Groceries and Gatherings: Leveraging Community Social Capital to Increase Local Grocery Store Patronage

Kansas State University’s Rural Grocery Initiative (RGI) conducted a study exploring rural grocery stores’ relationship with its local community, also known as its social capital. The study sought to answer the questions, “How is the local grocery store integrated into the community?” and “What difference does it make if the local grocery store is connected to the life of the community?”. This study anticipated that the more connected the local grocery store is to the community, the more the community will patronize the store; and the higher the community’s own social capital, the more likely the community will patronize the local grocery store. Key findings from the study were that:

1. Survey respondents who have higher levels of trust, who feel that they are part of the community, or who have a sense of community pride shop more frequently at the local grocery store.

2. Survey respondents who feel that the town is welcoming to newcomers or who believe that local leadership has a vision for the community shop more frequently at the local grocery store.

3. As survey respondents’ income or education decreases, the likelihood that they spend the majority of their grocery dollars at the local grocery store increases.

“You’ve got to appreciate your customers. And you’ve gotta give back to your community.”

-Bonded Community grocery store owner
Overview

Rural grocery stores are anchor institutions within their communities. Not only do they provide access to healthy foods and local economic development, but they also serve as community hubs. Rural grocery stores are the site where community bonds are created and sustained, sometimes housing meeting spaces, local crafts and libraries. Broad and creative interactions take place there, including civic engagement. Without the local grocery store, a community’s vitality is diminished.

Kansas State University’s Rural Grocery Initiative (RGI) conducted a study exploring rural grocery stores’ relationship with its local community, also known as its social capital. The study sought to answer the questions, “How is the local grocery store integrated into the community?” and “What difference does it make if the local grocery store is connected to the life of the community?”.

Given the role social capital plays in overall community vitality, this study anticipated that:

1) the more connected the local grocery store is to the community, the more the community will patronize the store, and 2) the higher the community’s own social capital, the more likely the community will patronize the local grocery store.

What is social capital and why is it important?

Social capital may be thought of along a spectrum which includes indicators and outcomes as diverse as health status [1], educational performance [2], professional status [3], trust and civic engagement within a community, and economic performance [4]. As a basis for considering the productive value of social relationships [5], this study defines social capital as “the web of social relationships that influences individual behavior and thereby affects economic growth” [6]. Fundamental elements of social capital include trust, reciprocity and mutuality, shared norms of behavior, shared commitment and belonging, formal and informal social networks, and effective information channels [7].

Social capital has instrumental value in improving individual and community life [8]. For example, a well-governed city experiencing economic prosperity likely does so because of high social capital [9]. Social capital is fostered and gained through social ties and networks, affording individuals and groups access to resources such as information as well as facilitating collective action [10].

Challenges. A number of challenges were encountered conducting this study. The study originally sought to compare grocery stores that were perceived to be “involved” in their community versus “uninvolved”, relying on the knowledge of a seasoned grocery distributor. Instead of pursuing this approach, the RGI team chose to pair grocery stores by region. Survey completion was also a challenge. Although intercept surveys were completed within time limits, grocery store patrons were more willing to participate in some grocery store locations over others. The team also aimed for a 20 percent mailer survey response rate instead achieving a 16 percent response rate. Lastly, social capital is an elusive theoretical construct. As the study progressed, further questions were raised that this study did not address, creating opportunity for future research.

Sharing the Results. The results of this study will be shared during the 2018 National Rural Grocery Summit being held in Manhattan, Kansas. Results will also be widely disseminated through the Rural Grocery Initiative website, academic journal article submission, and relevant conferences. The study findings are applicable to a variety of small rural businesses, and study participants, city officials, and interested local businesses will receive reports detailing both their community’s findings and overall study findings.

Continuing the Work. RGI seeks to identify and develop models to sustain retail sources of healthy food for rural citizens. In pursuit of this goal, RGI continuously seeks to add to its robust knowledge base. This study has revealed the need for further exploration of the effects of social capital in communities, and RGI will seek additional research opportunities and funding to do so.
Community Profile
This community is a rural town of 1,224 residents located about 30 miles southwest of one of the state's few metropolitan cities. A "young" town with a median age of about 33 years, over one-third of its population is under the age of 18. The median household income is $42,500 and nearly 30 percent of residents live below the federal poverty line [11]. Population has steadily decreased and, although there are not many local jobs, several community members that have moved away desire to come back. Limited housing stock makes this a challenge. The store owners attribute the declining population and limited housing stock to smaller family sizes, a trend they've witnessed as lifetime community members. The store owners also believe the school is an asset that brings the community together.

