote Healthy Foods in Corner Stores

• Place healthy foods in visible locations with attractive displays. Possibilities include: moving healthy foods to the front of the store and less healthy foods to the back; placing unrefrigerated produce, like bananas, at the front counter; and creating a “healthy zone” where healthier choices are grouped in one easy-to-identify display.
• Hang signs touting nutrition information on healthy foods and announcing new products.
• Use special promotions like recipe give-aways, taste-tests, and sales.
• Mark prices clearly on fresh produce and other healthy choices, and keep prices as consistent as possible.

#3 Building Capacity: Help corner stores undertake the internal and external improvements and business development necessary to store, merchandise, and sell fresh and healthy foods.

Most corner stores that D.C. Hunger Solutions surveyed are in need of internal and external upgrades in order to store, merchandise and sell fresh produce and to create the atmosphere of a healthier store. While most stores are well-stocked and clean, the infrastructure of corner stores in Wards 7 and 8 is generally old, sometimes with chipping floor tiles and stained and cracked ceilings, and stores lack the appearance and “feel” of establishments that promote health and nutrition. (In contrast, corner stores in more affluent areas of the city tend to feature bright lighting, fresh paint, new equipment, and other visual elements of “healthy” stores.)
Internally, refrigeration is a significant area for improvement in corner stores. Although refrigeration space is plentiful in stores, nearly all units are reach-in cases meant for beverages, but store operators also use them for displaying produce. Most units are aging and likely inefficient, causing high energy costs for owners. In most cases, stores need upgrades or repairs to their ceilings, floors, and walls, lighting, shelving units, and front counters. (As was discussed in the previous section, the Plexiglas in front of most stores’ cash registers also poses marketing problems.)

Another challenge specific to selling fresh fruits and vegetables is that most small corner stores do not have produce scales. Thus, fresh produce, which in larger grocery stores is priced by weight, must be priced by item, creating price variability. However, acquiring a scale is a costly proposition: a scale alone can cost $500 or more, and a scale must be registered annually for a fee.

As to external features, many stores’ windows are in poor condition, and windows and doors often are covered with advertising (for alcohol, tobacco, and lottery) which obscures light and the view into the store. Bars or gates on windows and doors also diminish a store’s external appeal. And while D.C. Hunger Solutions’ survey did not include specific questions about store façades, many were observed to be in poor condition—sometimes lacking even a sign or suggestion that the store contains food.

A basic challenge for corner store owners is the lack of funds – small grocers operate on tight budgets with few resources and often little credit. Their business operations typically are unsophisticated; for example, most stores do not have an inventory system in place, and few have point-of-sales technology. Thus, corner stores typically are not in the position to invest in new equipment or upgrade the aesthetics of the store.

Fortunately, solutions to many of these challenges are close at hand. The District of Columbia has numerous financial and business development resources for small businesses.

District agencies, including the Department of Small and Local Business Development and the Department of the Environment, have funding available to support upgrades such as storefront improvement, energy-efficiency measures, and other capital improvements. Agencies and nonprofit organizations also offer training, technical assistance, and other resources to assist small businesses with business planning and expansion, managing finances, marketing, and other needs. Some community development corporations and other organizations have micro-loans. Technical assistance on accessing loans also is available. Supermarkets and other large food retailers sometimes offer used equipment, such as shelving or display fixtures, for free or at a low price.
However, funding programs and other resources are underutilized by small grocers. Due in part to language barriers and in part to lack of time to do research and paperwork, most corner store owners are unsure how to access the funds and resources available for small business development and store improvements. Connecting the “dots” so that these resources reach corner stores in food deserts is essential.

**Recommendations: Building Capacity**

**To build corner stores’ capacity to store, market, and successfully sell healthy foods:**

**Community organizations and individuals can:**

- Promote the Fresh Food Opportunities Bank, a proposal of the Fair Budget Coalition, which calls for grant funds dedicated to internal infrastructure improvements, such as equipment purchase, necessary to store and sell fresh fruits and vegetables.
- Encourage community and economic development organizations and District agencies to focus their business development services on corner stores and other small-scale grocery outlets.
- Foster public-private partnerships to renovate grocery stores and build their capacity.

**The District government and its agencies can:**

- Use existing economic development, neighborhood revitalization, and city planning initiatives and funding to support healthy food retail development. Investigate ways to consolidate or streamline resources for internal and external improvement and business development, so that small grocers can more readily access these opportunities.
- Ensure that information about funding and resources for small businesses are printed in languages appropriate for grocers.
- Give small grocers produce scales and technical assistance on registering the scales in exchange for a commitment by the stores to sell fresh produce consistently.
- Fill an apparent funding gap for internal grocery store improvements by supporting the Fresh Food Opportunities Bank, a proposal of the D.C. Fair Budget Coalition.
Existing District Economic Development Funding Resources and Initiatives That Can Support Healthy Food Retail

- **Community Development Block Grant**: Neighborhood-Based Activities: A program of the Department of Housing and Community Development. Provides funding to nonprofit organizations for storefront improvements, commercial corridor development, and business assistance.
- **Employment Training Tax Credits**: Various employment and workforce development incentives. Example: Work Opportunity Tax Credit – Federal worker tax credit to businesses employing former “long-term family assistance recipients.”
- **Enterprise Zone (“EZ”) Program**: Provides financial incentives, such as tax credits, to qualifying businesses in targeted low-income areas.
- **Great Streets**: A program of the Deputy Mayor for Planning and Economic Development. Invests District funds in revitalization of major corridors.
- **Healthy By Design**: A city-wide initiative of the Office of Planning to increase access to healthy food, recreation facilities, walkable destinations, and primary care for all DC residents.
- **Micro-loans**: Distributed and managed by various organizations, including Latino Economic Development Corporation, Washington Area Community Investment Fund, and H Street Community Development Corporation.
- **Neighborhood Investment Fund**: A program of the Deputy Mayor for Planning and Economic Development. Provides grant programs to nonprofit organizations for various neighborhood revitalization and economic development projects.
- **ReStore DC**: A program of the Department of Small and Local Business Development. Provides financial support and technical assistance to DC Main Streets programs for façade improvements, marketing and technical assistance.
- **Small Business Energy Efficiency Program**: A program of the District Department of the Environment. Provides an energy audit and funding for electrical and equipment improvements that reduce energy use to lower electricity bills.

✔ **Corner store operators can:**

- Take advantage of resources for small business development resources to improve and expand their business operations; and seek information about funding opportunities available through the District government and community organizations.
- Take advantage of used equipment, such as shelving, available from supermarkets. (Corner store owners do need to be wary of purchasing used, off-warranty appliances: these are more likely than new units to break and be inefficient energy consumers.)
- Work with community groups to use innovative resources, such as mural painting, to upgrade their stores.