Prefeasibility to Determine Efficiencies in Distributing Goods to Rural Grocery Stores

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North Dakota Rural Grocery Initiative

Kansas Rural Grocery Summit
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North Dakota is RURAL!

Population

- Greater than 100,000
- 50,000-100,000
- 2,500-50,000
- 2,500-1000
- Less than 1,000
Our survey – the beginning

• Modeled after Kansas State University's study
• Modified slightly to fit our state
  – Very rural
• Findings presented challenges in affordability and availability.
  – Bread
  – Milk
  – Fresh meat cuts
  – Big box store suppliers
Minimum purchasing requirements

• Several tiers of suppliers
• Suppliers set minimums, typically the higher the minimum, the lower the price.
• As stores’ buying power decreases, they typically move to the next tier supplier and subsequently pay a slightly higher price for product
Primary Suppliers
Our next step

• Transportation pre-feasibility study.
• To help us make informed decisions related to changes in the way goods are distributed.
1. Aggregate Data

• Second survey
• Use to map routes, volumes and product type into a geospatial mapping system
• Identify regions that could logically collectively purchase together.
• Identify smaller, collaborative partnerships for purchasing.
2. Suppliers

• Could use data to develop new approaches for effective, affordable delivery.

• Non-traditional retailers are competing for market share against ever growing non-traditional retailers
ND Rural Grocery Initiative: Distribution Facts

% of U.S. Grocery Retailers

- 58% Traditional
- 42% Non Traditional

Source: Supermarket News
ND Rural Grocery Initiative: U.S. Grocery Sales by Walmart

% of U.S. Grocery Sales

- Walmart: 25%
- All Others: 75%
ND Rural Grocery Initiative:
Walmart U.S. Sales Segments - $473 billion

- Grocery, 56%
- Health & Wellness, 10%
- Entertainment, 11%
- Hardlines, 9%
- Home, 7%
- Apparel, 7%

Source: Walmart Financials
Suppliers focus

• One Customer – One Truck – One Product = Efficiency

• # Drops per Truck – The Fewer the Better

• $/Mile Goal – Fewer Miles – Full Trucks – Fewer Drops
3. Other options

1. Regional warehouses on major highways
   – Partner with local food hub development
2. CHS purchasing cooperative
3. Become members of or develop a retailers cooperative
4. U.S. Postal Service
5. Public-Private partnerships
In summary

1. Aggregate data
2. Determine whether there is anticipated growth
3. Identify other partners
4. Define geospatial model considering factors such as perishability, volumes & historical restocking
5. Conduct analysis to gain insight into the current flow & potential gains under selected scenarios
6. Produce visualization output in maps.
7. Present findings to potential partners.
On behalf of the North Dakota Rural Grocery Initiative

Thank you!

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For more information on the North Dakota Rural Grocery Initiative:  
www.ndarec.com – select the Rural Development tab