Grocery Store Profile
In June 2008, the local grocery store opened in a rural town as a brand-new, family-built 9,000 square foot facility. Located just beyond downtown, the store employs 20 part-time employees and about five full-time positions. The store features a deli, open six days per week during the lunch hour. One of the store's main attractions is its specialty meats, a family tradition prepared in-house. This niche market enables the store to take advantage of branding opportunities and draws customers from as far away as Texas and Washington State. The store also maintains a very active social media presence that enables them to stay connected with the community.

Store Owner Profile
The owners are two hometown high school sweethearts, an elementary school teacher and a former aviation industry worker. The couple had no formal grocery business experience prior to opening the store. However, with parents that worked as butchers in the old local grocery store, one of the owners learned the meat cutting trade. Family played not only a role in building the store but in operating it as well: one of the owners' mother is the store manager. The owners emphasize their connection to their hometown, stating that they wouldn't be able to replicate their success anywhere else.
Community Profile

This community is a rural town of 1,737 residents located about 35 miles northeast of one of the state’s larger micropolitan cities. In addition to having the highest median age (50 years) of the four study participants, the community also has the highest median household income ($45,000) and the highest rate of residents with a bachelor’s degree or higher. Only 8.5 percent of residents live below the federal poverty level, the lowest percentage of the study participants [12]. The large Mennonite population creates a “community within a community,” with the group supporting many of its own services. Overall, the community has a strong religious influence.

Grocery Store Profile

The local grocery store opened in January 2007, just off of a main access highway leading into town. At approximately 15,000 square feet, the store features a gift area, which formerly housed video rentals, and boasts the only flower department in town, a service that has been very successful. Customers are also able to pay their electric bills in-store. The facility needs updates, including pricey refrigeration upgrades, and the owners acknowledge that turning product in a timely manner has been especially challenging considering their financial struggles. However, its dine-in deli is an attraction, drawing both the morning coffee crowd and lunch hour manufacturing employees.

Store Owner Profile

The local grocery store is owned and operated by a couple, one of which has worked in the grocery business for 45 years, starting as a part-time “sacker boy.” Originally from a nearby rural town, the owners have worked throughout the state in the grocery business. They had dreamed of owning and operating their own grocery store so, when the local grocery store they now manage came up for sale in 2006, the couple jumped at the opportunity, moving their family the following year. However, the demands of the store have been overwhelming, forcing the owners to spend all of their time managing the store and depleting their retirement account.
Study Profiles:
The Disadvantaged Community

Community Profile
This community is a rural town of 2,410 residents located about 30 miles directly west of a small micropolitan city. With a median age of about 46 years, nearly 22 percent of the population is under the age of 18. The median household income is $35,408 [13] and the community lacks job opportunities. The local grocery store, hospital, and assisted living center are the main local employers. The town has become a community of retirees and low-income residents, losing many of its local businesses and services over time. Blight is also a community-wide issue. Although there has been opportunity to bring new industry to the town in the past, both the grocery store operations manager (S.O.M.) and the former assistant manager (now the store accountant) recalled that the proposal was rejected by town leadership, alluding to a potential attempt to maintain the status quo.

Grocery Store Profile
The local grocery store is part of a chain with 26 locations spanning across three states. The current local grocery store location was acquired in 2005, after the town's previous grocery store burned down and was rebuilt in 2002. Located on Main Street, the grocery store is a 24,000 square foot facility featuring a full-service meat and deli department. There is also a bakery department that prepares its products from scratch. Store staff includes 35 part-time employees and 10 full-time employees, but full-time employment has decreased by seven positions due to full-time status regulations.

Store Owner Profile
The S.O.M. has worked with the chain for 23 years. However, he was introduced to the grocery business at a much earlier age, working in his parents’ grocery store at the age of nine. The S.O.M. has occupied a range of roles in several grocery establishments in his life, stating that it’s “in the blood.” After managing a handful of locations across the state, the S.O.M. was asked to oversee his current location within a year of its establishment, having now been its S.O.M. for 12 years. He and the store accountant, who has occupied many roles within the grocery store, maintain efficient grocery store operations.
Community Profile

This community is a rural town of 1,847 residents located between two small micropolitan rural towns. The surrounding towns have more amenities, services, and job opportunities than the study community, attracting its local residents. For this reason, the study town is considered to be a bedroom community. The median age is 45 years and the median household income is nearly $35,000 [14]. Manufacturing industry is the largest employment sector in the community accounting for 30 percent of the local job economy. As a bedroom community, placemaking is a challenge. However, the grocery store manager considers the community to be "deeply religious" and the town draws crowds for its bible-themed festival held each fall.

Grocery Store Profile

Located just beyond downtown along a main access highway, the local grocery store was purchased from its previous, aging owner in 2006. The store was renamed and renovated, partially with USDA REAP (Rural Energy for America Program) grant funds, which enabled the owner to install a new HVAC system. The store features a full-service meat department and, although there is no deli, the store does offer some hot foods and weekday smoked and grilled meat specials. Every Saturday morning, the local farmers market also sets up in the grocery store’s parking lot, attracting many of the town’s local residents.

Store Owner Profile

The grocery store owner is a savvy entrepreneur with decades of experience in the grocery business. He is, however, absentee, having once owned two additional grocery stores in two separate but relatively nearby towns. One of the stores recently closed, and the owner spends the majority of his time managing the remaining location. He spends little if any time at the study location, leaving day-to-day operations up to the store manager. The two communicate regularly, and the owner trusts the manager to make the store successful. The store manager has 26 years of experience in the grocery business himself and knows little about this study community since he lives in a nearby community.
Data Collection

1. Interviews with store managers/owners to learn about store operations and current challenges; the larger community; social connections between the store and the community; and perceptions regarding community obligation and competition.

2. Store intercept surveys conducted on-site to gain an understanding of consumer shopping behaviors and perception of the grocery store and its involvement within the local community.

3. Comprehensive mailer surveys seeking community feedback about community ties, the local grocery store, community cohesion, and demographics.

Data Analysis

1. Identification of interview themes utilizing a grounded theory approach [15].

2. Identification of intercept and mailer survey themes into two categories: Community social capital (CSC) and grocery store social capital (GSSC).

CSC measured personal relationships (PR), social network support (SNS), trust and cooperative norms (TCN), and civic engagement (CE) [16].

GSSC included two sub-measurements: store-to-community, which described grocery store interactions within the community, and community-to-store, which described community interactions within the grocery store.

GSSC survey responses were organized into the Social Capital Continuum for Grocery Stores, pictured below right [17].

3. CSC and GSSC responses were rated on a scale of 0 to 5. A score of “0” was assigned to responses that stimulated no social capital; a score of “5” was assigned to responses that directly stimulated social capital.

Findings

Interviews

Grocery industry competition is diversifying with the rise of dollars store, emergence of big name retailers, and introduction of online shopping.

Consumer habits and demands are changing. Consumers are seeking local, healthy, and specialty foods. Families are also becoming smaller and going out to eat more often.

The emergence of social media marks the new word-of-mouth advertisement. Social media platforms are the fastest way to reach a broader audience and build brand loyalty.

Customer service and personal relationships are the local grocery store’s competitive advantage over its chain store counterparts.

Intercept Surveys

Respondents shopping at least 1x per week by community type

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<th>Percentage</th>
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<td>FAITH-BASED</td>
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<td>BEDROOM</td>
<td>73%</td>
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Respondents felt that their local grocery store actively contributes to the community by serving as an amenity and/or service and by providing donations to local organizations and causes.

Respondents also indicated that they like both the convenience and accessibility of their local grocery store and the exceptional customer service their store provides.

Mailer Surveys

CSC and GSSC rankings by community type

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Takeaways

Social capital is a complex concept, shaped by diverse individual and community characteristics. The following summarizes how grocer-community relationships influence grocery store patronage.

Analysis Trends

This study revealed several trends in grocery store patronage as it relates to elements of social capital and individual characteristics:

1. Survey respondents who have higher levels of trust, who feel that they are part of the community, or who have a sense of community pride shop more frequently at the local grocery store.

2. Survey respondents who feel that the town is welcoming to newcomers or who believe that local leadership has a vision for the community shop more frequently at the local grocery store.

3. As survey respondents’ income or education decreases, the likelihood that they spend the majority of their grocery dollars at the local grocery store increases.

Assessing CSC and GSSC Scores

In terms of CSC measurements, PR scores ranked highest among the communities and CE scores the lowest. This suggests that tapping into the community’s social networks may be a useful strategy for grocery stores.

The GSSC score measured store-to-community and community-to-store interactions. Overall, store-to-community scores tended to be higher within each community. Community-to-store scores are contingent on the store’s ability to facilitate social interaction within the store, and stores may be limited in this respect by space availability or policy. Thus, it may be a more powerful community engagement strategy for grocery stores to participate in local events, in addition to in-store events, to grow their customer base.

Social Capital Sidebar

Despite being well regarded in their local communities, grocery stores may still struggle with their customer base. In the case of the Disadvantaged Community, a negative sentiment toward low-income populations suggests that a breakdown in community social networks may be a contributing factor.

Breakdown in social networks decreases community cohesiveness, resulting in a lack of social development. This may evidence itself in increased crime, a desire to leave the community, and a degraded physical environment - all of which were indicated in the mailer survey data and are hallmarks of a disadvantaged community [18].

Lack of financial, physical, and human capital results in high unemployment and welfare dependency [19]. Such disparities contribute to social inequality, promoting stratification within the community [20].

Lessons Learned

This study revealed that grocery store patronage is influenced by grocery store and community social capital. The grocery store’s involvement in the community as well as its physical layout contribute to patronage, as do community characteristics including income and education and levels of community inclusion, trust and pride. Survey data also indicated that community perception of the store owners/managers and store operations are critical. Since social capital moves individuals to action and underlies human capital, or the ability of the workforce to perform labor so as to produce economic value [21], further exploration may be the key to helping grocery businesses achieve competitive advantage in the marketplace.
Best Practices: Leveraging Community Social Capital to Increase Grocery Store Patronage

1. Capitalize on community assets and leverage social networks.
   Each community has a unique “identity” and network of social relationships. Network relationships provide access to resources, which may foster community loyalty. Developing coalitions and partnerships have proved to be successful techniques for rural business enterprises [22].

   The opportunity for sustained loyalty with customers increases as stores implement strategies that are higher on the Social Capital Continuum, pictured right. While contributing to the local tax base positively impacts the local community, the impact is indirect. For example, the Bedroom Community hosts the weekly farmers market in the store parking lot, which encourages participation and builds stronger community relationships. Direct social capital building strategies ensure that the local grocery store is interwoven into the community identity.

3. Develop a comprehensive communications plan.
   Building social capital requires access to information. Developing advertising campaigns (i.e., price matching, “buy local”) and using multiple communications platforms (i.e., social media, print/radio ads, community events) are strategies the local grocery store can leverage [23]. For example, the Bonded Community utilizes a Facebook page to not only advertise in-store specials but also to promote community-based events. Such communications keep a pulse on the community and the grocery store top-of-mind [24].

4. Establish a brand identity.
   Identity is an important aspect of social relationships, and positioning the store as a distinct loyalty brand can be an effective approach [25]. For example, the Bonded Community prepares specialty meats on site, branding them with the store owner’s father’s name. The meats draw customers from several states across the nation.

5. Expand specialized and personalized services.
   Personal relationships are the local grocery store’s competitive advantage over chain stores [26]. Offering carryout and delivery service, accommodating special requests, and responding to current buying trends among the customer base are a few ways to expand service capacity.

6. Create a shopping “experience”.
   Technology has enabled consumers to shop comfortably from home, so consumers need a compelling reason to patronize brick and mortar stores. Consumer research shows that customer service plays a role in patronage, but store aesthetics and social atmosphere also contribute to the overall shopping experience. For example, the Faith-based Community local grocery store has a deli dining area that attracts local groups throughout the day. Satisfying shopping experiences foster community attachment, which encourages local shopping [27].


30. Survey response categories for the Social Capital Continuum are defined as follows:

- Participation generates or catalyzes social interaction; includes voluntary, leveraging relationships.
- Support is “giving back”; being “active”, “helping”, or “involved”; “contributing”.
- Donations and sponsorship include giving donations to community members and/or organizations, providing discounts, and fundraising.
- Customer service and employee engagement is described as being “helpful” or “friendly”; accommodating special orders, providing delivery and/or curbside service.
- Local employment is supplying jobs.
- Selection refers to product quality, quantity, and availability.
- Affordability is in regard to consumer purchase cost.
- Physical environment is the perception regarding the grocery store facility (i.e., cleanliness, organization, etc.)
- Local tax base is contribution to city sales tax as a local business.
- Amenities/services refers to the useful or desirable features and/or facility of a building, place, or system for public use.


